

PRELIMINARY OFFICIAL STATEMENT DATED MARCH 1, 2012

REFUNDING ISSUE; BOOK-ENTRY-ONLY

RATINGS: Moody's: Aaa

S&P: AAA

Fitch: AAA

(See "MISCELLANEOUS – Ratings" herein)

In the opinion of Howell Linkous & Nettles, LLC, Bond Counsel to the County, under existing law and assuming compliance by the County with certain covenants described herein, interest on the Bonds is excludable from gross income for federal income tax purposes. Bond Counsel is of the further opinion that interest on the Bonds will not be treated as an item of preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; it is noted, however, that interest on the Bonds will be taken into account in determining adjusted current earnings for the purposes of computing the alternative minimum tax imposed on corporations. Bond Counsel expresses no other opinions with regard to federal tax consequences arising from ownership of the Bonds. Bond Counsel is of the opinion that the Bonds and the interest thereon will also be exempt from all State, county, municipal, school district, and other taxes or assessments in the State of South Carolina, except inheritance, estate, transfer, and certain other franchise taxes. See "LEGAL MATTERS - Tax Exemption" herein for additional information regarding the tax status of interest on the Bonds.

\$68,745,000*

CHARLESTON COUNTY, SOUTH CAROLINA
GENERAL OBLIGATION TRANSPORTATION
SALES TAX REFUNDING BONDS OF 2012

Dated: Date of Delivery

Due: November 1, as shown below

THE BONDS ARE SECURED BY AN IRREVOCABLE PLEDGE OF CERTAIN REVENUES FROM THE TRANSPORTATION SALES TAX IMPOSED IN CHARLESTON COUNTY, SOUTH CAROLINA, AND AN IRREVOCABLE PLEDGE OF THE FULL FAITH, CREDIT, AND TAXING POWER OF CHARLESTON COUNTY, SOUTH CAROLINA, AND ARE PAYABLE FROM AN ANNUAL TAX, WITHOUT LIMIT AS TO RATE OR AMOUNT, ON ALL TAXABLE PROPERTY IN CHARLESTON COUNTY SUFFICIENT TO PAY PRINCIPAL AND INTEREST AS THEY RESPECTIVELY MATURE.

Principal of the Bonds is payable at the corporate trust office of Wells Fargo Bank N.A. in Atlanta, Georgia (the "Paying Agent"). Interest on the Bonds payable May 1 and November 1, beginning May 1, 2012, for interest accruing from the date of delivery, is payable to the registered owner thereof by the Paying Agent. The Bonds will be issued in fully-registered form in denominations of \$5,000 or any integral multiple thereof and will initially be registered only in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as a securities depository for the Bonds. The Bonds will be available to purchasers under the book-entry system maintained by DTC through brokers and dealers who are, or act through, DTC participants. Purchasers will not be entitled to receive physical delivery of the Bonds. For so long as any purchaser is the beneficial owner of a Bond, such purchaser must maintain an account with a broker or dealer who is, or acts through, a DTC participant in order to receive payment of principal of and interest on such Bond. See "APPENDIX E –DTC AND BOOK-ENTRY ONLY SYSTEM" herein.

The Bonds are being issued to provide funds to (i) advance refund certain outstanding general obligation bonds of the County and (ii) pay costs of issuance of the Bonds. See "THE BONDS – Plan of Refunding" herein.

MATURITY SCHEDULE*

Table with 10 columns: Due November 1, Principal Amount*, Interest Rate, Yield, CUSIP, Due November 1, Principal Amount*, Interest Rate, Yield, CUSIP. Rows show maturity amounts from 2012 to 2018 and 2019 to 2024.

DAC Bond*

The Bonds maturing after November 1, 2022, are subject to redemption prior to their maturity at the option of the County as described herein at "INTRODUCTION - Optional Redemption."

The Bonds will bear interest at rates to be named by the successful bidders in accordance with the Official Notice of Sale for the Bonds. Electronic bids for the purchase of the Bonds in accordance with the Official Notice of Sale will be received until 10:00 a.m. Eastern Time, Thursday, March 8, 2012, by the Bidcomp/PARITY Competitive Bidding System. This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The Bonds are offered when, as, and if issued and accepted by _____ (the "Underwriter"), subject to the approving opinion as to legality of Howell Linkous & Nettles, LLC, Charleston, South Carolina, Bond Counsel and Disclosure Counsel to the County. Certain legal matters will be passed on for the County by Joseph Dawson, III, Esq., Charleston County Attorney, Charleston, South Carolina. Davenport & Company, LLC, Charlotte, North Carolina has served as financial advisor to the County. It is expected that the Bonds in definitive form will be available for delivery on or about March 22, 2012, through the facilities of DTC.

Dated: _____, 2012

*Preliminary, subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment without notice. The Bonds may not be sold nor may offers be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds in any jurisdiction in which such offer, solicitation, or sale would be unlawful prior to registration or qualification under the securities laws of that jurisdiction.

For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission, this document, as the same may be supplemented or corrected by Charleston County, South Carolina (the "Issuer") from time to time (collectively, the "Preliminary Official Statement"), may be treated as an "Official Statement" with respect to the Bonds described herein that is deemed final as of the date hereof (or of any such supplement or correction) by the Issuer, except for the omission of certain information referred to in the succeeding paragraph.

The Preliminary Official Statement, when further supplemented by an addendum or addenda or final official statement specifying the interest rates of the Bonds, together with any other information permitted or required by law, shall constitute a "Final Official Statement" of the Issuer with respect to the Bonds, as that term is defined in Rule 15c2-12. Any such addendum shall, on and after the date thereof, be fully incorporated herein and made a part hereof by reference.

By awarding the Bonds to any underwriting syndicate submitting a bid pursuant to the terms of the Official Notice of Sale, the Issuer agrees that, no more than seven business days after the date of such award, it shall provide without cost to the senior managing underwriter of the syndicate to which the Bonds are awarded copies of the Final Official Statement described in the preceding paragraph in the amount specified in the Official Notice of Sale.

The Issuer designates the senior managing underwriter of the syndicate to which the Bonds are awarded as its agent for purposes of distributing copies of the Final Official Statement to each Participating Underwriter. Any underwriter executing and delivering a bid with respect to the Bonds agrees thereby that if its bid is accepted by the Issuer (i) it shall accept such designation and (ii) it shall enter into a contractual relationship with all Participating Underwriters of the Bonds for purposes of assuring the receipt by each Participating Underwriter of the Final Official Statement.

No dealer, broker, salesman, or other person has been authorized by the Issuer to give any information or to make any representations with respect to the Bonds other than those contained in this Official Statement and, if given or made, such other information or representations may not be relied upon as having been authorized by the Issuer. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale. Certain information contained in the Preliminary Official Statement and the Final Official Statement may have been obtained from sources other than records of the Issuer and, while believed to be reliable, is not guaranteed as to completeness or accuracy. THE INFORMATION AND EXPRESSIONS OF OPINION IN THE PRELIMINARY OFFICIAL STATEMENT AND THE FINAL OFFICIAL STATEMENT ARE SUBJECT TO CHANGE. NEITHER THE DELIVERY OF THE PRELIMINARY OFFICIAL STATEMENT OR THE FINAL OFFICIAL STATEMENT NOR ANY SALE MADE UNDER EITHER DOCUMENT SHALL CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE ISSUER SINCE THE DATE HEREOF.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAVE THE ORDINANCES OR OTHER PROCEEDINGS OF THE COUNTY BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. ADDITIONALLY, WHILE THE BONDS MAY BE EXEMPT FROM THE REGISTRATION AND QUALIFICATION PROVISIONS OF THE SECURITIES LAWS OF THE VARIOUS STATES, SUCH EXEMPTION CANNOT BE REGARDED AS A RECOMMENDATION OF THE BONDS. NEITHER THE STATES NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THE BONDS OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

Reference herein to laws, rules, regulations, resolutions, agreements, reports, and other documents do not purport to be comprehensive or definitive. All references to documents are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein. Where full texts have not been included as appendices to the Preliminary Official Statement or the Final Official Statement, they will be furnished on request.

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APPENDIX A - AUDITED FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2011.

APPENDIX B - SUMMARY OF CERTAIN PROVISIONS OF THE BOND ORDINANCE.

APPENDIX C - FORM OF BOND COUNSEL OPINION.

APPENDIX D - FORM OF DISCLOSURE DISSEMINATION AGENT AGREEMENT.

APPENDIX E - DTC AND BOOK-ENTRY ONLY SYSTEM.

SUMMARY STATEMENT

The following Summary Statement is qualified in its entirety by the more detailed information and financial statements contained in this Official Statement and the Appendices hereto (collectively, the “Official Statement”). All capitalised terms not otherwise defined in the Summary Statement shall have the meanings ascribed to such terms elsewhere in this Official Statement. The offering of the Bonds to potential investors is made only by means of this entire Official Statement and no person is authorised to detach this Summary Statement from the Official Statement or otherwise use it without the entire Official Statement.

The Issuer

Charleston County is located in the southeastern part of South Carolina bordering on the Atlantic Ocean. Charleston is the third most populous county in South Carolina and ranks seventh according to landmass. Charleston County has developed into a business, financial, medical, and service center for the southeastern part of the State. The County is governed by the County Council of Charleston County. See “DESCRIPTION OF CHARLESTON COUNTY AND ITS SURROUNDING AREA” herein.

The Bonds

The Bonds are being issued in the initial principal amount of \$68,745,000*. The Bonds are being issued initially in book-entry only form in denominations of \$5,000 and integral multiples thereof. See “THE BONDS – Book-Entry Only System.”

Date of Issue

The Bonds will be initially dated and bear interest from their date of delivery.

Purpose of the Bonds

The Bonds are being issued to provide funds to advance refund the County’s outstanding General Obligation Transportation Sales Tax Bonds of 2006 that mature in the years 2016*-2024*, inclusive and its General Obligation Transportation Sales Tax Bonds of 2007 that mature in the years 2018*-2021*, inclusive, to achieve debt service savings. See “THE BONDS – Plan of Refunding” herein.

Security and Source of Payment

The Bonds are general obligations of the County; and the full faith, credit, and taxing power of the County are irrevocably pledged to the payment of the principal and interest thereof. The Bonds are payable from and additionally secured by an irrevocable pledge of the net revenues from the transportation sales tax imposed in Charleston County. See “THE BONDS - Security for Bonds” herein.

Interest Payments

Interest on the Bonds is payable on May 1, 2012, and semi-annually thereafter on each May 1 and November 1.

Redemption Provisions

The Bonds maturing on or prior to November 1, 2022 are not subject to optional redemption prior to their maturity. The Bonds maturing after November 1, 2022, are subject to redemption on and after November 1, 2022, at the option of the County, in whole or in part at any time, and by lot as to Bonds or portions of Bonds within a maturity (but only in integral multiples of \$5,000), at the redemption price of par plus accrued interest to the date fixed for redemption.

Delivery of Bonds

It is expected that the Bonds will be available for delivery through the facilities of The Depository Trust Company in New York, New York, on or about March 22, 2012.

*Preliminary, subject to change.

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\$68,745,000*
CHARLESTON COUNTY, SOUTH CAROLINA
GENERAL OBLIGATION TRANSPORTATION
SALES TAX REFUNDING BONDS OF 2012

INTRODUCTION

General

This Official Statement of Charleston County, South Carolina (herein, the “County” or the “Issuer”), including the cover page and appendices, sets forth certain information concerning the County and its proposed \$68,745,000* General Obligation Transportation Sales Tax Refunding Bonds of 2012 (the “Bonds”), for all who may become holders thereof. This Introduction is only a brief description of the securities offered hereby. Any potential purchaser of the Bonds should make a full review of this entire Official Statement, as well as of the documents summarised or described herein. The information contained in this Introduction is qualified in its entirety by more complete information set forth elsewhere in this Official Statement. Insofar as any statements made in this Official Statement involve matters of opinion or of estimates, whether or not expressly stated, such statements are set forth as such and not as representations of fact. No representation is made that any of the opinions or estimates will be realised.

Throughout the Official Statement, the term “Issuer” or “County” refers to Charleston County as a political subdivision of the State of South Carolina, while the term “Charleston County” generally refers to Charleston County as a geographical area.

Charleston County and its Government

Charleston County is located on the southeastern coast of South Carolina, bordering on the Atlantic Ocean. It is the third most populous county in South Carolina based on its population of approximately 350,000. It encompasses an area of 945 square miles and contains 15 municipalities, including the City of Charleston, North Charleston, Mt. Pleasant, Kiawah Island, Seabrook Island, Sullivans Island, and Isle of Palms. The County is the successor to the Charleston District, one of the original districts created by the colonial government in 1769.

The County is responsible at the local level for activities involving public safety, welfare, health, collection of property taxes, public works, solid waste management, judicial administration, libraries, planning and zoning administration, and veteran’s assistance. The County’s budgeted revenue for all funds for Fiscal Year 2011-2012 is approximately \$332 million and the total assessed valuation of taxable property located within Charleston County is over \$3.1 billion. The legislative body of the County is a nine-member County Council (the “County Council”) elected from single-member districts for four-year staggered terms. Other elected officials, including the County Auditor, the County Treasurer, and the County Sheriff, are elected for four-year terms. The County Administrator, who is appointed by the County Council, administers the daily affairs of the County and carries out policies of the County Council. Department heads are appointed by the County Administrator.

For certain economic, demographic, and financial information with respect to the County and Charleston County, see “DESCRIPTION OF CHARLESTON COUNTY AND ITS SURROUNDING AREA,” “CERTAIN FISCAL MATTERS,” “DEBT STRUCTURE,” and “APPENDIX A – AUDITED FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2011” herein.

Security for the Bonds

The payment of the principal of and interest on the Bonds, as they respectively mature, is secured by an irrevocable pledge of the full faith, credit, and taxing power of the County. The proceedings under which the Bonds are being issued require that there shall be levied annually by the Charleston County Auditor and collected by the Charleston County Treasurer, in the same manner as county taxes are levied and collected, a tax, without limit, on all taxable property in Charleston County, sufficient to pay the principal of and interest on the Bonds as they respectively mature and to create such sinking fund as may be necessary therefor. The Bonds are payable from and additionally secured by an irrevocable pledge of the net revenues from the Transportation Sales Tax as is further

described in “THE BONDS – Security for Bonds” and “TRANSPORTATION SALES TAX” herein for additional information regarding security for the Bonds. The annual ad valorem tax to be levied to pay debt service on the Bonds will be reduced to the extent net revenues from the Transportation Sales Tax are available to pay debt service on the Bonds.

Use of Proceeds

The County is issuing the Bonds to provide funds (i) to advance refund the County’s outstanding General Obligation Transportation Sales Tax Bonds of 2006 that mature in the years 2016*-2024*, inclusive and its General Obligation Transportation Sales Tax Bonds of 2007 that mature in the years 2018*-2021*, inclusive, to achieve debt service savings, and (ii) to pay costs of issuance of the Bonds. See “THE BONDS – Plan of Refunding” herein for additional information regarding the use of proceeds of the Bonds.

Description of Bonds

The Bonds will be dated their date of delivery, and will mature on November 1 in the years and amounts set forth on the front cover of this Official Statement, and will bear interest at such rates as named by the successful bidder. The principal shall be payable to the registered owner thereof at maturity upon presentation and surrender of the Bonds at the corporate trust office of Wells Fargo Bank, N.A., Atlanta, Georgia (the “Paying Agent”). Interest on the Bonds will be paid semiannually on May 1 and November 1, beginning May 1, 2012 (the “Interest Payment Dates”), by cheque or draught mailed by the Paying Agent to each person in whose name a Bond is registered at the close of business on the fifteenth day of the calendar month next preceding the Interest Payment Date. The Bonds are issued in fully-registered form in denominations of \$5,000 or any integral multiple thereof. The Bonds may be transferred only on the registration books of the County maintained by the Paying Agent as bond registrar at the expense of the County.

Book-Entry Only System

The Bonds will be available to purchasers under the book-entry system maintained by The Depository Trust Company, New York, New York (“DTC”), which will act as securities depository for the Bonds. Purchasers will not be entitled to receive physical delivery of the Bonds. For so long as any purchaser is a beneficial owner of a Bond, such purchaser must maintain an account with a broker or dealer who is, or acts through, a DTC participant in order to receive payment of principal of and interest on such Bonds. See “APPENDIX E – DTC AND BOOK-ENTRY ONLY SYSTEM” hereto for additional information regarding DTC and its book-entry system.

Optional Redemption

The Bonds maturing on or prior to November 1, 2022 are not subject to optional redemption prior to their maturity. The Bonds maturing after November 1, 2022, are subject to redemption on and after November 1, 2022, at the option of the County, in whole or in part at any time, and by lot as to Bonds or portions of Bonds within a maturity (but only in integral multiples of \$5,000), at the redemption price of par plus accrued interest to the date fixed for redemption.

Notice of redemption will be given by the County by mailing it by first class mail, not less than 30 days nor more than 60 days prior to the redemption date, to the registered owner of each Bond or portion thereof called for redemption. Interest on the Bonds or portion thereof to be redeemed shall cease to accrue from and after the redemption date, unless the County defaults in making due provision for the payment of the redemption price thereof.

*Preliminary, subject to change.

Authorisation

Pursuant to Title 4, Chapter 37 of the Code of Laws of South Carolina 1976, as amended (the “Transportation Facilities Financing Act”), a referendum was held in Charleston County on November 2, 2004 (the “Sales Tax Referendum”), to authorise the imposition of a one-half of one percent sales and use tax in Charleston County for the purpose of funding costs of certain transportation-related projects. A bond referendum was approved by the voters on November 7, 2006 (the “2006 Bond Referendum”) to authorise the issuance of \$300,000,000 general obligation bonds to fund costs of transportation related projects. The Bonds will be issued pursuant to the Refunding Act (Title 11 Chapter 15, Article 5 of the Code of Laws of South Carolina 1976, as amended), as amplified by Title 11, Chapter 21 of the Code of Laws of South Carolina 1976, as amended, and as amended and continued by Section 11-27-40 of the Code of Laws of South Carolina 1976, as amended (collectively, the “Enabling Act”).

The County Council has authorised the issuance of the Bonds under and pursuant to a bond ordinance (the “Bond Ordinance”) enacted by the County Council on June 16, 2011. A summary of certain provisions of the Bond Ordinance is attached hereto as APPENDIX B.

Parties and Professionals to the Transaction

Issuer	Charleston County, South Carolina Charleston, South Carolina
Paying Agent, Bond Registrar, and Authenticating Agent	Wells Fargo Bank, N.A. Atlanta, Georgia
Securities Depository	The Depository Trust Company New York, New York
Disclosure Dissemination Agent	Digital Assurance Certification, L.L.C. Jacksonville, Florida
Escrow Agent	Wells Fargo Bank, N.A. Atlanta, Georgia
Financial Advisor	Davenport & Company LLC Charlotte, North Carolina
Verification Agent	Grant Thornton LLP Minneapolis, Minnesota
Bond Counsel and Disclosure Counsel	Howell Linkous & Nettles, LLC Charleston, South Carolina
County Attorney	Joseph Dawson, III, Esq. Charleston, South Carolina
Auditors	Scott and Company LLP Columbia, South Carolina
Underwriter	_____ _____

Tax Status of Interest on Bonds

In the opinion of Howell Linkous & Nettles, LLC, Bond Counsel to the County, under existing law and assuming compliance by the County with certain covenants described herein, interest on the Bonds is excludable from gross income for federal income tax purposes. Bond Counsel is of the further opinion that interest on the Bonds will not be treated as an item of preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; it is noted, however, that interest on the Bonds will be taken into account in determining adjusted current earnings for the purposes of computing the alternative minimum tax imposed on corporations. Bond Counsel expresses no other opinions with regard to federal tax consequences arising from ownership of the Bonds. Bond Counsel is of the opinion that the Bonds and the interest thereon will also be exempt from all State, county, municipal, school district, and other taxes or assessments in the State of South Carolina, except inheritance, estate, transfer, and certain other franchise taxes. See “LEGAL MATTERS - Tax Exemption” herein for additional information regarding the tax status of interest on the Bonds. The form of the opinion of Bond Counsel with respect to the Bonds is attached hereto as APPENDIX C.

Terms of Offering and Custodial Depository

The Bonds are being offered by the County when, as, and if issued, and subject to the delivery of the approving opinion as to legality of Howell Linkous & Nettles, LLC, Charleston, South Carolina, as bond counsel. It is expected that the Bonds will be available for delivery to the successful purchaser, on or about March 22, 2012, through the facilities of DTC.

Continuing Disclosure

Pursuant to a Disclosure Dissemination Agent Agreement (the “Disclosure Dissemination Agreement”), the County will agree for the benefit of the Holders and the “Beneficial Owners” (as defined in the Disclosure Dissemination Agreement) of the Bonds, to provide certain financial information and operating data relating to the County (the “Annual Report”), and to provide notices of the occurrence of certain enumerated events with respect to the Bonds, if material. The Annual Report and notices of such material events will be filed by or on behalf of the County with the Municipal Securities Rulemaking Board. Digital Assurance Certification LLC, Jacksonville, Florida (“DAC”) has agreed to serve as the initial disclosure dissemination agent under the Disclosure Dissemination Agreement. The specific nature of the information to be contained in the Annual Report or the notices of material events is set forth in APPENDIX D - “Form of Disclosure Dissemination Agent Agreement”. See “MISCELLANEOUS – Continuing Disclosure” herein for additional information regarding the County’s continuing disclosure undertaking.

Miscellaneous

This Official Statement speaks only as of its date, and the information contained herein is subject to change.

Prior to the delivery of the Bonds, copies of the documents described herein may be obtained by contacting the County’s Financial Advisor, Davenport & Company LLC, 401 North Tryon Street, Floor 10, Charlotte, North Carolina 28202; telephone (704) 375.0550, Attention: J. Walter Goldsmith. After closing, copies of the documents may be obtained from the Paying Agent.

THE BONDS

Description of Bonds

The Bonds will be dated their date of delivery, and will mature on November 1 in the years and amounts set forth on the front cover of this Official Statement, and will bear interest at such rates as named by the successful bidder. The principal shall be payable to the registered owner thereof at maturity upon presentation and surrender of the Bonds at the corporate trust office of the Paying Agent. Interest on the Bonds will be paid semiannually on each Interest Payment Date. The Bonds are issued in fully-registered form in denominations of \$5,000 or any integral

multiple thereof. See “APPENDIX E – DTC AND BOOK-ENTRY ONLY SYSTEM” for a description of the Book-Entry Only System with respect to the Bonds.

See “DEBT STRUCTURE – Debt Service For General Obligation Bonds and Lease Purchase Obligations” herein for a table setting forth the annual principal and interest payments on the Bonds.

Security for Bonds

The Enabling Act, and the Bond Ordinance pursuant thereto, irrevocably pledge for the payment of the principal of and interest on the Bonds, as they respectively mature, and for the creation of such sinking fund as may be necessary therefor, the full faith, credit, and taxing power of the County, and require that there shall be levied annually by the Charleston County Auditor and collected by the Charleston County Treasurer, in the same manner as other County taxes are levied and collected, a tax, without limit, on all taxable property in Charleston County, sufficient to pay the principal of and interest on the Bonds as they respectively mature and to create such sinking fund as may be necessary therefor.

In the opinion of Bond Counsel, any law which attempts to repeal or modify the aforesaid provisions of the Enabling Act would be invalid under Section 10 of Article 1 of the Constitution of the United States which prohibits the enactment of a law impairing the obligation of contracts.

The Transportation Sales Tax Act authorises the County to pledge the net proceeds from the collection of a one-half of one percent sales and use tax imposed in Charleston County as security for the Bonds. The Bond Ordinance provides that the annual ad valorem tax to be levied for the payment of debt service on the Bonds will be reduced by the amount of net revenues collected from the Transportation Sales Tax. In the Bond Ordinance, the County Council have pledged the net revenues of the Transportation Sales Tax to pay debt service on the Bonds. See “TRANSPORTATION SALES TAX” herein for a more complete discussion of the Transportation Sales Tax and the pledge of net revenues securing the payment of the Bonds.

Application of State Funds

Article X of the South Carolina Constitution provides that: “if at any time any political subdivision shall fail to effect the punctual payment of the principal of or interest on its general obligation debt, then, in such instance, the State Treasurer shall withhold from such political subdivision sufficient moneys from any state appropriation to which such political subdivision may be entitled and apply so much as shall be necessary to the payment of the principal and interest on the indebtedness of the political subdivision then due. Any and all appropriations for political subdivisions of the State shall be subject to the provisions of this subsection.”

Article X does not contain an express pledge or covenant to apply the State moneys referred to therein to the payment of county indebtedness. Neither the Enabling Act nor the Bonds nor the proceedings pursuant to which the Bonds are being issued contains any reference to the above-quoted provision of Article X. In the opinion of Bond Counsel, the constitutional provision above-quoted can be enforced only so long as it remains a part of the South Carolina Constitution, but an amendment to the South Carolina Constitution modifying or repealing the above-quoted provision of Article X would be sustained against a claim by the holders of the Bonds that such an amendment is a law impairing the obligation of contracts in violation of Section 10 of Article 1 of the Constitution of the United States.

Any such constitutional amendment, to become effective, would have to be proposed by a vote of two-thirds (2/3rd) of the members of each House of the South Carolina General Assembly, favourably voted on in the succeeding State-wide general election, and then ratified by a majority vote of each House of the General Assembly at the next session.

During the last ten fiscal years, the County has received State appropriations as follows:

<u>Fiscal Year</u> <u>Ended June 30</u>	<u>Amount Received</u> <u>From State Appropriations</u>
2002	\$14,940,976
2003	14,756,285
2004	14,882,414
2005	15,060,853
2006	15,704,586
2007	17,165,123
2008	18,966,163
2009	18,137,979
2010	15,324,720
2011	13,212,515

Plan of Refunding

The County is issuing the Bonds to provide funds (i) to advance refund the County’s outstanding General Obligation Transportation Sales Tax Bonds of 2006 (the “Series 2006 Bonds”) that mature in the years 2016*-2024*, inclusive and its General Obligation Transportation Sales Tax Bonds of 2007 (the “Series 2007 Bonds”) that mature in the years 2018*-2021*, inclusive (the Series 2006 Bonds and the Series 2007 Bonds to be refunded are collectively referred to herein as the “Refunded Bonds”), to achieve debt service savings, and (ii) to pay costs of issuance of the Bonds.

In order to accomplish the refunding of the Refunded Bonds, a portion of the proceeds from the sale of the Bonds will be deposited with Wells Fargo Bank, N.A., as escrow agent (the “Escrow Agent”) for the Refunded Bonds. The amount so deposited will be held uninvested or invested in United States Treasury Securities (the “Government Obligations”), the maturing principal of and interest on which will provide funds sufficient to pay, when and as due, the principal of, redemption premium, and interest on the Refunded Bonds. The Escrow Agent has been given irrevocable instructions to call the refunded Series 2006 Bonds for redemption on November 1, 2015 and call the refunded Series 2007 Bonds for redemption on November 1, 2017. The Refunded Bonds will be legally defeased and no longer outstanding upon the deposit being so made. See “MISCELLANEOUS – Verification of Arithmetic and Mathematical Accuracy of Escrow” herein for information regarding verification of the accuracy and sufficiency of amounts deposited into the Escrow Fund.

The Government Obligations will be irrevocably pledged under the Escrow Agreement to the payment when due and as due of those portions of the principal of, redemption premium, and interest on, the Refunded Bonds, in accordance with the plan of refunding, and will not be available to pay principal of and interest on the Bonds.

Estimated Sources and Uses of Proceeds

The table below sets forth the estimated sources and uses of funds.

<u>Sources</u>	
Face Amount of Bonds	\$
Original Issue Premium	
Total	\$ _____
<u>Uses</u>	
Refunding Bond Escrow	\$
Costs of Issuance	
Total	\$ _____

*Preliminary, subject to change.

Optional Redemption

The Bonds maturing on or prior to November 1, 2022 are not subject to optional redemption prior to their maturity. The Bonds maturing after November 1, 2022, are subject to redemption on and after November 1, 2022, at the option of the County, in whole or in part at any time, and by lot as to Bonds or portions of Bonds within a maturity (but only in integral multiples of \$5,000), at the redemption price of par plus accrued interest to the date fixed for redemption.

Notice of redemption will be given by the County by mailing it by first class mail, not less than 30 days nor more than 60 days prior to redemption date, to the registered owner of each Bond or portion thereof called for redemption. Interest on the Bonds or portion thereof to be redeemed shall cease to accrue from and after the redemption date, unless the County defaults in making due provision for the payment of the redemption price thereof.

Any notice of optional redemption of the Bonds delivered in accordance with the Bond Ordinance may be conditional and if any condition stated in the notice of redemption has been satisfied on or prior to the redemption date, the notice will be of no force and effect and the County will not be required to redeem such Bonds and the redemption will not be made. The Paying Agent will within a reasonable time thereafter give notice, to the persons and in the manner in which the notice or redemption was given, that such condition or conditions were not met and that the redemption was cancelled.

The County may rescind any optional redemption and notice thereof for any reason on any date on or prior to the date fixed for optional redemption by causing written notice of the rescission to be given to the registered owners of the Bonds so called for redemption.

Debt Service on the Bonds

The table below sets forth scheduled principal and interest payments on the Bonds.

Fiscal Year	<u>Principal*</u>	<u>Interest</u>	Total Debt
<u>June 30</u>			<u>Service</u>
2012	\$ -0-		
2013	320,000		
2014	330,000		
2015	330,000		
2016	345,000		
2017	3,135,000		
2018	3,230,000		
2019	10,905,000		
2020	11,900,000		
2021	12,970,000		
2022	14,035,000		
2023	3,605,000		
2024	3,745,000		
2025	<u>3,895,000</u>		
Totals	\$68,745,000		

*Preliminary, subject to change.

Book-Entry Only System

The Bonds will be available to purchasers under the book-entry system maintained by The Depository Trust Company, New York, New York (“DTC”), which will act as securities depository for the Bonds. Purchasers will not be entitled to receive physical delivery of the Bonds. For so long as any purchaser is a beneficial owner of a Bond, such purchaser must maintain an account with a broker or dealer who is, or acts through, a DTC participant in order to receive payment of principal of and interest on such Bonds. See “APPENDIX E – DTC and Book-Entry Only System” herein for a more complete description of the Book-Entry Only System for the Bonds.

Miscellaneous

The interest on the Bonds will be computed on the basis of a 360-day year consisting of twelve 30-day months. In the event that any action to be taken under the Bond Ordinance, including the payment of principal of and interest on the Bonds, is to be taken on a Saturday, Sunday, or legal holiday or bank holiday in the State of South Carolina or in a state where the office of the Paying Agent, the Bond Registrar, or the authenticating agent is located, such action shall be taken on the first business day occurring thereafter. In that event, there shall be no additional interest due on the Bonds.

TRANSPORTATION SALES TAX

Authorisation

The imposition and collection of the Transportation Sales Tax is authorised by Title 4, Chapter 37 of the Code of Laws of South Carolina 1976, as amended (the “Transportation Facilities Financing Act”). The Transportation Sales Tax is collected and remitted in the same manner as the general sales tax. See “-Sales Tax Collections in South Carolina” below.

The Transportation Facilities Financing Act authorises any county council to impose a sales and use tax by county ordinance, subject to referendum approval, to pay for the costs of highways, roads, streets, bridges, mass transit systems, greenbelts, and other transportation-related projects and facilities. If the imposition of the tax is approved in the referendum, the tax will be imposed on the first day of May following the date of the referendum.

On November 2, 2004, the Sales Tax Referendum was conducted in Charleston County on the issue of imposing the Transportation Sales Tax in the amount of one-half of one percent (1/2%) to pay costs of highways, roads, streets, bridges and other transportation-related projects facilities, and drainage facilities related thereto, and mass transit systems operated by the County or jointly operated by the County and other governmental entities in the maximum amount of \$1,081,788,800, and the costs of greenbelts in the maximum amount of \$221,571,200 (collectively, the “Referendum Projects”) in the total amount of \$1,303,360,000, for a maximum period of 25 years.

The Sales Tax Referendum was approved by a 59% to 41% voter margin. The Transportation Sales Tax authorised by the Sales Tax Referendum has been collected on net taxable sales in Charleston County since May 1, 2005. The Transportation Sales Tax will be collected until the earlier of (i) total collections equal \$1,303,360,000 or (ii) April 30, 2030.

Article X, Section 14 of the South Carolina Constitution authorises counties to incur general obligation debt which is authorised by a majority vote of the qualified electors of the political subdivision voting in a referendum authorised by law. Pursuant to Section 11-27-40, paragraph 1 of the Code of Laws of South Carolina 1976, as amended, County Council is authorised to order a referendum as required by Article X of the State Constitution and to prescribe the notice thereof and to conduct or cause such a referendum to be conducted in a manner prescribed by Title 7 of the Code of Laws of South Carolina 1976, as amended. In compliance therewith and with the Transportation Facilities Financing Act, on November 2, 2004, the voters of Charleston County approved a bond referendum regarding the approval of \$113,000,000 general obligation bonds to fund costs of Referendum Projects (the “2004 Bond Referendum”). The Series 2006 Bonds, a portion of which are to be refunded from the proceeds of the Bonds offered hereby, were issued pursuant to the authority of the 2004 Bond Referendum.

On November 6, 2006, the voters of Charleston County approved a second bond referendum (the “2006 Bond Referendum”) regarding the approval of (i) \$205,000,000 of general obligation bonds payable from the Transportation Sales Tax for road projects and (ii) \$95,000,000 of general obligation bonds payable from the Transportation Sales Tax for greenbelt projects. The Series 2007 Bonds, a portion of which are to be refunded from the proceeds of the Bonds offered hereby, were issued pursuant to the authority of the 2004 Bond Referendum and the 2006 Bond Referendum. On July 27, 2011, the County issued an additional \$167,000,000 General Obligation Capital Improvement Transportation Sales Tax Bonds of 2011 (the “Series 2011 Bonds”) pursuant to the authority of the 2006 Bond Referendum.

The authority to issue additional general obligation bonds under the 2004 Bond Referendum and the 2006 Bond Referendum has been exhausted or expired. Because the Bonds offered hereby are issued to refund bonds which were originally approved by referendum, they are not subject to the 8% debt limit imposed by the State Constitution on general obligation indebtedness. See “COUNTY DEBT STRUCTURE – Additional General Obligation Debt Now Permitted” herein.

The Transportation Sales Tax is administered and collected by the South Carolina Department of Revenue in the same manner as other sales and use taxes. The revenues of the tax are remitted to the South Carolina Department of Revenue and placed on deposit with the State Treasurer and credited to a fund separate and distinct from the General Fund of the State. After deducting the amount of any refunds made and costs to the South Carolina Department of Revenue of administering the tax, not to exceed one percent of the revenues, the State Treasurer will distribute the revenues quarterly to the County Treasurer and the revenues must be used only for Referendum Projects or debt service on bonds issued to finance Referendum Projects. Net revenue derived from the collection of Transportation Sales Tax will be remitted quarterly in January, April, July, and October, by the State Treasurer’s Office to the Charleston County Treasurer. Net revenues received by the County Treasurer will be deposited into a separate Transportation Sales Tax Fund and applied solely to pay the costs of Referendum Projects or debt service on bonds issued to finance Referendum Projects, including debt service on the Bonds offered hereby.

Pledge of Net Revenues of Transportation Sales Tax

The Bonds offered hereby are general obligations of the County, secured by an irrevocable pledge of the County’s full faith, credit, and taxing power. In accordance with the Transportation Sales Tax Act, the County has also secured the payment of debt service on the Bonds with a pledge of the net revenues received by the County from the collection of the Transportation Sales Tax on a parity with the pledge securing the payment of the Series 2006 Bonds, the Series 2007 Bonds, and the Series 2011 Bonds. In the Bond Ordinance, the County has reserved the right to issue additional bonds or other obligations (including general obligation bonds and revenue bonds) also secured on a parity basis with the pledge of net revenues securing the Bonds.

Sales Tax Collections in South Carolina

South Carolina imposes a 6% sales tax on the gross proceeds of all retail sales of tangible personal property (with certain exceptions) within the State. There is a complementary 6% use tax on tangible personal property purchased at retail on which the sales tax was not paid. Various items are exempted from the sales and use tax; among these items are: textbooks used in elementary schools, high schools, and institutions of higher learning; livestock; feed for use in the production and maintenance of poultry or livestock; insecticides, chemicals, fertilizers and seeds for use solely on the farm, etc. in the productions for sale of products on the farm; newspapers; fuel to manufacturers, meals to school children; telephone toll charges; gasoline or other motor fuels taxed at the same rate as gasoline, machinery used in planting or cultivating of farm crops; machines used in mining, quarrying, compounding, processing and manufacturing of tangible personal property; railroad cars and locomotives; fuel used in the curing of agricultural products; electricity used in manufacturing tangible personal property for sale; sales of motor vehicles and certain trailers to nonresidents for immediate transportation to and use in another state; sales of automobiles and motorbikes to a person domiciled in or resident of another state who is located in South Carolina by reason or orders of the Armed Forces of the United States; library books, sales of medicine and prosthetic devices sold by prescription; sales of electricity and combustibles for residential purposes; 35% of gross proceeds of sales of mobile and modular homes, and sales of tangible personal property of the federal government.

Sales and use taxes are reported and paid monthly on a form provided by the South Carolina Department of Revenue. Returns and payments are due no later than the 20th day of the month following the month in which the sales were made. The tax is remitted for the month the sale was made regardless of whether the tax was collected from the customer during the month. If returns are filed and taxes paid in full by the due date, a discount on taxes due will be allowed. For taxes of less than \$100, a discount of 3% of the tax is provided. For taxes of \$100 or more, the discount of 2% of the tax due. Failure to pay the sales tax may result in a penalty of 25% plus interest at the rate of ½% per month.

On June 10, 2006, the Governor of South Carolina approved legislation adopted by the South Carolina General Assembly (“Act No. 388”), which provides, among other things, a new mechanism for the funding of a portion of school operations and a limitation on annual growth in millage levied by political subdivisions and school districts for operations. Act No. 388 essentially substitutes revenues to be collected by an increase in the State sales tax of one percent (in addition to the previous five percent) for local property taxes on owner-occupied residential property attributable to school district operating levies. See “CERTAIN FISCAL MATTERS-Property Tax Reform” herein for a more complete discussion of recent property tax reform legislation.

Until recently, the sales tax in South Carolina was imposed solely for State government purposes. Local option sales taxes are authorized to be imposed within individual counties pursuant to several state statutes, depending upon the purpose to which the tax proceeds will be applied. All of these statutes require that the local option sales tax must be approved by referendum before the sales tax may be imposed.

In 1990, the County implemented the imposition of a local option sales tax (“LOST”) in the amount of one percent (1.0%) approved by a referendum held on November 6, 1990. County Council has applied nearly all the net revenues collected from LOST to a reduction of property taxes. See “CERTAIN FISCAL MATTERS – Local Option Sales Tax” herein for more information on LOST and for a ten-year history of collections of LOST.

Act No. 388 has recently exempted the sale of certain items from the sales tax. See “CERTAIN FISCAL MATTERS – Property Tax Reform –Sales Tax Imposition; Exemption of Owner-Occupied Residential Property from School Operating Taxes” herein. Legislation is periodically introduced to exempt certain items from the sales tax. No assurance can be given by the County that the sales tax will continue to be imposed upon the sale of all items upon which it is currently levied until all of the Bonds have matured.

Historical Net Transportation Sales Tax Collections

The Transportation Sales Tax pledged to secure the issuance of the Bonds offered hereby has only been imposed and collected since May 1, 2006. The table set forth in “CERTAIN FISCAL MATTERS – Transportation Sales Tax” on page 27 provides a collections history for the Transportation Sales Tax.

DESCRIPTION OF CHARLESTON COUNTY AND ITS SURROUNDING AREA

Description of Charleston County

Charleston County is located along the southeastern coast of South Carolina. It has a land area of 945 square miles and a 97-mile coastline along the Atlantic Ocean. The Intracoastal Waterway from New York to Florida runs through the entire length of the County. Charleston County has the third largest county population in South Carolina. Charleston County has developed into a business, financial, medical, and service center for the southeastern part of the State.

Located within Charleston County are 15 incorporated municipalities and several special purpose districts which provide various local governmental services. The largest municipalities are Charleston, North Charleston, and Mt. Pleasant.

Some of the largest employers located within the Charleston County MSA and the approximate number of employees are listed below:

<u>Name</u>	<u>Service</u>	<u>Employees</u>
Joint Base Charleston*	Military	22,000
Medical University of South Carolina	Healthcare, education	11,000
Charleston County School District	Education	5,150
Roper St. Francis Healthcare	Healthcare	3,800
The Boeing Company	Aircraft manufacturer	5,900
JEM Restaurant Group, Inc.	Hospitality	3,000
Trident Health System	Healthcare	2,500
Charleston County	Government	2,150
Piggly Wiggly	Grocery Stores	1,900
City of Charleston	Government	1,700

*Result of merger of Charleston Air Force Base and Charleston Naval Weapons Station in 2010.
Source: Charleston Metro Chamber of Commerce, Center for Business Research.

Some of the largest manufacturing employers and their major activity are shown in the following table:

<u>Industry</u>	<u>Products</u>	<u>Employees</u>
The Boeing Company	Aircraft	5,900
SAIC	System engineering and integration services	1,800
Force Protection, Inc.	Military vehicles	1,300
Kapstone Paper and Packing Corporation	Paper, lumber, chemicals	850
Cummins Turbo Technologies	Turbochargers and air compressors	700
BAE System	Electronic security and communications systems	575
Detyens Shipyards, Inc.	Shipyards (repairs and modifications)	500
MWV (MeadWestvaco Corp.)	Diverse portfolio of specialty chemical products, community development, and forest management	350
Hill-Rom, Inc.	Specialty medical equipment	350
Getrag Precision Gear	Transmission and drivetrain systems	285

Source: Charleston Regional Business Journal 2010 Report.

Charleston County has a strong and diverse economy that is driven by six engines of growth as follows:

- Port of Charleston
- Medical Industry
- Tourism
- Military
- Higher Education
- Manufacturing

Port of Charleston - The South Carolina State Ports Authority (the “SPA”) operates the Port of Charleston, which directly employs approximately 470 people. Charleston’s five port facilities, located close to the open ocean for fast turnarounds, consist of two container ports, two break-bulk ports, and one container and break-bulk port. International trade through the SPA’s facilities provides 50,700 jobs paying \$2.2 billion for the tri-county area of Charleston, Berkeley, and Dorchester counties. In all, trade provides \$7.1 billion in total economic impact to the tri-county region.

The Port of Charleston is the fourth largest container port of the U.S. East and Gulf coasts. It is recognised as one of the nation’s most efficient and productive ports. The Charleston Customs district ranks as the nation’s eighth largest in dollar value of international shipments, with cargo valued at more than \$50 billion annually. In 2010, the Port of Charleston handled 1.36 million TEUs, or 20-ft equivalent units which was an increase of 16

percent from the previous year. The SPA's Charleston break-bulk cargo totaled 647,811 tons. Top commodities across Charleston docks include consumer goods, agricultural products, metals, vehicles, machinery and, chemicals.

The U.S. Army Corps of Engineers is completing a feasibility study for the next harbor deepening project which will take the harbor to 50 feet in depth. The Army Corps of Engineers' work plan for the rest of 2012 includes \$2.5 million for the continuation of the feasibility study for the deepening project. In addition, the President's fiscal 2013 budget includes an additional \$3.5 million for the project.

With 45 feet of depth at mean low water, Charleston currently has the deepest channel in the South Atlantic region and can handle ships drafting up to 48 feet on high tide. Deepening the Charleston harbor will open the port to expanded trade opportunities and increased big-ship traffic via the new locks of the Panama Canal 24 hours a day.

In addition to the deepening project, port activity is expected to rise over the next decade, largely due to the new container terminal currently under construction on the former Naval base. The new 280-acre terminal is expected to open in 2014 and, at build out, will increase Charleston's total container capacity by 50 percent. The SPA's fiscal year 2011 capital improvement program calls for \$77 million in development and enhancements of new and existing facilities. In addition, the SPA plans to invest nearly \$1.3 billion on capital projects over the next decade.

Medical Industry – The region's medical industry accounts for over 10 percent of the area's total employment and is anchored by the state's teaching hospital, the Medical University of South Carolina ("MUSC"). The majority of the employment currently exists in Charleston's seven area hospitals - five private regional hospitals, MUSC, and the Ralph H. Johnson Veterans' Affairs Medical Center.

Several of the private hospitals have been in growth mode. Roper St. Francis Health Care opened a new 85-bed full-service hospital in Mt. Pleasant in 2010. East Cooper Regional Medical Center also opened a new 140-bed hospital in Mt. Pleasant during 2010.

Tourism - The Charleston region attracted over 4.22 million visitors in 2010, generating an economic impact of \$3.03 billion. Hotel occupancy rates were 69 percent, and the average daily rate for lodging was \$115. The average expenditure per visitor, per day was \$183. The hospitality industry directly employs 35,200 people in Charleston County, accounting for 12 percent of the workforce.

Charleston offers a vast array of festivals and events that bring tourists to the region. These include cultural events such as the annual Spoleto and Piccolo Spoleto festivals as well as the sports events like the Family Circle Cup tennis tournament and the annual Cooper River Bridge Run.

Tourists arrive in Charleston from land, sea, and air. The region sees vast numbers of tourists who like to drive to Charleston for its charm and hospitality. In addition, the centrally located Charleston International Airport brings in tourists from around the world. The airport offers daily non-stop service to 15 cities in the US including, Atlanta, New York, Charlotte, Washington, Chicago, and Houston. Carriers include American Eagle, Continental, Delta, United Express, US Airways, and Southwest (which started flying out of Charleston in March 2011).

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 (Holland America, Aida, Princess, Costa, and Crystal Cruises) bring their ships to Charleston as a port of call. The cruise business has an estimated \$37 million annual impact on the Charleston market.

Military – The military makes a large annual economic impact to the region. There are 29,000 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 \$4.7 billion.

In October 2010 the Charleston Air Force Base and the Charleston Naval Weapons Station merged to create Joint Base Charleston. Joint Base Charleston employees approximately 22,000 active-duty, reserve, and civilian personnel.

Charleston Air Force Base is one of three military transport service aerial ports on the Atlantic seaboard. It provides airlift support for military installations in Europe, Africa, the Middle East, and South America. The base is home to the 437th Airlift Wing and its squadron of over 50 C-17 transport planes that are currently serving a vital supply role to military personnel in Afghanistan and Iraq.

Other facilities include the Space and Naval Warfare Systems Center (SPAWAR), the Nuclear Power Training Command, the Nuclear Power Training Unit, and the Army’s Combat Equipment Group Afloat and Surface Deployment Distribution Commands.

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; the College of Charleston with 11,800 students; The Citadel with 3,300 students; Charleston Southern University with an enrollment of 3,200; and the Medical University of South Carolina with 2,500 students. Two of the more recently established schools are the Charleston School of Law, which saw its fifth class graduate in May 2011; and the American College of the Building Arts which had its third class graduate in 2011.

Manufacturing – New business recruitment during 2011 brought in \$131.9 million in investment and 761 new jobs. Most notable were TIGHITCO and PeopleMatter. TIGHITCO is a FAA approved Repair Station providing maintenance, repair, and overhaul (MRO) services for helicopter dynamic components such as gear boxes, rotor heads and rotor blades. TIGHITCO is expected to bring \$30 million in new investment and 300 new jobs. PeopleMatter’s relocation of its headquarters to downtown Charleston will provide a \$19 million investment and 256 new jobs. PeopleMatter provides human resources software.

In 2004, Charleston County developed a recruitment strategy that centers on five key economic clusters: aerospace and aviation; automotive manufacturing and suppliers; biotech medical and pharmaceutical activities; information technology and advanced security; and the cluster of internet, movie making, architecture and urban design activities. The success of this strategy has been evidenced by the following openings: aerospace and aviation - The Boeing Company; automotive manufacturing – Daimler Sprinter Van reassembly facility and Cummins Turbo Technologies; biotech medical and pharmaceutical activities – GenPhar and Charles River Laboratories; information technology and advanced security – Scientific Applications International Corporation and BAE Systems; and internet, movie making, architecture and urban design activities – production of the television series “Army Wives” which is entering its fifth season, and the May 2011 announcement of the opening of a film studio located in Charleston.

Population

The table below sets forth the population of each of the three counties, including Charleston County, that constitutes the “Tri-County” Standard Metropolitan Statistical Area for the past five decennial censuses.

	Census <u>1970</u>	Census <u>1980</u>	Census <u>1990</u>	Census <u>2000</u>	Census <u>2010</u>
Charleston County	247,650	276,974	295,039	309,969	350,209
Berkeley County	56,199	94,727	128,776	142,651	177,843
Dorchester County	<u>32,276</u>	<u>58,266</u>	<u>83,060</u>	<u>96,413</u>	<u>136,555</u>
Total SMSA (Tri-County)	336,125	430,462	506,875	549,033	664,607

Source: US Census Bureau.

Per Capita Personal Income

The per capita income in Charleston County and the State for each of the past ten years is set forth below.

<u>Year</u>	<u>County</u>	<u>State</u>
2002	\$29,555	\$26,073
2003	30,051	26,688
2004	31,784	27,908
2005	34,419	29,226
2006	36,749	30,925
2007	38,702	32,107
2008	36,097	32,947
2009	38,199	32,338
2010	38,969	31,890
2011	39,536	32,505

Source: South Carolina Board of Economic Advisors and South Carolina Department of Revenue.

Labor Force

The table below sets forth the labor force estimate in Charleston County prepared by the South Carolina Department of Employment and Workforce for the past five years.

	Labor Force Estimate (Charleston County)				
	Annual Average				
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Civilian Labor Force	175,337	176,873	175,317	176,357	177,140
Employment Total	167,533	167,505	159,826	160,330	162,428
Unemployment	7,804	9,368	15,491	16,027	14,712
Percent of Labor Force	4.5	5.3	8.8	9.1	8.3

Source: South Carolina Department of Employment and Workforce.

Workers involved in labor disputes are included among the employed. Total employment also includes agricultural workers, proprietors, self-employed persons, workers in private households and unpaid family workers.

Nonagricultural Wage and Salary Employment

The table below sets forth average monthly employees in the industries described below located in Charleston County, based on the North American Industry Classification System (NAICS).

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Natural Resources and Mining	434	296	289	172	165
Construction	13,351	13,281	12,208	10,127	9,068
Manufacturing	9,825	11,391	11,522	10,801	11,041
Wholesale Trade	4,842	5,196	5,408	5,193	5,253
Retail Trade	27,550	27,025	27,150	25,337	24,996
Transportation and Warehousing	8,201	8,265	8,262	7,395	7,457
Utilities	595	600	610	618	624
Information	3,418	3,548	4,153	3,993	3,717
Financial Activities	10,129	10,596	10,426	9,522	9,131
Professional and Business Services	29,107	31,441	30,970	28,243	31,686
Education and Health Services	22,300	23,149	23,969	24,462	24,906
Leisure and Hospitality	28,202	29,559	29,742	28,411	28,215
Other Services	5,829	5,985	6,024	5,676	5,489
Unclassified	424	164	-	-	-
Total, Federal Government	7,335	7,309	7,415	7,483	8,448
Total, State Government	17,149	17,672	18,164	17,765	17,990
Total, Local Government	<u>15,123</u>	<u>15,712</u>	<u>16,143</u>	<u>16,000</u>	<u>16,005</u>
Total	203,814	211,189	212,455	201,198	204,190

Source: South Carolina Department of Employment and Workforce.

GOVERNMENT STRUCTURE

Government of the County

The County adopted a Council-Administrator form of government under Home Rule in 1976. Under this form of county government, the elected County Council must employ an administrator who is the administrative head of the County government and is responsible for the administration of all of the departments of the County government which the County Council has the authority to control. State law requires that the administrator be employed with regard to his executive and administrative qualifications only. The term of employment of the administrator is at the pleasure of the County Council, and he is compensated for services as the County Council may determine. The County Council is composed of nine members who are elected from single-member districts for staggered four-year terms.

The current members of County Council are as follows:

<u>Name</u>	<u>Number of Years Served on Council</u>	<u>Principal Occupation</u>	<u>Term Expires</u>
Teddie E. Pryor, Sr., Chairman	7	Municipal Tourism Coordinator	December 31, 2014
J. Elliott Summey, Vice Chairman	3	Real Estate Developer	December 31, 2012
Colleen T. Condon	6½	Attorney	December 31, 2012
Henry E. Darby	7	Educator	December 31, 2012
Anna B. Johnson	1	Retired Administrative Coordinator	December 31, 2014
Joseph K. Qualey	1	Attorney	December 31, 2014
A. Victor Rawl	3	Retired State Judge	December 31, 2012
Herbert R. Sass, III	½	Real Estate Appraiser	December 31, 2014
Henry D. Schweers	5	Engineer	December 31, 2014

The County Council is the policy-making body of the government. Annually the Council elects one of its members as chairman to guide the County Council, act as its spokesman and preside at meetings. The chairman has no more power than any other member of County Council. The responsibilities of County Council include making appropriations, levying taxes, incurring indebtedness and issuing bonds; establishing the basic legislative policies for the County through ordinances and resolutions governing all County affairs; and establishing guidelines and standards to govern all administrative decisions and procedures.

Kurt Taylor began as the Charleston County Administrator in February of 2012. He has worked for the County for more than 20 years, starting as an Assistant Solicitor in 1991. He then served as Assistant County Attorney, and Chief Deputy County Attorney before becoming Deputy County Administrator in 2006. He has managed the County's \$1.3 billion Transportation Sales Tax Program, as well as an award-winning greenspace preservation program.

Mr. Taylor has served as the President of the South Carolina Association of County Attorneys, chair of the Local Government Law Section of the South Carolina Bar, and chair of the Counties and Special Municipal Districts section of the International Municipal Lawyers' Association (IMLA). In January of 2012, Mr. Taylor retired from North Charleston City Council, after serving for 14 years. Mr. Taylor also served as the Vice Chairman of the Charleston Area Regional Transportation Authority (CARTA) and as chair of the CARTA passenger intermodal facility project committee. Mr. Taylor is a 1984 graduate of the College of Charleston, and a 1987 graduate of the University of South Carolina Law School.

Keith D. Bustraan is the Deputy County Administrator for Finance and has served in a variety of senior management positions with Charleston County since joining the County in 1987. In August of 2007 he was assigned Chief Financial Officer duties. He has previously served as the Deputy County Administrator for Operations, County CFO, Deputy County Administrator for Community Services, and Budget Director. He has also worked for the County of Fairfax, Virginia and the Congress of the Federated States of Micronesia. He received an A.B. degree from Lafayette College and an M.P.A. from The George Washington University.

Corine Altenhein has been the County's Finance Director since August 2007. She previously served as the Chief Financial Officer and Budget Director. Ms. Altenhein joined the County in 1990 as Assistant Controller. Ms. Altenhein earned her B.S. degree in Accounting from New York University in 1983. She is a Certified Public Accountant, having worked two and a half years with a national C.P.A. firm and four years with a major banking firm, both in New York City.

Mack Gile has been the County's Budget Director since January 2003. Mr. Gile also served as Assistant Budget Director and as a Budget Analyst. Prior to then, he was in practice as a Certified Public Accountant for four years. Mr. Gile earned his B.S. degree (Accounting) from Bob Jones University in 1990 and his Masters in Business Administration from The Citadel in 1999. Mr. Gile is a Certified Governmental Finance Officer through the South

Carolina Government Finance Officer's Association and the Government Finance Officers Association of the United States and Canada.

In addition to the elected County Council, various County officers are elected including the County Treasurer, County Auditor, Clerk of Court, Probate Judge, Sheriff, Coroner, Solicitor, and Register of Mesne Conveyance.

Services Provided

The County operates and maintains various programs which are funded from County revenues, as reflected in its annual budget for the fiscal year ending June 30, 2011. These programs include:

- (1) Public Safety (including law enforcement, emergency preparedness planning, detention facilities and fire protection in the Awendaw Consolidated Fire District);
- (2) Health Services (including Emergency Medical Services, drug and alcohol rehabilitation programs and substantial contributions to the State's Medically Indigent Assistance Fund);
- (3) Public Works (including street and drainage maintenance and mosquito abatement);
- (4) Solid Waste Management (solid waste disposal and recycling);
- (5) Judicial Administration (including prosecuting and public defender legal services and criminal, civil, probate and family court administration);
- (6) Tax Collection and Dispersal;
- (7) Libraries;
- (8) Planning and Zoning Administration; and
- (9) Veterans Assistance.

The County has a budgetary accounting system which provides for control of appropriations by department and major objects of expenditure using a proprietary automated financial accounting system. Encumbrance accounting is also utilised. Financial reporting provides periodic reports of expenditures, encumbrances, unencumbered balances and revenues. Monthly expenditure to budget reports are delivered to the County Council. Quarterly budget reviews are performed and brought to Council when appropriate.

Also in place are legislative controls (covering transfers, appropriations and amendments), position controls (utilising authorised position lists), purchasing controls (governing compliance with budget and bidding procedures), travel controls (mode of travel and related costs), payroll controls (ensuring that attendance records are kept) and inventory and fixed asset controls.

The County has a comprehensive set of financial policies which have been adopted by County Council. These policies cover the following areas:

- | | |
|------------------------------|---|
| 1. Operating budget | 6. Investments |
| 2. Revenues and expenditures | 7. Accounting, auditing and financial reporting |
| 3. Financial reserves | 8. Procurement |
| 4. Capital improvements | 9. Risk management |
| 5. Debt management | 10. Human resources |

The General Fund balance for the fiscal year ended June 30, 2011, was \$52,348,663. The ending balances for the fiscal years ended June 30, 2010 and 2009 were \$52,596,024 and \$45,711,848, respectively.

During the present fiscal year, the County has approximately 2,150 employees. The County's total payroll for the fiscal year ended June 30, 2011, was approximately \$99,974,819.

CERTAIN FISCAL MATTERS

Revenue Sources

The County has historically derived its revenues for the most part from general property taxes on real and personal property located within the County limits, state aid to political subdivisions, local option sales taxes imposed by the County, accommodation taxes imposed by the County on all commercial lodging, license and permit charges made by the County, and charges for services imposed and collected by the County.

Revenues from Property Taxes

Until recent years, county governments in South Carolina have generated the largest portion of revenues for general governmental purposes from ad valorem property taxes. Property taxes have constituted the largest single source of revenues for Charleston County historically. Until the enactment of property tax reform by the State Legislature in 2006 (effective for fiscal years beginning after January 1, 2007), counties in the State generally could impose property tax levies without limit so long as certain procedural requirements were met. Beginning with the fiscal year commencing on July 1, 2007, local governments in the State, including Charleston County, have been subject to the limitations set forth in property tax reform legislation. Property tax levies for the purpose of funding debt service on bonded indebtedness or payments for real property purchased using a lease-purchase agreement or used to maintain a reserve account is not subject to the limitations imposed under property tax reform. See “-Assessment of Property for Property Tax Purposes” herein for a more complete discussion of the property tax levy and collection process in South Carolina. See “-Property Tax Reform – Limitation on Millage Increases” herein for a description of these limitations. Charleston County currently levies an operational millage of 39.1 mills, which is expected to generate approximately \$108.9 million of revenues for the general fund in the fiscal year ending June 30, 2012. See “-Property Tax Collection Record” and “-Millage Levied Within the County” herein for historical information concerning tax levies and collections in Charleston County.

Revenues from Local Option Sales Taxes

At the general election held on November 6, 1990, each county in the State voted on an initiative to levy an additional 1% to the (then) 5% State sales tax, which additional 1% would be used by counties and municipalities located in counties which approved imposition of the Local Option Sales Tax. Charleston County was one of six counties in the State which initially approved imposition of a Local Option Sales Tax. The additional 1% sales tax was imposed effective July 1, 1991. Sales tax revenues are collected by the State government and remitted to the County on a monthly basis. The Fiscal Year 2012 budget includes \$40.3 million in Local Option Sales Tax receipts and a corresponding credit against tax revenues.

State Aid to Political Subdivisions

Unrestricted State aid to political subdivisions has constituted the third largest source of revenues to the County’s general fund for the past several years. The annual amount paid to the County is subject to appropriation by the State Legislature in the annual State budget. See the table on Page 6 hereof for the history of receipts of State aid to political subdivisions by the County.

Transportation Sales Tax

The imposition and collection of the Transportation Sales Tax is authorized by Title 4, Chapter 37 of the Code of Laws of South Carolina 1976, as amended (the “Transportation Facilities Financing Act”). The Transportation Sales Tax is collected and remitted in the same manner as the general sales tax. The Transportation Facilities Financing Act authorizes any county council to impose a sales and use tax by county ordinance, subject to referendum approval, to pay for the costs of highways, roads, streets, bridges, mass transit systems, greenbelts, and other transportation-related projects and facilities. If the imposition of the tax is approved in the referendum, the tax will be imposed on the first day of May following the date of the referendum.

On November 2, 2004, the Sales Tax Referendum was conducted in Charleston County on the issue of imposing the Transportation Sales Tax in the amount of one-half of one percent (1/2%) to pay costs of highways,

roads, streets, bridges and other transportation-related projects facilities, and drainage facilities related thereto, and mass transit systems operated by the County or jointly operated by the County and other governmental entities and greenbelts.

The Transportation Sales Tax authorised by the Sales Tax Referendum has been collected on net taxable sales in Charleston County since May 1, 2005. The Transportation Sales Tax will be collected until the earlier of (i) total collections equal \$1,303,360,000 or (ii) April 30, 2030. See the table at “-Transportation Sales Tax” for a history of the annual collections of the Transportation Sales Tax by the County

The Transportation Sales Tax is administered and collected by the South Carolina Department of Revenue in the same manner as other sales and use taxes. The revenues of the tax are remitted to the South Carolina Department of Revenue and placed on deposit with the State Treasurer and credited to a fund separate and distinct from the General Fund of the State. After deducting the amount of any refunds made and costs to the South Carolina Department of Revenue of administering the tax, not to exceed one percent of the revenues, the State Treasurer will distribute the revenues quarterly to the County Treasurer. Net revenues received by the County Treasurer are deposited into a separate Transportation Sales Tax Fund and applied solely to pay the costs of eligible projects or debt service on bonds issued to finance eligible projects.

Revenues from Local Accommodations Taxes

Pursuant to the Local Accommodations Tax Act, the County imposes a local accommodations tax in the amount of 2%. The tax is levied on the gross proceeds derived from the rental or charges for accommodations furnished to tourists for any rooms, campground spaces, lodgings, or sleeping accommodations by any hotel, inn, tourist court, tourist camp, motel, campground, residence, or any place in which rooms, lodgings, or sleeping accommodations are furnished to tourists for a consideration. The tax does not apply where the facilities consist of less than six sleeping rooms, contained on the same premises, which is used as the individual's place of abode. In accordance with the Local Accommodations Tax Act, revenues collected from the imposition of the local accommodations tax may only be used for the following purposes or for operation and maintenance of those purposes, including police, fire protection, emergency medical services, and emergency-preparedness operations directly attendant to the following facilities:

- (1) tourism-related buildings;
- (2) tourism-related cultural, recreational, or historic facilities;
- (3) beach access, renourishment, or other tourism-related lands and water access;
- (4) highways, roads, streets, and bridges providing access to tourist destinations;
- (5) advertisements and promotions related to tourism development; or
- (6) water and sewer infrastructure to serve tourism-related demand.

The local accommodations tax is required to be remitted to the County on a monthly basis when the estimated average monthly tax is more than \$50; on a quarterly basis when the estimated average monthly tax is \$25 to \$50; and on an annual basis when the estimated average monthly tax is less than \$25.

Revenues from License and Permit Fees, Franchise Fees, User Fees, and Administrative Fees

The County generates revenues from a variety of fees, including various business licenses and professional fees, franchise fees and building permits, zoning fees, and solid waste disposal fees. In addition, there are court and other administrative fees charged by the County.

Recent State Property Tax Reform

On June 10, 2006, the Governor of South Carolina approved legislation adopted by the South Carolina General Assembly (“Act No. 388”), which provides, among other things, a new mechanism for the funding of a portion of school operations and a limitation on annual growth in millage levied by political subdivisions and school districts for operations. Act No. 388 essentially substitutes revenues to be collected by an increase in the State sales tax of 1% (in addition to the previous 5%) for local property taxes on owner-occupied residential property attributable to school district operating levies. In June 2011, the South Carolina General Assembly approved certain

amendments to Act No. 388. The County has no responsibility for funding school district operations or debt service. See “-Property Tax Reform” herein for a more complete discussion of recent property tax reform legislation.

Assessment of Property for Property Tax Purposes

The South Carolina Constitution mandates the equal and uniform assessment of taxable property throughout the State for the following classes of property and at the following ratios:

- 1) Real and personal property owned by or leased to manufacturers, utilities, or mining operations – 10.5% of fair market value (certain industrial facilities may be entitled to a limited exemption or to pay at lower ratios; see “-Exemptions and Limitations for Certain Industries” herein).
- 2) Real and personal property owned by or leased to transportation companies for hire (railroads and pipelines) – 9.5% of fair market value.
- 3) Inventories of business establishments – 6% of fair market value (this category has been phased out; see discussion below).
- 4) Legal residence and not more than five contiguous acres – 4% of fair market value (if the property owner makes proper application and qualifies).
- 5) Agricultural real property used for such purposes owned by individuals and certain small corporations – 4% of use value (if the property owner makes proper application and qualifies).
- 6) Agricultural real property and timberlands belonging to large corporations (more than 10 shareholders) – 6% of use value (if the property owner makes proper application and qualifies).
- 7) Power-driven farm machinery and equipment – 5% of fair market value.
- 8) Personal motor vehicles – 6% of fair market value.
- 9) All other real property – 6% of fair market value.
- 10) All other personal property – 10.5% of fair market value.

The business inventory tax has been phased out as of 1988. The business inventory exempted from property taxation is nonetheless considered taxable property for purposes of calculating the bond debt limits for all political subdivisions. The legislation creating the exemption provides that the exemption is conditioned upon the State legislature appropriating annually to each taxing entity an amount equivalent to taxes which would have been collected by such taxing entity based upon the value of business inventory in 1987. The amount of the 1987 business inventory taxes in the Charleston County was \$21,648,190.

In 1975, the South Carolina General Assembly enacted Act No. 208 (Act 208), requiring all counties within the State to initiate a reassessment program during calendar year 1975 to insure that all taxable properties are assessed on a uniform basis. Prior to enactment of Act 208, there was little or no uniformity in the assessment of property in South Carolina. All properties located in Charleston County are assessed in compliance with the ratio mandates of Act 208. Further, all properties in Charleston County are presently listed at appraised values computed in accordance with the regulations promulgated pursuant to Act. 208.

The South Carolina Department of Revenue and Taxation (“DOR”) has been charged with responsibility of taking steps necessary to ensure equalisation of assessment statewide and may require reassessment of any part or all property within any county. Regulations of DOR effectively require that a reassessment must be instituted by any county if the median appraisal for all property in such county (as a whole or for any class of property) is higher than 105% or lower than 80% of fair market value. In addition, in its 1995 session, the South Carolina General Assembly enacted provisions requiring each county to assess all properties on the newly appraised values every fifth year. Upon completion of a reassessment, the total ad valorem millage for any political subdivision of the State may not

exceed the total ad valorem tax millage of such political subdivision for the year immediately prior to completion of such reassessment, adjusted for new taxable property, by more than the increase in the consumer price index for the year in question. The previous reassessment of all real property in the Charleston County was completed during 2004 and implemented in January 2005. After County Council voted in May 2009 to delay for one year the next reassessment due to pending state legislation and implementation of a new automated assessment and tax system the reassessment was performed and reassessment notices were sent on June 30, 2011.

The Charleston County Assessor appraises and assesses all real property and mobile homes located within Charleston County, and certifies the results to the Charleston County Auditor. The County Auditor appraises and assesses all motor vehicles, marine equipment, business personal property, and airplanes. DOR furnishes guides for use by the County in the assessment of automobiles, automotive equipment, and certain other classes of property and directly assesses the real and personal property of public utilities, manufacturers, and business equipment.

In each year, upon completion of its work, the DOR certifies its assessments to the County Auditor. During August and September of each year the County Auditor prepares assessment summaries from the respective certifications, determines the appropriate millage levies, prepares the tax rolls, and then in September charges the County Treasurer with the collection of taxes. With the exception of motor vehicles, the South Carolina Tax Control date is December 31 for the ensuing tax year. South Carolina has no state-wide property tax.

Homestead Exemption

South Carolina provides, among other exemptions, an exemption for homesteads. This is a general exemption from all ad valorem property taxes and applies to the first \$50,000 of value of the dwelling place of persons who are over 65 years of age, totally and permanently disabled, or legally blind (the "Homestead Exemption"). The revenues that would have been received by various taxing entities but for the exemptions are replaced by funds from the State. The State pays each taxing entity the amount to which it is entitled by April 15 of each year from the State's general fund. The Homestead Exemption reimbursement to the County for the 2011 fiscal year amounted to \$1,705,295.

Property Tax Reform

Sales Tax Imposition; Exemption of Owner-Occupied Residential Property from School Operating Taxes

Pursuant to property tax reform approved by the State Legislature and a state-wide referendum in 2006, Act No. 388 imposed an additional one percent sales tax State-wide beginning on June 1, 2007. The additional tax does not apply to certain items, including certain accommodations (e.g., hotels, motels, and campgrounds), items taxed at a defined maximum tax (e.g., automobiles), and unprepared food (upon which the prior 5% tax was eliminated in October, 2007). Receipts from the new 1% sales tax are to be credited to the "Homestead Exemption Fund" created pursuant to Act No. 388.

Effective beginning with fiscal year 2008, all owner-occupied residential real property in the State is exempted from ad valorem real property taxes levied for school district operations (the "New Homestead Exemption"). Proceeds of the sales tax deposited in the Homestead Exemption Fund are distributed to the school districts in substitution for the ad valorem real property taxes not collected as a consequence of the New Homestead Exemption. Act No. 388 provides that a minimum of \$2,500,000 of sales taxes per county will be distributed to the school district or districts within such county. Owner-occupied residential real property is not exempt from millage imposed for the payment of general obligation indebtedness incurred by school districts.

The amount of the reimbursements in fiscal year 2008 was equal to the amount estimated to have been otherwise collected (but for the New Homestead Exemption) in fiscal year 2008 by the school district from school operating millage imposed on owner occupied residential property therein, subject to the minimum of \$2,500,000 described above. Beginning in fiscal year 2009 and continuing each year thereafter, the aggregate reimbursement to the school districts will increase by an amount equal to the Consumer Price Index, Southeast Region, plus the percentage increase in the previous year in the population of the State. The aggregate amount of the reimbursement increase in any year will be distributed among the school districts proportionately based on each school district's

weighted pupil units as a percentage of statewide weighted pupil units as determined annually pursuant to the South Carolina Education Finance Act.

Any amounts remaining in the Homestead Exemption Fund after the distribution of moneys as described in the preceding paragraphs will be distributed to the school districts of the 46 counties of the State, proportionately based upon population, to be applied as a credit against ad valorem real property taxes levied against, first, owner-occupied residential real property, and, thereafter, to all other classes of taxable property, for county operating purposes.

To the extent revenues in the Homestead Exemption Fund are insufficient to pay all reimbursements to the school districts as described above, Act No. 388 provides that the difference is to be paid from the State's general fund. Enforcement of this provision is not self-executing, and will in each applicable year be subject to the appropriation of the necessary amounts by the General Assembly.

Limitation on Millage Increases

Act No. 388 also imposes a limitation on increases in millage levied for operational purposes by all political subdivisions in South Carolina, which has been recently amended by legislation approved by the South Carolina General Assembly in June, 2011. As so amended, Act No. 388 provides that annual millage levies may increase only at a rate equal to the sum of (a) the increase in the consumer price index, plus (b) the rate of population growth of the political subdivision. There may be added to the operating millage increase any such increase permitted under clauses (a) or (b) of the prior sentence, that was allowed but not previously imposed, for the three property tax years preceding the year to which the current limit applies. This limitation may be overridden by a vote of two-thirds of the governing body of the political subdivision, but only for the following purposes and only in a year in which such condition exists:

- (1) a deficiency of the preceding year;
- (2) any catastrophic event outside the control of the governing body such as a natural disaster, severe weather event, act of God, or act of terrorism, fire, war, or riot;
- (3) compliance with a court order or decree;
- (4) taxpayer closure due to circumstances outside the control of the governing body that decreases by 10% or more the amount of revenue payable to the taxing jurisdiction in the preceding year; or
- (5) compliance with a regulation promulgated or statute enacted by the federal or state government after the ratification date of this section for which an appropriation or a method for obtaining an appropriation is not provided by the federal or state government.

Local Option Sales Tax for Additional Tax Relief

Act No. 388 further authorises the imposition within any county, subject to approval by referendum, of a local sales tax to provide additional property tax relief. The local sales tax may only be imposed to the extent necessary to provide a 100% credit to all classes of taxable property against (a) county operating taxes, (b) school operating taxes, or (c) both, as set forth on the referendum ballot. The rate of such local sales tax may not exceed 1%. Act No. 388 also provides a procedure for rescinding this local sales tax, as well as any other local sales taxes in force. Charleston County has not implemented the provisions of this Section of Act No. 388 as of this date.

Reassessment Valuations Limited

Act No. 388 also provides that the growth in valuation of real property attributable to reassessment may not exceed 15% for each five-year reassessment cycle. Growth in valuation resulting from improvements to real property are exempt from this restriction. Except for property classified as "all other real property" subject to the 6.0% assessment ratio, upon the sale of any parcel of real property or other "assessable transfer of interest,"

including long-term leases, conveyances out of trusts, and other defined events, but excluding transfers between spouses, such parcel will be reassessed to its then-current market value.

Exemptions and Limitations for Certain Industries

Pursuant to various economic development incentives enacted by the State Legislature, the assessment ratio for certain manufacturing facilities and other facilities can be reduced to 6% (and, in some instances, as low as 3%) under fee-in-lieu of tax transactions and multi-county industrial parks by action of the County Council. These incentives can remain in effect up to 35 years in certain instances. In addition to lowering the assessment ratio, this legislation permits the negotiation of a fixed or periodically adjusted millage rate by the industry and County Council, which can differ from the millage rate imposed upon taxable property located within Charleston County. In addition, the County can rebate a portion of the fee-in-lieu of tax payment to the industry.

The South Carolina Constitution exempts from ad valorem taxation (except school and municipal taxes) all new manufacturing establishments for five years from the time of establishment and all additions to existing manufacturing establishments for five years from the time each such addition is made if the cost of such addition is \$50,000 or more. The exemptions authorized by the South Carolina Constitution for manufacturing establishments do not include exemptions from school taxes or municipal taxes.

Assessed Value of Taxable Properties in Charleston County

The following table shows the assessed values of real and personal property and the estimated market value of taxable property in Charleston County for the fiscal years indicated:

Fiscal Year Ended June 30	Real Property	Personal Property	Vehicles	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Estimated Actual Tax Value
2002	\$1,297,211,547	\$ 201,808,305	\$172,330,164	\$1,671,350,016	180.2	\$29,666,989,206	5.63%
2003	1,347,982,940	208,482,465	169,956,308	1,726,421,713	187.7	30,851,205,551	5.60%
2004	1,394,103,212	210,193,376	173,309,334	1,777,605,922	191.9	32,425,619,687	5.48%
2005	2,041,172,452	213,698,050	164,182,170	2,419,052,672	161.3	46,536,987,902	5.20%
2006	2,197,536,874	194,576,361	153,380,326	2,545,493,561	160.8	47,282,058,031	5.38%
2007	2,308,701,112	210,195,223	159,335,124	2,678,231,459	168.0	49,446,157,317	5.42%
2008	2,525,310,042	215,663,434	175,326,815	2,916,300,291	177.0	52,960,945,426	5.51%
2009	2,567,170,930	225,355,873	167,364,803	2,959,891,606	181.0	55,081,538,273	5.37%
2010	2,530,782,359	236,859,543	156,340,695	2,923,982,597	181.0	54,571,987,194	5.36%
2011	2,729,144,416	234,746,374	155,001,548	3,118,892,338	181.0	58,181,179,259	5.36%

Source: Charleston County Auditor.

The following table sets forth the assessed values and approximate market values, by tax class categories, for all taxable property in Charleston County for fiscal year 2011.

<u>Class of Property</u>	<u>Assessed Value</u>	<u>Approximate Market Value</u>
Real Property and Mobile Homes – County Assessor	\$2,729,144,416	\$53,668,065,257
Motor Vehicles – County Auditor by DOR Manual	155,001,548	1,272,591,055
Public Utilities	86,311,320	822,012,571
Manufacturing Property –DOR Full Levy	22,505,860	214,341,524
Water Craft – County Auditor	28,978,170	276,571,738
Business Personal – County Auditor	18,022,520	173,070,429
Business Personal – DOR	63,324,710	603,092,476
Railroads	2,819,580	29,679,789
Aircraft	5,194,950	49,475,714
Rental Residential	3,178,050	30,267,143
Multi-County Park Personal Property	<u>4,411,214</u>	<u>42,011,563</u>
TOTALS	<u>\$3,118,892,338</u>	<u>\$57,181,179,259</u>

Source: Charleston County Auditor.

Method by Which Tax Levy is Made

South Carolina taxing entities (including counties, school districts, cities and towns, and special tax districts) levy property taxes as a single tax bill which each taxpayer must pay in full. In Charleston County, the Charleston County Treasurer collects all current taxes and the County Administrator is responsible for delinquent tax collections.

Notices are mailed in October of each year or as soon as practicable thereafter. All taxes may be paid without penalty through January 15. A 3% penalty is added on January 16. An additional 7% penalty is added on February 2. On March 17, another additional penalty of 5% is added on and delinquent taxes are forwarded at this time to the Charleston County Delinquent Tax Collector for collection.

Property Tax Collection Record

The following table shows the total amount of property taxes levied for operational and debt service purposes for the County for each of the years shown:

Fiscal Year Ended June 30	Adjusted Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2002	\$69,979,712	\$66,574,527	95.1%	\$3,329,410	\$69,903,937	99.9%
2003	70,724,095	67,801,645	95.9	2,834,190	70,635,835	99.9
2004	73,504,819	70,729,990	96.2	2,667,216	73,397,209	99.9
2005	71,982,912	69,530,828	96.6	2,363,833	71,894,661	99.9
2006	75,825,360	73,525,524	97.0	2,126,044	75,651,568	99.8
2007	76,026,583	73,199,901	96.3	1,220,087	74,419,988	97.9
2008	78,854,461	75,500,629	95.7	1,776,394	77,277,023	98.0
2009	82,649,921	77,757,867	94.1	4,031,689	81,789,556	99.0
2010	92,300,468	86,401,791	93.6	3,197,038	89,598,829	97.1
2011	93,003,513	88,052,370	94.7	3,468,138	91,520,508	98.4

Source: Charleston County Treasurer's Office.

Tax Levy

The following table shows total tax millage for the County and overlapping governments in Charleston County for the tax years shown:

<u>County Direct Rates</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Charleston County Government Operating	50.8	50.8	51.3	40.2	40.2	40.2	40.2	40.2	40.2	39.1
Charleston County Government Debt Service	10.4	10.4	9.9	6.6	6.6	6.6	6.6	6.6	6.6	6.1
Park and Recreation Commission Operating	3.5	3.5	3.5	3.5	3.5	3.5	3.6	3.7	3.7	3.6
Park and Recreation Commission Debt Service	3.7	3.7	3.7	2.1	2.1	2.1	2.0	1.9	1.9	1.8
Trident Technical College	2.1	2.1	2.1	2.0	2.0	2.0	2.0	2.0	2.0	2.4
County School Board Operating	89.3	105.1	109.0	91.1	92.8	95.4	98.7	98.7	98.7	98.6
County School Board Debt Service	20.4	12.1	12.4	15.8	13.6	18.2	23.9	27.9	27.9	27.9
Total Direct Rate	180.2	187.7	191.9	161.3	160.8	168.0	177.0	181.0	181.0	179.5
Fire District Rates:	21.8-50.9	23.2-50.9	23.9-51.5	16.7-38.0	16.7-40.3	12.0-41.5	12.0-42.7	12.0-47.7	12.0-48.4	11.2-48.6
City/Town Rates:	26.2-116.4	27.9-116.4	28.5-116.4	17.9-115.5	18.5-92.8	22.4-92.8	22.2-92.8	22.2-92.8	22.2-92.8	22.9-93.6
Public Service District Rates:	72.1-104.5	74.2-104.5	74.2-111.4	55.2-111.2	55.2-102.3	51.6-102.3	55.2-102.3	57.6-102.3	57.6-102.3	53.9-102.3

Source: Charleston County Auditor.

Local Option Sales Tax

At the general election held on November 6, 1990, each county in the State voted on an initiative to levy an additional 1% to the State sales tax, which additional 1% would be used by counties and municipalities located in counties which approved imposition of the Local Option Sales Tax. Charleston County was one of six counties in the State which initially approved imposition of a Local Option Sales Tax. The additional 1% sales tax was imposed effective July 1, 1991. County Council has determined to apply all of this amount to a reduction of property taxes.

The following table provides the Local Option Sales Tax Receipts retained by Charleston County while the second table reflects the Total Distribution of Local Option Sales Tax receipts to all eligible political subdivisions located in Charleston County and net taxable sales which generate the taxes:

Local Option Sales Tax Receipts Retained by Charleston County

<u>Fiscal Year</u>	<u>Receipts</u>	<u>% Increase(Decrease) Over Prior Years</u>
2002	\$32,061,842	0.0%
2003	32,445,350	1.2
2004	35,629,077	9.8
2005	38,100,097	6.9
2006	42,159,174	10.7
2007	44,024,396	4.4
2008	44,458,297	1.0
2009	41,085,569	(7.6)
2010	39,955,809	(2.7)
2011	41,340,223	3.5

Source: Charleston County Treasurer.

Total Distribution to All Charleston County Entities

<u>Fiscal Year</u>	<u>Amount of Distribution</u>	<u>Net Taxable Sales</u>
2002	\$52,780,801	\$5,541,984,105
2003	53,326,355	5,599,267,275
2004	61,015,606	6,406,638,630
2005	65,758,445	6,904,636,725
2006	71,822,991	7,541,414,055
2007	75,580,355	7,935,937,275
2008	75,818,097	7,960,900,185
2009	71,403,947	7,497,414,484
2010	68,802,305	7,224,242,047
2011	70,787,125	7,451,276,186

Source: Charleston County Treasurer.

The effective County operating millage rate following application of Local Option Sales Tax Receipts to County millage for homeowners whose property is assessed at 4% as well as those properties assessed at 6% and 10.5% is shown in the following table:

Fiscal Year Ended June 30	Actual Operating Millage Levied	Effective Operating Millage after Local Option Sales Tax Credit (4%) Applied To Ad Valorem Tax	Effective Operating Millage after Local Option Sales Tax Credit (6%) Applied to Ad Valorem Tax	Effective Operating Millage after Local Option Sales Tax Credit (10.5%) Applied to Ad Valorem Tax
2003	50.8	23.6	32.6	40.4
2004	50.8	23.6	32.6	40.4
2005	51.3	21.8	31.6	40.1
2006*	40.2	17.7	25.2	31.6
2007	40.2	16.7	24.5	31.2
2008	40.2	16.7	24.5	31.2
2009	40.2	18.7	25.9	32.0
2010	40.2	22.5	28.4	33.4
2011	40.2	22.5	28.4	33.4
2012*	39.1	21.6	27.4	32.4

Source: Charleston County Auditor.

*Reassessment.

The State legislation mandating that the initiative be placed before the voters at the November 6, 1990 general election, provides that a petition signed by 15% of the qualified electors in a county may place before the voters at a subsequent election an initiative to rescind the Local Option Sales Tax.

Transportation Sales Tax

The table below sets forth the amounts of annual collections of the Transportation Sales Tax remitted to Charleston County:

Year Ended June 30	Amount of Collections	% Increase (Decrease) Over Prior Year
2005	\$ 5,008,243*	n/a
2006	37,978,097	n/a
2007	39,521,712	4.1%
2008	40,096,515	1.5
2009	37,469,812	(6.6)
2010	36,248,432	(3.3)
2011	37,963,668	4.7

* Collections for only the months of May and June 2005.

See "TRANSPORTATION SALES TAX" for a discussion of the Transportation Sales Tax.

Largest Taxpayers

Some of the largest property taxpayers in Charleston County and the June 30, 2011 fiscal year assessed value for the taxable property of each located within Charleston County are as follows:

<u>Taxpayer</u>	<u>Estimated Assessed Value</u>
South Carolina Electric & Gas Co.	\$44,582,430
Kapstone Kraft*	14,728,415
Bell South	13,798,840
Boeing	8,270,113
Kiawah Real Estate Co.	7,247,820
Berkeley Electric Co-OP	5,931,340
Charleston Place LLC	5,635,510
Cummins	5,049,300
Kiawah Resort Associates	4,933,070

*In 2009 Westvaco sold its power generation plant and the paper mill to Kapstone Kraft.
Source: Charleston County Auditor.

Retirement Plan

All full-time County employees except public safety department employees are under the South Carolina Governmental Employees' Retirement System ("SCRS") established by the State for county government employees. Public safety department employees are covered by the South Carolina Police Officers' Retirement System ("PORS"), also a defined benefit plan. These plans are funded on a matching basis, using an actuarial method, by the employees and the County.

The County is required to make contributions on behalf of its employees into the pension system. The County's expenses are funded on an actuarial basis determined by the State, and the County is assessed on an annual basis for its share of the State retirement system's pension costs. The County's local pension contributions have risen substantially since fiscal year 2000. This has resulted in substantial increases in the County's pension costs as shown in the table below.

Retirement Plan Costs					
<u>Pension System</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012 Projections</u>
S.C. Governmental Employee's Retirement System (SCRS)	\$5,721,280	\$6,157,100	\$6,038,511	\$6,025,133	\$ 6,500,000
S.C. Police Officer's Retirement System (PORS)	<u>3,157,167</u>	<u>3,290,463</u>	<u>3,303,451</u>	<u>3,694,484</u>	<u>3,800,000</u>
Total Pension Payments	\$8,878,447	\$9,447,563	\$9,341,962	\$9,719,617	\$10,300,000

Each year employees (other than police officers) contribute 6.5% of their salary. Police officers also contribute 6.5% of salary. The County's share is 11.53% on police officers' salaries and 9.39% on all other employees. Police officers are eligible for retirement at age 55 or after 25 years of service. All other employees are eligible for retirement at age 65 or after 30 years of service. Both groups' vesting rights are after five years of service. See Note I to the Notes to Financial Statements in APPENDIX A hereto for more information regarding the County's employee benefits plans.

Other Post Employment Benefits

The County provides certain other post-employment benefits (“OPEB”) as part of the total compensation offered to attract and retain qualified employees. Employees hired before July 1, 2008, who meet certain eligibility requirements (including the last five years of employment must be served consecutively and as a full-time regular employee) can continue receiving their health, life and dental benefits with the County. The County will pay 50 percent of the retirees’ and dependents’ health insurance premiums. Employees hired after June 30, 2008 can receive a 25 percent benefit after 15 years of service and a 50 percent benefit after 25 years of service.

The County currently funds its OPEB plan on a pay-as-you-go basis as calculated by Gabriel Roeder Smith & Company. The net OPEB liability at June 30, 2010 was \$10,938,993. The total recorded liability at June 30, 2011, was \$13,917,496, all of which has been cash funded in the Employee Benefits Internal Service Fund. The County’s FY 2012 budget anticipates fully funding the net OPEB liability for that year.

The tables below set forth schedules of funding progress and employer contributions for the OPEB liability as of June 30, 2011.

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)(b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
7-1-2007	\$ -	\$52,972,306	\$52,972,306	0%	\$93,550,000	56.62%
7-1-2008	-	52,972,306	52,972,306	0	97,800,000	54.16
7-1-2009	-	47,374,110	47,374,110	0	96,600,000	49.04
7-1-2010	-	47,374,110	47,374,110	0	99,400,000	47.66

Schedule of Employee Contributions

Fiscal Year Ended June 30	Annual OPEB Cost	Employer Amount Contributed	Percentage Contributed	Net OPEB Obligation
2008	\$5,874,245	\$1,662,441	28.30%	\$4,211,804
2009	5,947,354	1,872,824	31.50	8,286,334
2010	4,402,193	1,749,534	39.70	10,938,993
2011	4,570,445	1,676,012	36.70	13,833,426

CHARLESTON COUNTY
FIVE YEAR SUMMARY OF GENERAL FUND REVENUE AND EXPENDITURES
FISCAL YEAR ENDED JUNE 30

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
REVENUES					
Local Sources	\$137,872,960	\$141,307,990	\$138,091,481	\$146,341,514	\$149,583,344
State Sources	17,786,911	21,408,124	20,498,085	17,559,632	17,944,977
Federal Sources	<u>2,066,937</u>	<u>1,803,948</u>	<u>1,892,607</u>	<u>3,158,883</u>	<u>5,313,635</u>
TOTAL REVENUES	157,726,808	164,520,062	160,482,173	167,060,029	\$172,841,956
EXPENDITURES					
General Government	41,165,521	45,991,880	42,681,499	40,543,509	42,975,385
Public Safety	62,491,799	68,153,018	70,622,385	68,057,230	72,973,181
Judicial	16,816,852	17,869,238	15,787,755	15,548,585	15,641,906
Public Works	8,953,619	9,421,539	8,215,240	7,897,432	7,425,824
Health & Welfare	3,783,914	3,929,327	3,850,047	3,513,184	3,567,531
Culture & Recreation	13,277,590	14,103,768	14,232,540	13,824,355	13,921,189
Economic Development	<u>550,728</u>	<u>470,763</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
TOTAL EXPENDITURES	147,040,023	159,939,533	155,389,466	149,384,295	156,505,016
EXCESS REVENUES OVER EXPENDITURES	10,686,785	4,580,529	5,092,707	17,675,734	16,336,940
OTHER FINANCING SOURCES (USES):					
Sale of Fixed Assets	1,661	3,577	2,122	1,337	531
Transfers In/(Out)	<u>(9,901,810)</u>	<u>(9,557,298)</u>	<u>(4,111,358)</u>	<u>(10,792,893)</u>	<u>(16,584,862)</u>
TOTAL OTHER FINANCING SOURCES (USES)	(9,900,149)	(9,553,721)	(4,109,236)	(10,791,556)	(16,584,331)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	786,636	(4,973,192)	983,471	6,884,178	(247,391)
FUND BALANCE – July 1 of Fiscal Year	48,934,222	49,701,568	44,728,376	45,711,847	52,596,024
PRIOR YEAR ADJUSTMENT	<u>(19,290)</u>	<u>-0-</u>	<u>-0-</u>	<u>(1)</u>	<u>-0-</u>
FUND BALANCE - June 30 of Fiscal Year	<u>\$49,701,568</u>	<u>\$44,728,376</u>	<u>\$45,711,847</u>	<u>\$52,596,024</u>	<u>\$52,348,633</u>

Source: Charleston County CAFR.

FY 2011 Results and FY 2012 Budget Commentary

Actions were taken by the County Administrator during FY 2011 to manage actual expenditures to revenue estimates. As a result of the County's diligence in controlling expenditures, FY 2011 expenditures were under budget by \$6 million with \$4 million of this amount carried over to FY 2012 for completion of ongoing projects and encumbrances. In addition to the reduction in expenditures, revenues for FY 2011 were over budget by \$13 million due to stronger than anticipated revenues from property taxes, sales tax, foreclosures, and housing federal prisoners in the recently expanded detention center. As a result, the County ended FY 2011 with \$52.3 million in fund balance. In FY 2012, the County decided to use some of the unanticipated fund balance for PAYGO capital items that were previously deferred during the height of the national recession.

The FY 2012 General Fund total budgeted revenues originally equaled \$165.0 million. The FY 2012 General Fund original disbursement budget totaled \$171.1 million, and used \$6.1 million of fund balance for

PAYGO capital items. Based on FY 2011 results and the sustainability of the revenue sources, the General Fund budget was increased by \$2.1 million to award the first across-the-board cost-of-living pay increase since July 2008. To address the accounting pronouncement on post retirement benefits, this budget continues setting aside funds above the current costs (Annual Required Contribution) for the fifth consecutive year.

Due to the difficulty in accurately forecasting revenues during a period of economic turmoil, the current projection is that the stronger than anticipated revenues seen in FY 2011 will continue into FY 2012. The County projects that actual revenues will be above the adjusted General Fund budget by \$6.4 million for the fiscal year ending June 30, 2012. Projected actual expenditures for FY 2012 are estimated to be \$4.5 million below the 2012 General Fund's budgeted amount. The County's General Fund balance is projected to be \$53.1 million at the end of fiscal year 2012, which includes the unreserved/undesignated amount of two months of disbursements required by the County's Financial Policy. The Rainy Day Fund is maintained between the General Fund and the Environment Management Fund.

DEBT STRUCTURE

Outstanding General Obligation Debt

As of June 30, 2011, the County had general obligation bonds outstanding as follows:

(a) The outstanding \$38,530,000 of an original issue of \$63,740,000 General Obligation Refunding Bonds, Series 2004, dated April 2, 2004.

(b) The outstanding \$56,860,000* of an original issue of \$65,000,000 General Obligation Transportation Sales Tax Bonds of 2006, dated May 2, 2006.

(c) The outstanding \$72,460,000** of an original issue of \$75,000,000 General Obligation Bonds of 2007, dated December 13, 2007.

(d) The outstanding \$145,250,000*** of an original issue of \$150,000,000 General Obligation Transportation Sales Tax Bonds of 2007, dated December 13, 2007.

(e) The outstanding \$50,000,000 of an original issue of \$50,000,000 General Obligation Capital Improvement Bonds of 2009, Series A, dated August 1, 2009.

(f) The outstanding \$17,835,000 of an original issue of \$20,775,000 General Obligation Refunding Bonds of 2009, Series B, dated August 1, 2009.

On July 27, 2011, the County issued additional general obligation bonds, which remain outstanding, as follows:

(a) The amount of \$167,000,000 General Obligation Capital Improvement Transportation Sales Tax Bonds of 2011.

(b) The amount of \$27,100,000 General Obligation Capital Improvement Bonds of 2011.

Simultaneously with the issuance of the Bonds offered hereby the County intends to issue its \$22,395,000† General Obligation Refunding Bonds of 2012, secured by the full faith, credit, and taxing power of the County.

† Preliminary, subject to change.

* Approximately \$30,910,000 of this issue is anticipated to be refunded from the proceeds of the Bonds offered hereby.

** Approximately \$21,780,000 of this issue is anticipated to be refunded from the proceeds of the County's General Obligation Bonds of 2012 being issued simultaneously with the issuance of the Bonds offered hereby.

*** Approximately \$37,355,000 of this issue is anticipated to be refunded from the proceeds of the Bonds offered hereby.

Certificates of Participation

The County issues Certificates of Participation (“COPs”) through the Charleston Public Facilities Corporation, a blended component unit, to finance the acquisition of essential government facilities. The County’s obligation to pay the underlying lease rental obligation is subject to annual appropriation by County Council. Consequently, the COPs do not count against the County’s 8% constitutional debt limit. As of June 30, 2011, the County had outstanding Certificates of Participation in the aggregate principal amount of \$41,725,000.

Outstanding Lease Purchase Obligations

As of June 30, 2011, the County had an aggregate of \$2,810,433 of equipment lease purchase obligations which mature by October 2014. The County’s obligation to make lease purchase payments is subject to annual appropriation by County Council. Consequently, these lease purchase agreements do not count against the County’s 8% constitutional debt limit.

Intergovernmental Note Payable

In July 2001, the County entered into an intergovernmental loan agreement with the South Carolina Transportation Infrastructure Bank to fund a portion of the cost of the new Arthur Ravenel, Jr. Bridge over the Cooper River. The County agreed to pay \$3,000,000 per year for 25 years solely from revenues derived from the County’s Transportation Sales Tax. The County has recorded the obligation on its records at a net present value using the discount rate of 5.73%.

Annual requirements to amortise the intergovernmental note payable outstanding at June 30, 2011, are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Intergovernmental Note Payable</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 3,000,000	\$ 1,163,460	\$1,836,540
2013	3,000,000	1,230,126	1,769,874
2014	3,000,000	1,300,612	1,699,388
2015	3,000,000	1,375,137	1,624,863
2016-2020	15,000,000	8,151,886	6,848,114
2021-2025	15,000,000	10,770,832	4,229,168
2026-2028	<u>9,000,000</u>	<u>8,059,263</u>	<u>940,737</u>
Total	<u>\$51,000,000</u>	<u>\$32,051,316</u>	<u>\$18,948,684</u>

County User Fee Revenue Bonds

The County levies and collects a service charge on all owners of real property in Charleston County for solid waste disposal (the “User Fee”), in an amount which together with other available moneys will be sufficient to pay debt service on any County User Fee Revenue Bonds. The County has adopted an ordinance providing for the imposition of User Fees to be collected in the current fiscal year. The User Fee will be \$99 per year per user for residential property and a per tonnage charge for non-residential users for FY 2012. Under the User Fee Ordinance, User Fees may be used to finance any of the County’s solid waste disposal operations including costs currently financed from the general fund. The County currently pays for waste disposal out of appropriations from its solid waste enterprise fund. The County’s current expectation is to continue such practice with respect to operating costs of its landfill operations together with other available revenue. As of June 30, 2011, the County had outstanding \$5,005,000 in Solid Waste User Fee Revenue Refunding Bonds (“2004 Solid Waste User Fee Revenue Refunding Bonds”), secured by a lien on the User Fee.

Notes

The County’s fleet management internal service fund has a note payable dated April 11, 1999 to the solid waste enterprise fund. The note is payable from debt service fund transfers to the fleet management internal service fund. The note matures in 2014. The outstanding principal at June 30, 2011, was \$216,396.

Debt Service for General Obligation Bonds and Lease Purchase Obligations

The following table, based on a fiscal year, shows the annual debt service requirements on the County's outstanding general obligation debt and lease purchase obligations, as well as on the Bonds offered hereby.

	Series 2012 General Obligation Refunding Sales Tax Bonds†			Series 2012 General Obligation Refunding Bonds†			Other Outstanding General Obligation Sales Tax Debt Service*	Other General Obligation Debt Service**	COPS & Leases Total***	Total
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Service*</u>	<u>Service**</u>	<u>Total***</u>	<u>Total</u>
2012	\$ -0-			\$ -0-			\$20,628,994	\$15,918,315	\$6,376,781	\$
2013	320,000			90,000			27,369,475	17,361,356	6,103,119	
2014	330,000			90,000			27,856,044	17,678,975	6,123,050	
2015	330,000			95,000			28,340,231	18,006,298	6,104,394	
2016	345,000			95,000			28,805,100	18,455,145	6,098,769	
2017	3,135,000			100,000			29,314,413	19,079,008	6,117,788	
2018	3,230,000			100,000			29,998,825	19,463,808	6,113,513	
2019	10,905,000			3,620,000			30,753,213	19,872,883	4,520,944	
2020	11,900,000			3,970,000			31,576,588	20,307,139	2,997,000	
2021	12,970,000			4,345,000			32,439,263	15,178,914	1,455,500	
2022	14,035,000			4,740,000			33,263,188	15,066,033	-	
2023	3,605,000			5,150,000			34,172,544	13,556,108	-	
2024	3,745,000			-0-			35,145,666	13,911,323	-	
2025	3,895,000			-0-			36,154,728	14,288,725	-	
2026	-0-			-0-			37,190,400	14,672,025	-	
2027	-0-			-0-			38,265,638	15,069,275	-	
2028	-0-			-0-			20,609,413	15,471,563	-	
2029	-0-			-0-			16,080,400	7,265,344	-	
2030	-0-			-0-			14,958,300	2,066,200	-	
2031	-0-			-0-			-	2,064,900	-	
2032	-0-			-0-			-	<u>2,065,500</u>	-	
Totals	\$68,745,000			\$22,395,000			\$552,922,419	\$296,818,833	\$52,010,856	

† Preliminary, subject to change.

* Does not include the Refunded Bonds being refunded with a portion of the proceeds of the Bonds offered hereby.

** Does not include bonds being refunded with a portion of the proceeds of the Series 2012 General Obligation Bonds being issued simultaneously with the Bonds offered hereby.

*** Indicates COPS only.

No Variable Rate Debt or Derivative Contracts

The County currently has no variable rate debt outstanding, and is not a party to any derivative contracts such as interest rate swaps.

Overlapping Debt

Contained within Charleston County are the Charleston County School District and numerous municipalities and special purpose districts providing public services, a number of which have issued general obligation bonds. Direct debt constitutes debt directly issued by the County while overlapping debt constitutes that portion of debt issued by different public entities within Charleston County. The County is not responsible for the overlapping debt of other local agencies.

The following table shows each political subdivision which lies within Charleston County and which has long-term general obligation debt (excluding tax anticipation notes) outstanding and the total outstanding general obligation debt as of June 30, 2011, of each such political subdivision.

<u>Issuer</u>	<u>Outstanding General Obligation Debt</u>
Charleston County Park & Recreation Commission	\$ 25,972,995
Charleston County School District	231,017,000
City of Charleston	64,664,999
City of Folly Beach	1,027,740
City of Isle of Palms	14,120,000
City of North Charleston	32,395,000
James Island Public Service District	369,297
St. Paul's Fire Department	3,093,630
Town of McClellanville	140,154
Town of Mt. Pleasant	38,365,000
Town of Sullivan's Island	1,375,000

Source: Individual political subdivisions.

Overlapping Debt Limits

Under the applicable debt limitation provisions of Article X of the South Carolina Constitution, each school district, incorporated municipality, and special purpose district has the power, in such manner and upon such terms and conditions as the General Assembly shall prescribe by general law, (a) to incur general obligation debt, authorised by a majority vote of the qualified electors thereof voting in a referendum, without limitations as to amount, and (b) to incur, without an election, general obligation debt (in addition to bonded indebtedness authorised by referendum) in an amount not exceeding 8% of the assessed value of all taxable property therein.

Article X of the South Carolina Constitution also authorises all school districts, incorporated municipalities, and special purpose districts to incur general obligation debt in anticipation of the collection of ad valorem taxes (tax anticipation notes) in amounts which do not count against the 8% constitutional debt limit described above.

Additional General Obligation Indebtedness Now Permitted

The County Bond Act empowers the governing body of any county to issue general obligation bonds of that county in any amount not exceeding the constitutional debt limit applicable to the county upon compliance with certain conditions.

The County Council is permitted, by virtue of the County Bond Act and under the applicable debt limitation provisions of Article X of the South Carolina Constitution, to incur general obligation debt of the County as follows:

(a) If the general obligation debt is authorised by a majority vote of the qualified electors of the County in a referendum, general obligation debt may be incurred without any limitation as to amount (other than the amount specified in the referendum).

(b) General obligation debt also may be incurred by counties for sewage disposal or treatment, fire protection, street lighting, garbage collection and disposal, water service, or any other service or facility benefiting only a particular geographical section of such county, without an election and without limitation as to amount, provided a special assessment, tax or service charge in an amount sufficient to provide debt service on the bonds issued for such purposes shall be imposed upon the area or persons receiving the benefit therefrom.

(c) General obligation debt may also be incurred in an amount not exceeding 8% of the assessed value of all taxable property of the county.

Article X of the South Carolina Constitution also authorises all counties to incur general obligation debt in anticipation of the collection of ad valorem taxes (tax anticipation notes) in amounts not subject to the 8% constitutional debt limit described in paragraph (c) above.

Of the County's currently outstanding \$380,935,000 general obligation indebtedness, \$207,110,000 was approved by voters in previous referendums. Consequently, \$173,825,000 of the County's outstanding general obligation indebtedness counts against the County's 8% constitutional debt limit.

Based on the Fiscal Year 2011 assessed value of \$3,118,892,338, the County's 8% constitutional debt limit is \$249,511,387. Consequently, the County will be permitted to incur under the constitutional debt limit additional general obligation debt in the total amount of \$75,686,387. See "-Anticipated Capital Needs" herein for the anticipated issuance of additional general obligation debt by the County.

Additional Lease-Purchase and Annual Appropriation Indebtedness

South Carolina law permits county governments to finance the acquisition and construction of capital assets by means of lease-purchase financing. Lease-purchase financing of personal property, such as vehicles and equipment, does not count against the 8% constitutional debt limit described in "- Additional General Obligation Indebtedness Now Permitted" herein. In most instances, lease-purchase financing of real property acquisition or improvements will, however, count against a similar statutory 8% debt limit.

County governments are permitted under State law to use annual appropriation instalment purchase financing to acquire and construct real property improvements. This form of financing generally will not count against either the constitutional or statutory 8% debt limit.

The County has no plans at this time to incur lease-purchase or annual appropriation indebtedness to finance capital projects as described above.

County's Authority to Issue Other Revenue Bonds

The South Carolina Constitution grants authority to county governments to incur indebtedness payable solely from a revenue-producing project or from a special source, which source does not involve revenues from any tax or license on such terms and conditions as are prescribed by general law. Revenue bond indebtedness issued in compliance with this provision of the State Constitution does not count against the 8% constitutional debt limit described in "- Additional General Obligation Indebtedness Now Permitted" herein.

Pursuant to this authorisation, State law permits county governments to issue revenue bonds payable from user fees or charges, such as for utility systems, solid waste disposal facilities and systems, parking facilities and systems, healthcare facilities, and similar revenue-generating projects. South Carolina law also permits county governments to finance public infrastructure by means of tax increment financing and special assessment district financing. County governments that receive fee-in-lieu of tax payments from qualifying businesses may also issue

special source revenue bonds payable from those payments. As of the date of this Official Statement, the County has its 2004 Solid Waste User Fee Revenue Refunding Bonds issued pursuant to this authorisation.

The County is currently studying the continued delivery of solid waste disposal services, but has not developed a capital plan at this time. The County may issue additional solid waste user fee revenue bonds in the event the capital plan, when prepared, requires such funding, but it has no such plans at this time. See “-Anticipated Capital Needs” herein for further discussion of this issue.

County governments are also permitted to provide conduit private activity bond financing for qualifying industrial, pollution control, and healthcare facilities. Conduit revenue bonds are payable solely by the private conduit borrower, and are not an obligation of the county government which issues the bonds. Although the County has issued conduit bonds for various qualifying projects, none of these bonds are considered debt obligations of the County for legal, balance sheet, or accounting purposes. Consequently, no information is provided in this Official Statement regarding such bonds.

Debt Payment Record

The County has not issued any refunding bonds within the last 25 years for the purpose of preventing a default in the payment of the principal of or interest on securities then outstanding, nor have securities of the County been in default as to the payment of principal or interest or in any other material respect at any time within the last 25 years. The proceeds of the sale of securities have not within the last 25 years been used for operating expenses.

Anticipated Capital Needs

County Council annually reviews and approves a five-year capital plan for facilities and a five-year operating and capital plan for the Transportation Sales Tax. These plans do not anticipate the borrowing of funds during the five-year period. In addition, County Council annually reviews and approves a five-year capital plan for its Solid Waste System. Although not included in the current plan, there may be a need to borrow funds for the Solid Waste System towards the end of the five-year period.

LEGAL MATTERS

Litigation

There is no litigation of any nature now pending or threatened to restrain or enjoin the sale, execution, issuance, or delivery of the Bonds or in any way contesting the validity of the Bonds or any proceedings of the County taken with respect to the authorisation, sale, or issuance of the Bonds or the pledge or application of any moneys provided for the payment of or security for the Bonds. Certifications to those effects will be delivered at the time of the original delivery of the Bonds.

The County has several matters in various stages of litigation, none of which challenge the validity of the Bonds offered hereby. In the opinion of the County Attorney, none of this litigation will have a materially adverse affect upon the County’s ability to repay the Bonds offered hereby.

United States Bankruptcy Code

The undertakings of the County should be considered with reference to Chapter 9 of the Bankruptcy Code, 11 U.S.C. 901, *et seq.*, as amended, and other laws affecting creditors’ rights and municipalities generally. Chapter 9 permits a municipality, political subdivision, public agency, or other instrumentality of a state that is insolvent or unable to meet its debts as such debts mature to file a petition in the United States Bankruptcy Court for the purpose of effecting a plan to adjust its debts; directs such a petitioner to file with the court a list of its creditors; provides that the filing of the petition under the Chapter operate as a stay of the commencement or continuation of any judicial or other proceeding against the petitioner; directs a petitioner to file a plan for the adjustment of its debts;

permits the petitioner in its plan to modify the rights to payment of its creditors; and provides that the plan must be accepted in writing by or on behalf of creditors or each impaired class of claims holding at least two-thirds in amount and more than one-half in number of the creditors which have accepted or rejected the plan. The plan may be confirmed notwithstanding the negative vote of one or more classes of claims if the court finds that the plan is in the best interest of creditors, is feasible, and is fair and equitable with respect to the dissenting classes of creditors. A petitioner has the right to reinstate indebtedness under its plan according to the original maturity schedule of such indebtedness notwithstanding any provision in the documents under which the indebtedness arose relating to the insolvency or financial condition of the debtor before the confirmation of the plan, the commencement of a case under the Bankruptcy Code, or the appointment of or taking possession by a trustee in a case under the Bankruptcy Code or by a receiver or other custodian prior to the commencement of a case under the Bankruptcy Code.

Legal Proceedings and Disclosure Counsel

The legal proceedings relating to the issuance of the Bonds were prepared by Howell Linkous & Nettles, LLC, attorneys and counsellors at law, Charleston, South Carolina, whose approving opinion will be furnished without charge to the purchaser of the Bonds at the time of their delivery. The form of Bond Counsel's opinion is set forth as APPENDIX C to this Official Statement.

Howell Linkous & Nettles, LLC have also served as disclosure counsel to the County regarding the issuance of the Bonds offered hereby. On delivery of the Bonds, Howell Linkous & Nettles, LLC will deliver an opinion letter as disclosure counsel addressed to the County and the Underwriter to the effect that (1) the Continuing Disclosure Undertaking on the part of the County satisfies the requirements of Rule 15c2-12, (2) the Bonds are exempt from the registration requirements of the Securities Act of 1933, as amended, and (3) that, subject to their limited review, nothing has come to their attention that would lead them to believe that the Official Statement contains any untrue statement of material fact or omits to state any material fact necessary to make the statements made therein, in light of the circumstances under which they made, not misleading (except that no statement will be made regarding information on DTC or financial or statistical information contained in this Official Statement or in APPENDIX A hereto).

Certain legal matters will be passed upon for the County by Joseph Dawson, III, Esq., Charleston, South Carolina, Charleston County Attorney.

The various legal opinions to be delivered concurrently with the delivery of the Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by state and federal laws, rulings, and decisions affecting remedies, including judicial discretion in the application of the principles of equity, and by bankruptcy, reorganisation, or other laws affecting the enforcement of creditors' rights generally.

Tax Exemption

In the opinion of Howell Linkous & Nettles, LLC, Charleston, South Carolina, Bond Counsel, under existing laws, regulations, rulings, and judicial decisions, and assuming compliance by the County with certain covenants, the interest on the Bonds is excludable from gross income for purposes of federal income taxation, except as discussed below. The proposed form of the opinion of Bond Counsel with respect to the Bonds is set forth in APPENDIX C. The actual legal opinion to be delivered may vary from that text if necessary to reflect facts and law on the date of delivery. The opinion will speak only as of its date, and subsequent distribution of it by re-circulation of the Official Statement or otherwise shall create no implication that Bond Counsel has reviewed or expresses any opinion concerning any of the matters referenced in the opinion subsequent to its date.

The Internal Revenue Code of 1986, as amended (the "Code") imposes various restrictions, conditions, and requirements relating to the exclusion from gross income for federal and South Carolina income tax purposes of interest on obligations such as the Bonds. The County has made certain representations and covenanted to comply with certain restrictions, conditions, and requirements designed to ensure that interest on the Bonds will not be included in gross income for federal income tax purposes. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Bonds being included in gross income for federal and South Carolina income tax purposes, possibly from the date of original issuance of the Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring

(or not occurring), or any other matters coming to Bond Counsel's attention after the date of issuance of the Bonds may adversely affect the value of, or the tax status of interest on, the Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon, in connexion with any such actions, events, or matters.

The following is a brief discussion of certain federal income tax matters with respect to the Bonds under existing statutes. It does not purport to deal with all aspects of federal taxation that may be relevant to the particular owner of Bonds. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Bonds.

Bond Counsel is of the further opinion that interest on the Bonds is not treated as a preference item in calculating minimum taxable income for the purposes of the alternative minimum tax imposed by the Code on individuals and corporations. The Code provides, however, that a portion of the adjusted current earnings of certain corporations not otherwise included in alternative minimum taxable income will be included for purposes of calculating alternative minimum taxable income for such year. The adjusted current earnings of a corporation will include the amount of any income received that is otherwise exempt from taxes, such as interest on the Bonds.

Interest on the Bonds must also be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

Prospective owners of the Bonds should be aware that the ownership of such obligations may result in collateral federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, and individuals otherwise eligible for the earned income tax credit.

Legislation affecting municipal bonds is regularly under consideration by the United States Congress. Future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such future legislative proposals, clarification of the Code or court decisions may also affect the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisers regarding any pending or proposed federal or state tax legislation, regulations, or litigation, as to which Bond Counsel expresses no opinion.

South Carolina Tax Exemption

Bond Counsel is further of the opinion that the Bonds and the interest thereon are exempt from all taxation of the State of South Carolina, except inheritance, estate, or transfer taxes. Section 12-11-20 of the Code of Laws of South Carolina 1976, as amended, imposes upon every bank engaged in business in South Carolina a fee or franchise tax computed at the rate of 4 ½% of the entire net income of such bank. Regulations of the South Carolina Department of Revenue and Taxation require that "entire net income" includes income derived from any source whatsoever including interest on obligations of any state or political subdivision thereof. Interest on the Bonds will be included in such computation.

Limitations on Bond Counsel Opinion

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the County, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The County has covenanted, however, to comply with the requirements of the Code.

The opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinion as to the legal issues explicitly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment, of

the transaction opined upon, or of the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

Bond Counsel's engagement with respect to the Bonds ends with the issuance of the Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the County or the Beneficial Owners regarding the tax-exempt status of the Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the County and its appointed counsel, including the Beneficial Owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connexion with an audit examination of tax-exempt obligations is difficult, obtaining an independent review of IRS positions with which the County legitimately disagrees may not be practicable. Any action of the IRS, including but not limited to selection of the Bonds for audit, or the course or result of such audit, or any audit of bonds or notes presenting similar tax issues may affect the market price for, or the marketability of, the Bonds, and may cause the County or the Beneficial Owners to incur significant expense.

Bond Counsel expresses no other opinion with respect to the tax consequences of owning the Bonds. Bond Counsel has not undertaken to determine (or inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Bonds may affect the tax status of interest on the Bonds.

In rendering their opinion, Bond Counsel will rely upon certificates of officials of the County with respect to certain material facts solely within their knowledge relating to the application of the proceeds of the Bonds.

Original Issue Premium

The Bonds (the "Premium Bonds") have been sold at initial public offering prices which are greater than the principal amounts payable at maturity. The difference between the initial public offering prices to the public (excluding bond houses and brokers) at which price a substantial amount of each maturity of the Premium Bonds is sold and the amount payable at maturity constitutes premium on such Premium Bond. A purchaser of a Premium Bond must amortise any premium over such Premium Bond's term using constant yield principles, based on the purchaser's yield to maturity. As premium is amortised, the purchaser's basis in such Premium Bond is reduced by a corresponding amount, resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Bond prior to its maturity. Even though the purchaser's basis is reduced, no federal income tax deduction is allowed.

The owner of any Premium Bond should consult its own tax advisors with respect to the treatment of bond premium for federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connexion with the acquisition, ownership, and disposition of such Premium Bond.

MISCELLANEOUS

Underwriting

The Bonds have been purchased at a competitive sale from the County for resale by _____ (the "Underwriter"). The Underwriter has agreed, subject to certain conditions, to purchase the Bonds at an aggregate premium of \$_____. The initial public offering prices of the Bonds are as shown on the front page of this Official Statement and may be changed from time to time by the Underwriter. The Underwriter may also allow a concession from the public offering prices to certain dealers. The Underwriter has received no fee from the County for underwriting the Bonds. If all of the Bonds are sold at the public offering yields set forth on the cover page of this Official Statement, the Underwriter anticipates total selling compensation of \$_____.

Financial Advisor

Davenport & Co., LLC, Charlotte, North Carolina has served as Financial Advisor (the "Financial Advisor") to the County with respect to the issuance of the Bonds. The Financial Advisor does not assume any responsibility for the information, covenants, and representations contained in any of the legal documents with respect to the federal income tax status of the Bonds, or the possible impact of any present, pending, or future actions taken by any legislative or judicial bodies. The Financial Advisor has reviewed the information in this

Official Statement in accordance with, and as part of, its responsibilities to the County and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information.

Ratings

Application has been made to Fitch, Inc. (“Fitch”), Moody’s Investors Service, Inc. (“Moody’s”), and Standard & Poor’s, a Division of The McGraw-Hill Companies, Inc. (“S&P”), for ratings for this issue of Bonds. The Bonds have received the ratings of “Aaa” from Moody’s, “AAA” from S&P, and “AAA” from Fitch. An explanation of the significance of such ratings may be obtained from the respective rating agency furnishing the same. The County has furnished the rating agencies the information contained in this Official Statement and certain publicly available materials and information about the County. Generally, the rating agencies base their ratings on such materials and information, as well as investigations, studies, and assumptions of the rating agencies. Such ratings may be changed at any time, and no assurance can be given that they will not be revised downward or withdrawn entirely by any of the rating agencies if, in their judgment, circumstances so warrant. Such circumstances may include, without limitation, changes in or availability of information relating to the County. Any such downward revision or withdrawal of the ratings may have an adverse effect on the market price of the Bonds.

CUSIP Numbers

At the written direction of the undersigned, a “CUSIP” identification number will be imprinted on the Bonds, but such number shall not constitute a part of the contract evidenced by the Bonds and any error or omission with respect thereto shall not constitute cause for refusal of any purchaser to accept delivery of or payment for the Bonds. In addition, failure on the part of the County to use such CUSIP number in notice to holders of the Bonds shall not constitute an event of default or similar violation of the County’s contract with such holders.

Continuing Disclosure

Pursuant to Section 11-1-85 of the Laws of South Carolina 1976, as amended, the County has covenanted to file with a central repository for availability in the secondary bond market when requested:

An annual independent audit within thirty days of the County’s receipt of the audit; and

Event specific information within thirty days of an event adversely affecting more than five percent of the revenues of the County.

The only remedy for failure by the County to comply with these covenants is an action for specific performance. Moreover, the County has specifically reserved the right to amend the covenants to reflect any change in Section 11-1-85 without the consent of any Bondholder.

In order to provide certain continuing disclosure with respect to the Bonds in accordance with Rule 15c2-12 of the United States Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time (“Rule 15c2-12”), the County has entered into a Disclosure Dissemination Agent Agreement (“Disclosure Dissemination Agreement”) for the benefit of the Holders of the Bonds with Digital Assurance Certification, L.L.C. (“DAC”), under which the County has designated DAC as Disclosure Dissemination Agent. The form of Disclosure Dissemination Agreement is attached as APPENDIX D.

At the issuance of the County’s 1997 Resource Recovery Revenue Refunding Bonds and at the issuance of the County’s 2004 Solid Waste Use Fee Revenue Bonds (the “1997 and 2004 Undertakings”), the County covenanted to provide annual financial statements and certain other financial information and operating data to Nationally Recognized Municipal Securities Information Repositories (the “NRMSIRs”). For fiscal years 2002 through 2006, inclusive, the County failed to provide all financial information and operating data as provided in the 1997 and 2004 Undertakings, although the County did file copies of its annual financial statements with the NRMSIRs for each of those years in compliance with the 1997 and 2004 Undertakings. As of the date of this Official Statement, the County has provided to the NRMSIRs the information required with respect to the 1997 and

2004 Undertakings. The County has remained current with all continuing disclosure obligations under Rule 15c2-12 with regard to the County's outstanding general obligation indebtedness.

Verification of Arithmetic and Mathematical Accuracy of Escrow

The accuracy of the mathematical computations of the adequacy of the amounts of maturing principal and interest on the Government Obligations and cash maintained in the Escrow Fund to pay, when and as due, all of the principal of, redemption premium, if any, and interest on the Refunded Bonds to their first redemption or final maturity dates will be verified by Grant Thornton LLP, Minneapolis, Minnesota (the "Verification Agent"). The Government Obligations will be purchased at interest rates such that the actuarial yield thereon (computed in accordance with the provisions of Section 148 of the Code and regulations applicable thereto) will not exceed the actuarial yield on the Bonds as determined under the Code and Regulations.

Conclusion

The execution of this Official Statement and its delivery have been duly authorised by the County.

CHARLESTON COUNTY, SOUTH CAROLINA

By: _____
Chief Financial Officer

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APPENDIX A

AUDITED FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2011

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COUNTY OF CHARLESTON, SOUTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

WITH

REPORT OF INDEPENDENT AUDITORS



PREPARED BY:

FINANCE DEPARTMENT

CORINE ALTENHEIN, FINANCE DIRECTOR
CARLA D. RITTER, ASSISTANT FINANCE DIRECTOR
SUMMER GILLESPIE, ACCOUNTANT
CHRISANNE PORTER, ACCOUNTANT

**COUNTY OF CHARLESTON, SOUTH CAROLINA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 For the Year Ended June 30, 2011**

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INTRODUCTORY SECTION





Allen O'Neal
County Administrator

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Lonnie Hamilton III Public Services Building
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January 27, 2012

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

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

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

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

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

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

PROFILE OF THE GOVERNMENT

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

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

Charleston County provides a broad range of services that include:

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

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

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

The following entities are being reported as discretely presented component units:

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

Additional information on these nine legally separate entities can be found in Note 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 hearing(s) on the proposed budget, and to adopt a final budget each year no later than June 30, which is the close of Charleston County's fiscal year. The appropriated budget is prepared by fund, function (e.g., public safety), and department (e.g., Sheriff's Office).

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

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

LOCAL ECONOMIC CONDITIONS AND OUTLOOK

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

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

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

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

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

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

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

Visitor Industry - The Charleston region attracted over 4.22 million visitors in 2010, generating an economic impact of \$3.03 billion. Hotel occupancy rates were 69 percent for the year, and the average daily rate for lodging was \$115 per night. Attendance rates at area attractions increased by 2.6 percent during 2010. The impact of additional cruise passengers to the Charleston area contributed to the increase. The industry is expected to continue to strengthen over the next few years. The arrival of low-cost carrier Southwest Airlines is expected to boost both leisure travel as well as convention visitation. Kiawah Island will also be host to the 2012 PGA Championship golf tournament in August 2012, which is expected to have a significant impact on the tourism industry in the Charleston region.

Port Activity - The Port of Charleston is consistently recognized as one of the nation's most efficient and productive ports. In 2010, the Port of Charleston handled 1.36 million TEUs (twenty foot equivalent cargo containers), which was an increase of 16 percent from the previous year. Break-bulk cargo totaled 647,811 tons. Port activity is expected to rise over the next decade, largely due to the new container terminal currently under construction on the former Navy base. The new 280-acre terminal is expected to open in 2014 and, at build out, will increase Charleston's total container capacity by 50 percent. In addition, a new 25-acre yard opened in late 2008 at the Wando Welch Terminal, representing a 10 percent capacity increase for the terminal.

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

BRIEF SECTOR PROFILES

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

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

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

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

Charleston Air Force Base and the Charleston Naval Weapons Station recently merged to create Joint Base Charleston. They are now the region's largest single employer with 20,172 employees. The combined payroll of Joint Base Charleston has an economic impact of \$4.36 billion to the Charleston region annually. The Air Force portion of Joint Base Charleston is home to the 437th Airlift along with 6,150 (airbase) employees and over 50 C-17 aircraft. The C-17s are currently serving a vital supply role to the military in both Afghanistan and Iraq.



The Space and Naval Warfare Systems Center Atlantic (SPAWAR) is a high technology, engineering facility that designs, builds, tests, fields, and supports the Navy as well as other federal customers. SPAWAR Atlantic is responsible for integrating the Mine Resistant Ambush Protected (MRAP) vehicles that are used to protect the war fighters on the ground in Iraq and Afghanistan. The facility employs over 3,100 Civil Service employees with an average salary of \$75,678 and supports an estimated 80 local defense contractors operating in the region, which employ 12,000 contractor employees. SPAWAR's economic impact on South Carolina's economy is estimated at \$2.6 billion.

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

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

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

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

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

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

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

MUSC established one of the first infirmaries specifically for teaching purposes in 1834, which is now known as the MUSC Medical Center. Among the programs that have earned distinguished reputations at the MUSC are: neuroscience, substance abuse, cardiovascular medicine, drug sciences, prenatal medicine, ophthalmology, hearing loss, genetics, rheumatology, and cancer care.

Several of the private hospitals are currently in a growth mode. Roper St. Francis Healthcare recently completed a 308,000 square-foot, \$164 million campus in Mt. Pleasant which includes a medical office building (90,000 square feet, \$21 million) and a leading-edge hospital (218,000 square feet - \$143 million). The 85-bed full-service hospital opened in late 2010. The hospital includes 24-hour emergency care, women's services, inpatient and outpatient surgery, and intensive and critical care units. East Cooper Regional Medical Center also opened a new hospital on April 1, 2010, in Mt. Pleasant to replace its existing facility. The new 250,000 square-foot hospital cost \$160 million to build, and is equipped with 140 beds. Along with the additional bed space, the new hospital brings 200 more jobs in addition to the over 600 that East Cooper currently provides.

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

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

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

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

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



The Final Assembly Building had its official ribbon cutting on June 10, 2011. The first aircraft is expected to be delivered from the Charleston facility in the first quarter of 2012. The nearly one million square-foot assembly building will be accompanied by a visitor's center, a tail fin and rudder facility, an enlarged employee training center, and a cutting-edge delivery center where aircraft customers will be entertained, delivery ceremonies held, and where the finished airliners will be presented.

This latter function deserves further mention, because the 787 Delivery Center will present unprecedented cultural and economic opportunities for the Charleston area. Heads of state, aircraft executives, and many guests comprising the international delegations will journey to Charleston to be entertained and to take part in week-long ceremonies marking the delivery of their aircraft fleets. Extensive hospitality industry impacts are anticipated, along with vast opportunities for local service providers and very significant consumerism by the international visitors.

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

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

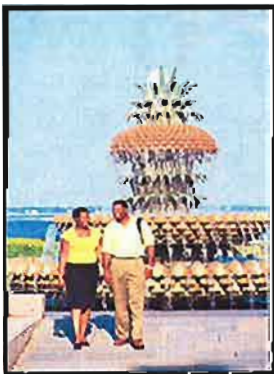
Wind Energy – Wind Energy represents a real growth opportunity for the Charleston region. The sector is anchored locally by the Clemson University Restoration Institute's drive train test facility. The facility is expected to be completed in 2012. The project is expected to cost \$98 million, of which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

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

WHY CHARLESTON?

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

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



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

Charleston is a medium-sized city with big-city arts offerings. The world-renowned Spoleto Festival USA is an annual two-week celebration of opera, jazz, dance, and visual arts that attracts legendary performers to the city. Charleston has an active arts community, with over 70 arts and cultural organizations, including a first-class symphony, museums, a proliferation of art galleries, and local stage and theater groups.

Sports are an important part of the Charleston social landscape in a town where the median age is 36. Sporting events contribute over \$50 million annually to the regional economy and employ nearly 1,200 people. Charleston hosts several professional teams. The Charleston RiverDogs Baseball team is a Class A affiliate of the New York Yankees, the Charleston Battery Soccer team is part of the USL First Division, and the South Carolina Stingrays Hockey team is a member of the ECHL Southern Division, and an affiliate of the NHL Washington Capitals. Southern Conference and Big South Conference collegiate sports round out the mix, with the teams of The Citadel, College of Charleston, and Charleston Southern University taking center stage.

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

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

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

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

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

MAJOR COUNTY INITIATIVES

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

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

9-1-1 Center: Moving towards full consolidation, four more dispatch operations were added into the County's Consolidated 911 Center. New efficiencies obtained from the consolidation efforts allow a call taker to remain on the line with the caller, gather more information, and provide additional safety at the scene and/or medical instructions while responders are simultaneously being sent by a separate dispatcher. The ability for dispatchers to talk directly to each other as they are handling emergency calls requiring multi-jurisdictional response has already proven to reduce time spent in getting the appropriate responders.



Library Services: To promote pre-literacy and encourage families to come to the library, Charleston County Public Library created a new PLAY (Public Libraries and You) initiative with programs held in the evenings and on Saturdays so working families would have the opportunity to visit the library together. Each month, more than 100 PLAY programs were held for children at the library's 16 branch locations.

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

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

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

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

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



Transportation Solutions:



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

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

The **Palmetto Commerce Parkway**, nearly six miles in length, is intended to relieve congestion along Dorchester Road and I-26. It will also serve as a direct route for workers traveling to facilities in the Palmetto Commerce Business Park. The Parkway is the first major bonded project that is a brand new road. It will have a tremendous impact on traffic and will be the third way to get between Ashley Phosphate Road and Ladson Road.

The **Johnnie Dodds Boulevard Project** will improve approximately three miles of US 17 from just north of the Arthur J. Ravenel, Jr. Bridge to the south side of the I-526 interchange, including associated frontage roads and side streets. The project also includes the design and construction of a bridge on Bowman Road over Sherman Creek, including all required roadway and drainage improvements. The bridge will be approximately 90 feet long and 80 feet wide, and will include sidewalks on both sides.

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

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

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

Urban/Rural Parkland and Rural Greenspace:

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

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

Environmental Management:

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

The Environmental Management Department received the *2011 Outstanding Composting Program Award* for developing and initiating a plan to maximize productivity, expand the operations and materials, and enhance the end product quality of the compost program. This resulted in doubling the County's recycling rate in less than a year. Criteria for the award selection included measurable waste reduction, an education component, full compliance with all applicable federal, state, and local regulators and documented end-use of compost accompanied by laboratory analysis of components.

Also, a new effort to increase curbside participation in recycling through a *Single-Stream Recycling Residential Pilot* program was announced. Approximately 4,600 homes are participating in the pilot program throughout selected neighborhoods with both low and high recycling participation rates. The process, known as single-stream recycling, commingles paper products with containers of plastics, glass, and steel in a roll-cart. The goal is to encourage non-recyclers to participate in the curbside program and for current participants to recycle even more.



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

FINANCIAL INFORMATION

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

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

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

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

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

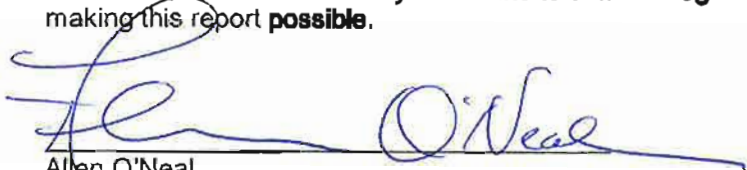
Awards and Acknowledgements. The Government Finance Officers Association of the United States and Canada (GFOA) awarded its Certificate of Achievement for Excellence in Financial Reporting for the 23rd consecutive year to Charleston County for its fiscal year 2010 Comprehensive Annual Financial Report. The Certificate of Achievement is the highest form of recognition in governmental accounting and financial reporting given to governments that demonstrate a constructive "spirit of full disclosure" to communicate clearly the County's financial story.

A Certificate of Achievement is valid for a period of one year only. We believe that Charleston County's current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to GFOA.

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

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

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



Allen O'Neal
County Administrator



Keith Bustraan
Assistant County Administrator for Finance



Corine Altenhein
Charleston County Finance Director

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Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of Charleston
South Carolina

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2010

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Linda C. Davidson
President
Jeffrey L. Essex
Executive Director

Charleston County, South Carolina

Organizational Chart County Departments

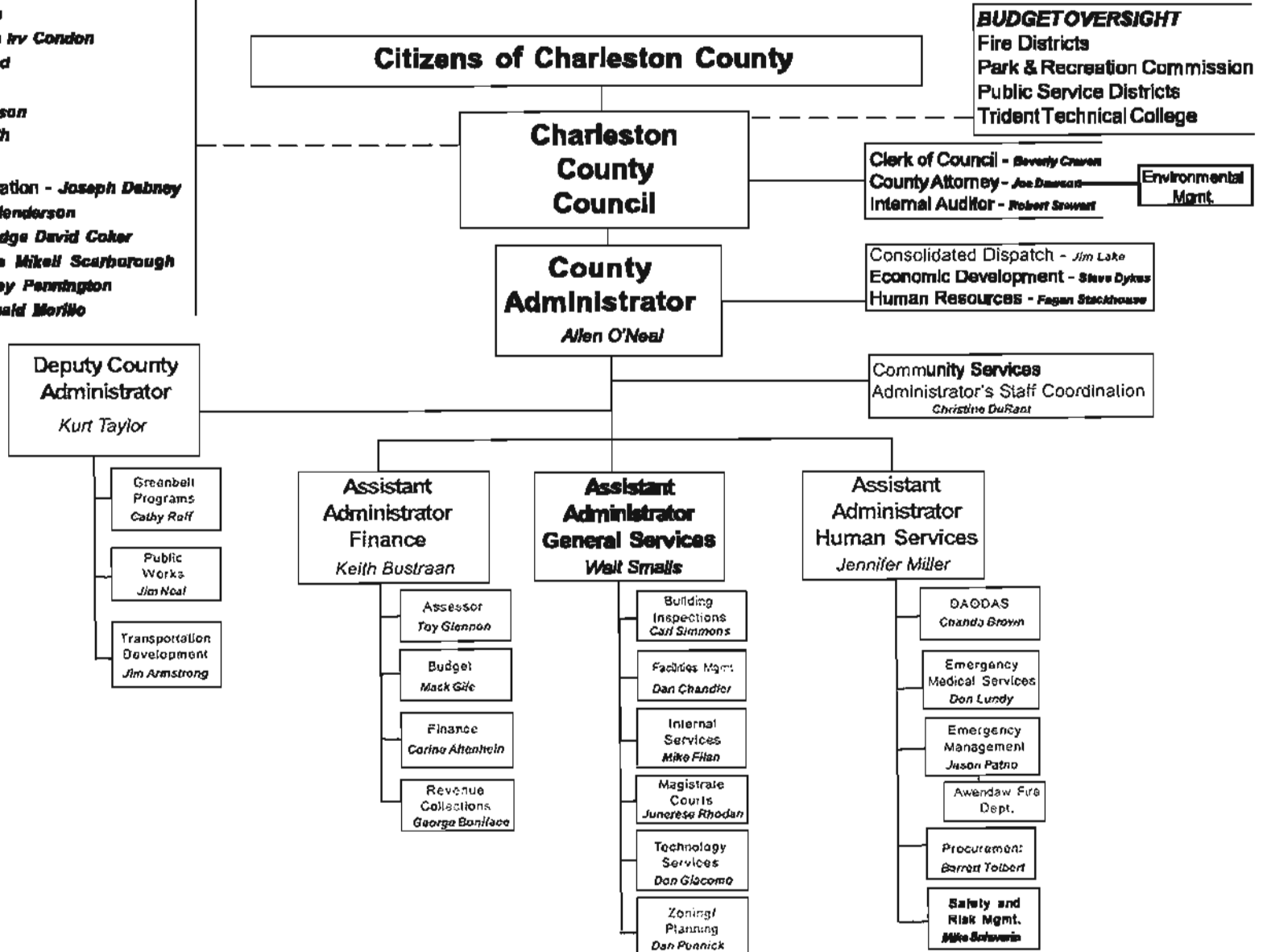
Effective 6/30/2011

ELECTED

Auditor - *Peggy Mossley*
 Clerk of Court - *Julie Armstrong*
 Coroner - *Rae Wooten*
 Probate Court - *Judge Iv Condon*
 RMC - *Charlie Lybrand*
 Sheriff - *Al Cannon*
 Solicitor - *Scarlett Wilson*
 Treasurer - *Andy Smith*

APPOINTED

Elections/Voter Registration - *Joseph Debney*
 Library Board - *Doug Henderson*
 Magistrate Courts - *Judge David Coker*
 Master-in-Equity - *Judge Mikell Scarborough*
 Public Defender - *Ashley Pennington*
 Veterans Affairs - *Donald Morillo*



**COUNTY OF CHARLESTON, SOUTH CAROLINA
PRINCIPAL OFFICIALS
For the Year Ended June 30, 2011**

MEMBERS OF COUNTY COUNCIL

	<u>Number of Years In Office</u>	<u>Term Expiration Date</u>	
Teddie E. Pryor	8½	12/31/2014	Chairman, District 5
J. Elliott Summey	2½	12/31/2012	Vice Chairman, District 3
Herb Sass	3 mos.	12/31/2014	District 1
Henry D. Schweers	4½	12/31/2014	District 2
Henry E. Darby	6½	12/31/2012	District 4
A. Victor Rawl	2½	12/31/2012	District 6
Colleen T. Condon	6	12/31/2012	District 7
Anna B. Johnson	½	12/31/2014	District 8
Joseph K. Qualey	½	12/31/2014	District 9

ELECTED OFFICIALS

Peggy Moseley	19	08/30/2013	Auditor
Julle J. Armstrong	19½	12/31/2012	Clerk of Court
Rae Wooten	5	12/31/2012	Coroner
Irvin G. Condon	17½	12/31/2014	Probate Court
Charlie Lybrand	17½	12/31/2014	Register Mesne Conveyance
James A. Cannon, Jr.	23½	12/31/2012	Sheriff
Scarlett A. Wilson	4	12/31/2012	Solicitor
Andrew Smith	14	08/30/2013	Treasurer

OTHER OFFICIALS

	<u>Number of Years With County</u>	<u>Years In Current Position</u>	
Allen O'Neal	2½	2½	County Administrator
Keith D. Bustraan	24½	10	Assistant Administrator for Finance
Walter L. Smalls	12	5	Assistant Administrator for General Services
Jennifer Miller	23	4	Assistant Administrator for Human and Environmental Services
W. Kurt Taylor	20	1½	Deputy County Administrator
Corine Altenhein	21	4	Finance Director

FINANCIAL SECTION



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Independent Auditors' Report

To the Charleston County Council
County of Charleston, South Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, other than the financial statements of the aggregate discretely presented component units, and the budgetary comparison schedule of the general fund, of the County of Charleston, South Carolina (the "County"), as of and for the year ended June 30, 2011, which collectively comprise the County's basic financial statements as listed in the table of contents. We have also audited the financial statements of each of the County's non-major governmental, enterprise, internal service, and fiduciary funds, and the respective budgetary comparison schedules for the special revenue funds, presented as supplementary information in the accompanying combining financial statements and schedules, as of and for the year ended June 30, 2011, as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion on the financial statements, insofar as it relates to the amounts included for the component units, is based solely on the reports of other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based upon our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each non-major governmental, enterprise, internal service, and fiduciary fund of the County as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the special revenue funds, for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the schedules of capital assets used in the operation of governmental funds as well as the victim notification schedule of fines, assessments and surcharges collected, are fairly stated, in all material respects, in relation to the portion of the basic financial statements from which they have been derived as of June 30, 2011.

As discussed in Note II. B. to the financial statements, the County made adjustments that resulted in restatements of beginning net assets for two of its discretely presented component units, to correct certain errors made in the County's financial statements for the year ended June 30, 2010.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 27, 2012, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The information identified in the table of contents as the Introductory and Statistical Sections is presented for purposes of additional analysis and is not a required part of the basic financial statements of the County. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Scott and Company LLP

Columbia, South Carolina
January 27, 2012

Management's Discussion and Analysis

As management of Charleston County, South Carolina, we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of Charleston County for the fiscal year ended June 30, 2011. The Management Discussion and Analysis (MD&A) section is designed to assist the reader in focusing on significant financial issues, providing an overview of the County's financial activity and identifying changes in the County's financial condition, material deviations from the financial budget and individual fund issues or concerns. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 2 through 14 of this report, and the County's financial statements, which follow this section. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

Financial Highlights

- Charleston County reported net assets (total assets less total liabilities) of \$147,813 at June 30, 2011, comprised of \$843,254 in total assets offset by \$695,441 in total liabilities.
- The County's unrestricted net assets were (\$176,751) at June 30, 2011. The negative balance resulted from expenditures in the transportation sales tax fund. The County issued transportation sales tax general obligation bonds in fiscal years 2007 and 2008. The proceeds from these bonds are used for state and municipal road projects, and municipal and special purpose district greenbelt acquisitions. The assets created by these expenditures are not Charleston County assets, even though the County is responsible for the debt used to acquire these assets. The debt service on these bonds is paid from the ½ percent transportation sales tax.
- The government's total net assets decreased by \$43,694 during the fiscal year ended June 30, 2011, with a \$50,793 decrease resulting from governmental activities and a \$7,099 increase resulting from business-type activities.
- As of the close of the current fiscal year, Charleston County's governmental funds reported combined ending fund balances of \$224,049, which is a \$68,884 decrease from the prior year. Approximately 18 percent or \$41,175 of this total amount is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$41,175 or approximately 26 percent of the total general fund expenditures.
- Charleston County's total assets decreased by \$36,009, while total liabilities increased by \$7,685.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Charleston County's basic financial statements which are comprised of three sections:

1. Government-wide financial statements,
2. Fund financial statements, and
3. Notes to the financial statements.

This report also contains required supplementary and other supplementary financial information in addition to the basic financial statements.

Government-wide Financial Statements. Government-wide financial statements are designed to provide readers with a broad overview of the financial position of Charleston County and are similar to private sector financial statements. They include a statement of net assets and a statement of activities. These statements appear on pages 39 through 41 of this report.

The statement of net assets shows the County's assets less its liabilities at June 30, 2011. The difference between these assets and liabilities is reported as net assets. Changes in net assets over time may be helpful in indicating an improving or deteriorating financial position.

The statement of activities follows the statement of net assets and presents information showing how the County's net assets changed during the fiscal year. The statement presents all underlying events, which give rise to the change, regardless of the timing of related cash flows. Some included items, such as accounts payable or earned but unused vacation leave, will produce changes in cash in future fiscal periods.

Both statements distinguish between functions of Charleston County that are principally supported by taxes and Intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

Governmental activities reported in the statements include general government, public safety, judicial, public works, health and welfare, economic development, culture and recreation, and education. Major business activities include environmental management (recycling and waste disposal) and parking garages. Other business-type activities include the Department of Alcohol and Other Drug Abuse Services (DAODAS), radio communications, revenue collections and a countywide E-911 communication system.

Charleston County's government-wide financial statements include component units of the County. Component units can be blended or discretely presented. Component units are other governmental units over which the County (the County Council, acting as a group) can exercise influence and/or may be obligated to provide financial subsidy and are presented as a separate column in the government-wide statements and as combining statements of net assets and of activities in the fund financial statements. The focus of the statements is clearly on the primary government and the presentation allows the user to address the relative relationship with the component units. For those readers interested in more information on the component units, contact information is provided in Note I. B. on pages 64 through 66 of this report.

The government-wide financial statements can be found on pages 58 through 61 of this report.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Like other state and local governments, Charleston County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All funds of Charleston County government can be divided into three categories: governmental, proprietary, and fiduciary.

Governmental Funds. Governmental funds, presented on pages 43 through 49, essentially account for the same functions as those reported under the governmental activities on the government-wide statement of net assets and statement of activities. However, this set of financial statements focuses on events that produce near-term inflows and outflows of spendable resources as well as on the balance of spendable resources available at the end of the fiscal year and is a narrower focus than the government-wide financial statements. Such information may be useful in evaluating Charleston County's near-term financing requirements and available resources.

By comparing functions between the two sets of statements for governmental funds and governmental activities, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison.

Governmental funds individually presented in Charleston County's statements include four major funds: the General Fund, the Debt Service Fund, the Transportation and Road Sales Tax Special Revenue Fund, and the General Obligation Bond (GOB) Capital Projects Fund. Although there are many smaller governmental funds in Charleston County government, they have been presented in a total column termed as "Other Governmental Funds". Combining statements for these other governmental funds have been presented on pages 132 through 142 of this report.

Proprietary Funds. Charleston County maintains and presents two different types of proprietary funds, enterprise and internal service, shown on pages 50 through 55 of this report.

Enterprise funds report in greater detail the same information presented as business-type activities in the government-wide financial statements for Environmental Management and Parking Garages, DAODAS, Radio Communications, Revenue Collections and E-911 Communications are presented in one total column termed as "Nonmajor Other Funds" but may be separately reviewed in the combining statements on pages 158 through 163.

Internal service funds (ISFs) are an accounting mechanism to accumulate and allocate costs internally for Charleston County Government. The County uses internal service funds to account for Fleet Management, Office Support Services, Workers' Compensation, Employee Benefits, and Telecommunications. See pages 165 through 169 of this report. ISFs have been eliminated on the statement of net assets.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support Charleston County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 171 through 173 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in both government-wide and fund financial statements. Notes are presented on pages 62 through 122 of the report.

Other Information. Individual statements, which present more detailed views of nonmajor funds used in governmental and business-type funds, begin on page 145. Additional trend information about the County, which may be of interest to the reader, is found under the Statistical Section of this report, starting on page 178.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Charleston County, assets exceeded liabilities by \$147,813 at the close of fiscal year 2011. This was a decrease of \$43,694 or 22.8 percent during fiscal year 2011.

The largest portion of the County's net assets (\$142,505 or 96.4 percent) is investment in capital assets (e.g., land, building, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. An additional \$11,287 or 7.8 percent is being held by the County as cash and investments to be used for the planned purchase/construction of additional capital assets already approved by County Council. Charleston County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate those liabilities.

Unrestricted net assets are (\$176,751,355), resulting from expenditure of capital proceeds in the transportation and road sales tax special revenue fund. These expenditures were for state and municipal roads projects and municipal and special purpose district greenbelt acquisitions. The assets created by these expenditures are not Charleston County's, even though the County is responsible for the debt used to pay for these assets.

An additional portion of the County's net assets, \$67,260 or 45.5 percent, represents resources that are subject to external restrictions on how they may be used.

At the end of 2011 the County had positive balances in three of the four categories of net assets for the primary government as well as all four categories for the business-type activities. The governmental activities had positive balances in three of the four categories. Unrestricted net assets have a negative balance resulting from the County spending proceeds from the transportation and road sales tax general obligation bonds. These proceeds were spent on greenbelt purchases, where the asset does not belong to the County and on non-county road projects, which are also not recorded as County assets.

Charleston County's Net Assets
June 30, 2011
(Recapped from page 39)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Current and other assets	\$381,129	\$446,394	\$111,516	\$ 81,680	\$ 492,645	\$528,074
Capital assets	306,888	306,907	43,721	44,282	350,609	351,189
Total assets	\$688,017	\$753,301	\$155,237	\$125,962	\$ 843,254	\$879,263
Long-term liabilities						
outstanding	\$468,703	\$485,157	\$ 14,335	\$ 15,673	\$ 483,038	\$500,830
Other liabilities	181,380	179,417	31,023	7,509	212,403	186,928
Total liabilities	\$650,083	\$664,574	\$ 45,358	\$ 23,182	\$ 695,441	\$687,758
Net assets:						
Invested in capital assets, net of related debt	\$109,880	\$ 98,334	\$ 32,625	\$ 30,486	\$142,505	\$128,820
Restricted-special revenue projects	114,256	11,043	543	519	114,799	11,562
Restricted - other	19,695	20,672	47,565	41,314	67,260	61,986
Unrestricted	(205,897)	(41,322)	29,146	30,461	(176,751)	(10,861)
Total net assets	\$37,934	\$88,727	\$109,879	\$102,780	\$147,813	\$191,507

The County's net assets decreased by \$43,694 during fiscal year 2011. The governmental activities had a decrease in net assets of \$50,793. This is due primarily to expenditures in the transportation and road sales tax special revenue fund. During fiscal year 2011 approximately \$15,690 of proceeds from the 2006 and 2007 transportation sales tax general obligation bonds (GOBs) were used by the Charleston County Park and Recreation Commission, municipalities, and other special purpose districts to acquire greenspace within the County. This property is not an asset of Charleston County. In addition, approximately \$38,250 of proceeds from these GOBs were used to construct and improve roads that are not assets of the County.

The business type activities had an increase in net assets of \$7,099 resulting primarily from activity in the environmental management fund. This can be attributed to the ending of the incinerator contract in fiscal year 2010 and the outsourcing of the material recovery facility operations in September 2010. Offsetting the savings is an increase in landfill operations and curbside collection of recyclables.

County of Charleston, South Carolina
Changes in Net Assets (Recapped from pages 40 and 41)
For the Fiscal Year Ended June 30, 2011

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program Revenues:						
Charges for services	\$ 44,329	\$ 33,333	\$ 38,332	\$ 42,917	\$ 82,861	\$ 76,250
Operating grants and contributions	15,839	29,233	768	284	16,408	29,517
Capital grants and contributions	398	-	-	-	398	-
General Revenues:						
Property taxes	106,384	104,958	-	-	106,384	104,958
Other taxes and fees	91,329	87,432	538	554	91,866	87,986
State aid to political subdivisions	12,111	14,223	-	-	12,111	14,223
Unrestricted investments earnings	837	1,319	85	102	922	1,420
Gain on sale of capital assets	-	-	19	46	19	46
Total Revenues	271,025	270,496	39,742	43,903	310,767	314,386
Program Expenditures:						
Governmental Activities:						
General government	55,668	51,008	-	-	55,668	51,006
Public safety	82,517	77,891	-	-	82,517	77,891
Judicial	26,116	25,578	-	-	26,116	25,578
Public works	80,325	56,597	-	-	80,325	56,597
Health and welfare	7,903	16,553	-	-	7,903	16,553
Economic development	1,457	6,078	-	-	1,457	6,078
Culture and recreation	38,886	41,391	-	-	38,886	41,391
Education	5,885	5,720	-	-	5,885	5,720
Interest and fiscal charges	20,739	21,110	-	-	20,739	21,110
Business-Type Activities:						
DAODAS	-	-	7,803	8,408	7,803	8,408
E-911 communications	-	-	1,565	1,200	1,565	1,200
Environmental management	-	-	19,920	33,738	19,920	33,738
Parking garages	-	-	1,968	1,969	1,968	1,969
Radio communications	-	-	2,226	2,227	2,226	2,227
Revenue collections	-	-	1,483	1,721	1,483	1,721
Total Expenditures	319,496	301,924	34,965	49,283	354,481	351,167
Excess (deficiency) of revenue over (under) expenditures	(48,471)	(31,428)	4,777	(5,380)	(43,694)	(36,789)
Transfers	(2,322)	(4,493)	2,322	4,493	-	-
Increase (Decreases) in Net Assets	(50,793)	(35,922)	7,099	(867)	(43,694)	(36,789)
Net assets, beginning	88,727	124,849	102,780	103,647	191,507	228,296
Net Assets, ending	\$37,934	\$88,727	\$109,879	\$102,780	\$147,813	\$191,507

Governmental Activities. Governmental activities decreased the County's net assets by \$50,793. Key elements of the decrease are:

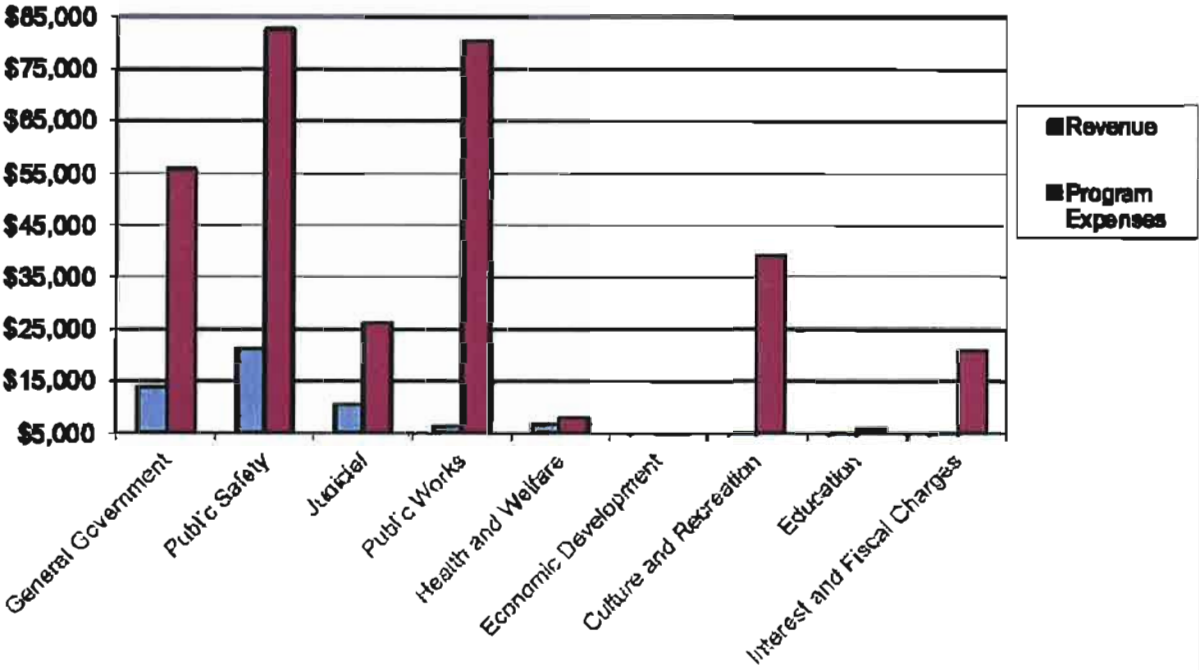
Total expenditures for the year increased by \$17,572 (5.8 percent).

- Public works expenditures increased \$23,728 (41.9 percent) reflecting increased spending on the road projects funded from the transportation and roads sales tax special revenue fund.
- General government expenditures increased \$4,662 (9.1 percent). This increase can be attributed to several departments: facilities management increased due to growth in utility costs, technology services had increased expenditures for maintenance contracts and the assessor's office had increased costs for the implementation of reassessment.
- Public safety expenditures show an increase of \$4,626 (5.9 percent.). This increase can be attributed to increased personnel costs in the Sheriff's office and in consolidated dispatch.
- Offsetting these increases are decreases in health and welfare, economic development and culture and recreation.
 - Health and welfare shows decrease of \$8,650 (52.3 percent.) The workforce investment act program was transferred to the Berkeley-Charleston-Dorchester Council of Governments (BCD COG) with the commencement of fiscal year 2011.
 - Economic development has a decrease of \$4,621 (76 percent). Fiscal year 2010 included one-time state grant funds for site development for the Boeing plant.
 - Culture and recreation shows a decrease of \$2,505 (6.1 percent) due to reduced spending for greenbelt acquisitions.

Total revenues for the year showed a slight increase of \$529.

- Charges for services increased by \$10,996 (33 percent) during the year reflecting the settlement of a lawsuit on the Judicial Center project, growth in EMS collections and federal prisoner per diem.
- Other taxes and fees increased by \$3,897 (4.5 percent). The local option sales tax, transportation sales tax and accommodations tax all showed growth during the fiscal year because of increased consumer spending.
- Property taxes increased by \$1,428 (1.4 percent) due to growth in the property base for fiscal 2011.
- Operating grants and contributions decreased by \$13,594 (46.5 percent) during the year. This reflects the transfer of the workforce investment act program to BCD COG. In addition the County received a one-time grant in fiscal year 2010 for site development at the Boeing plant.
- State aid to subdivisions decreased by \$2,112 (14.8 percent) due to a decrease in state revenues and the decision by state lawmakers to provide funding at an amount less than called for by the legislated state formula.

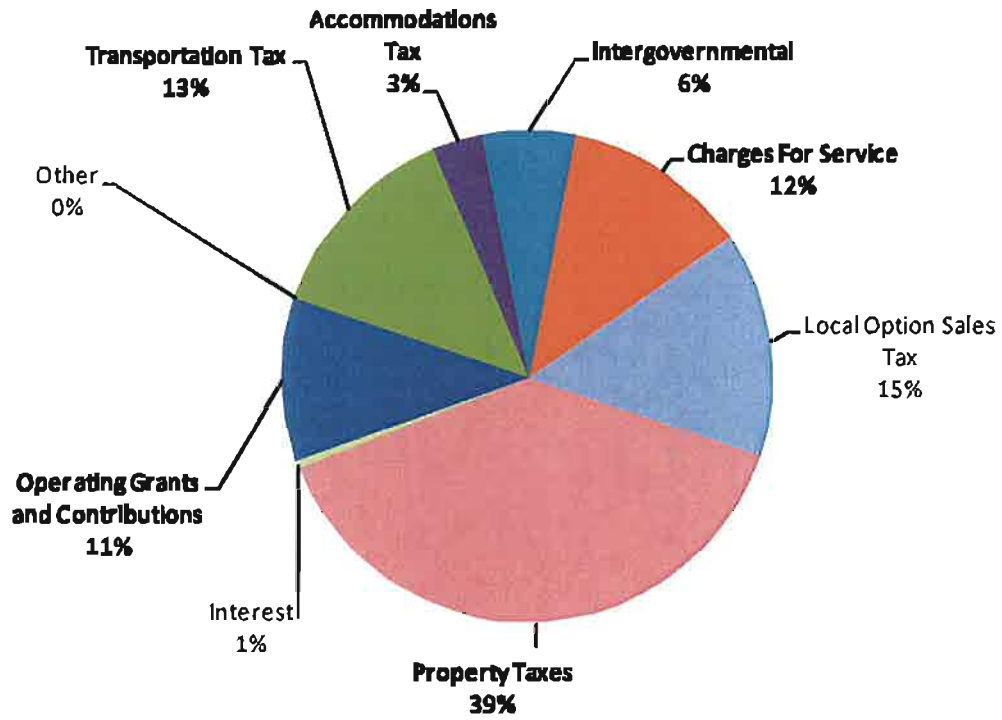
Expenses and Program Revenues - Governmental Activities



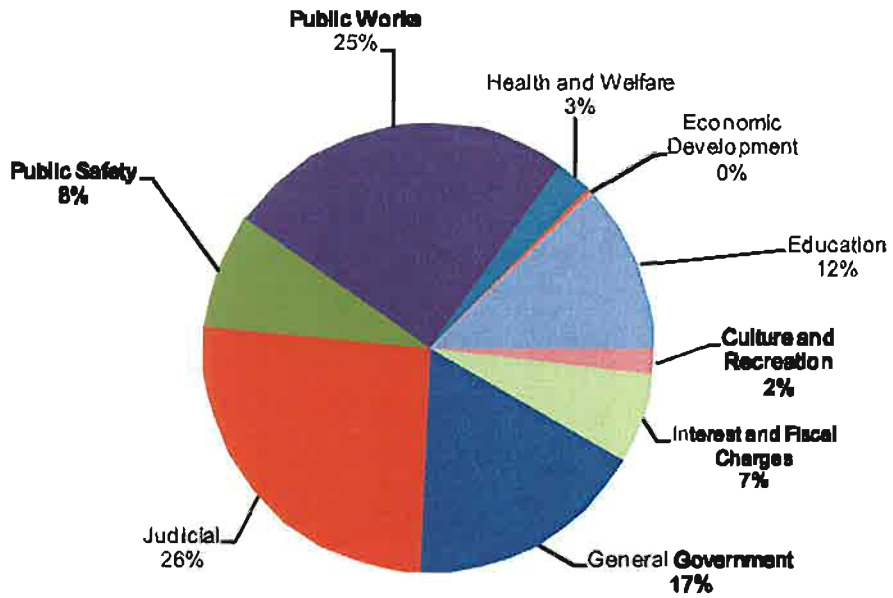
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Revenues by Source - Governmental Activities

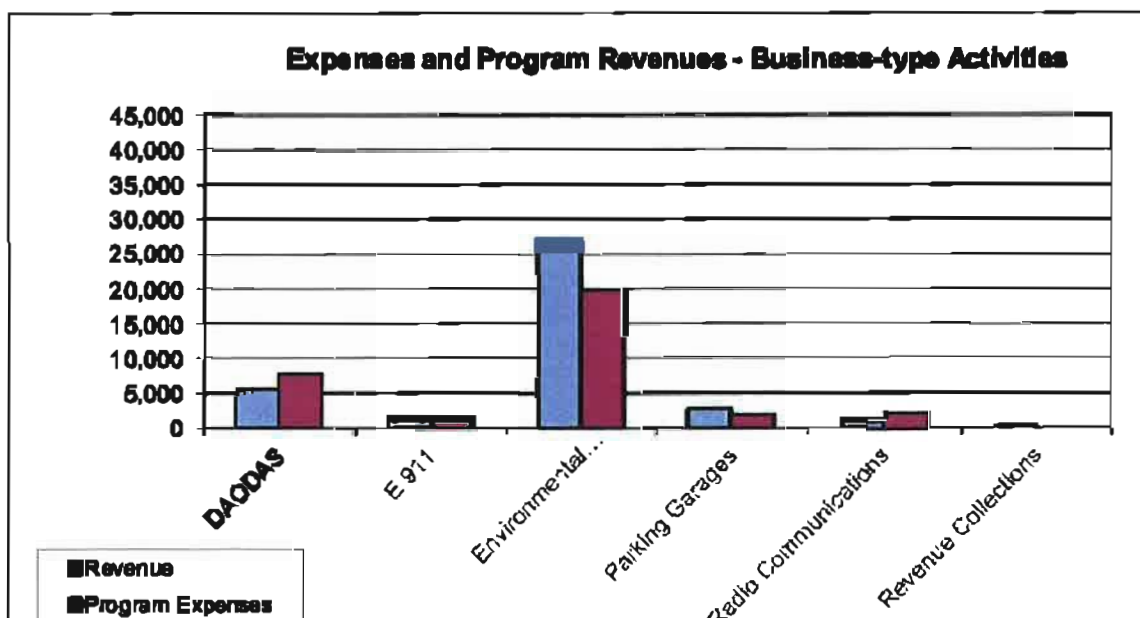
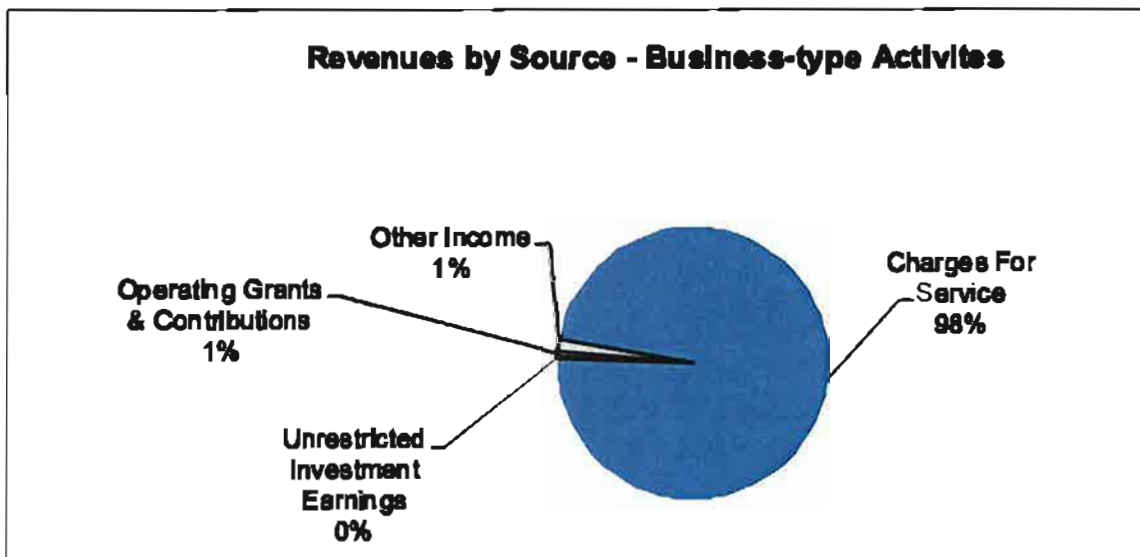


Expenses by Program - Governmental Activities



Business-type Activities. Business-type activities increased the County's net assets by \$7,099. The key elements of this decrease were:

- Environmental management had an increase in net assets of \$7,374 which is primarily due to the expiration of the Incinerator contract. The final payment for operator's debt made January 1, 2010, included a balloon payment which was charged to the County through the operator's fee.
- DAODAS had an increase in net assets of \$847 which can be attributed to a transfer in from the debt service fund to cover principal and interest payments on the certificates of participation issued to build Charleston Center.
- The parking garages showed a decrease in net assets of \$1,160 which is primarily due to a transfer out to the capital projects fund of excess garage renovation funds.
- Revenue collections had a decrease in net assets of \$705 after the elimination of the fee paid by county departments for collections of revenues. These revenues include solid waste user fee, business licenses and accommodations fee.



Financial Analysis of the Government's Funds

As noted earlier, Charleston County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, Charleston County's governmental funds reported combined ending fund balances of \$224,049, a decrease of \$68,884 in comparison with the prior year. This decrease is largely due to the transportation and road sales tax special revenue fund which showed a drop in fund balance of \$86,456. The GOB capital projects fund had a decrease of \$1,339 and the debt service fund showed a decrease of \$978.

The ending fund balance of \$224,049 for the governmental funds is composed of five components: unassigned fund balance of \$41,175, assigned fund balance of \$10,093, committed fund balance of \$37,749, restricted fund balance of \$133,952 and nonspendable fund balance of \$1,080.

Unassigned fund balance accounts for approximately 18.4 percent or \$41,175 of the total fund balance constitutes. Unassigned fund balance is available for spending at Charleston County's discretion.

Assigned fund balance is \$10,093 or 4.5 percent of the ending fund balance. Assigned fund balances are intended to be used by Charleston County for specific purposes.

Committed fund balance is \$37,749 or 16.8 percent of ending fund balance and is comprised of the fund balances in the capital project funds. The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of County Council.

The restricted fund balance totals \$133,952 or 59.8 percent of ending fund balance. The major reserved fund balances are: 1) for roads and stormwater projects of \$94,633, 2) for debt service of \$19,695, 3) for greenbelt and tourist-related expenditures of \$11,513. The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

Nonspendable fund balance is \$1,080 or 0.5 percent of ending fund balance. Nonspendable fund balance accounts for inventories recorded in the general fund.

General Fund. The general fund is the chief operating fund of the County. At the end of the current fiscal year, the unassigned fund balance of the general fund was \$41,175 while total fund balance reached \$52,349. Unassigned fund balance is made up of two components: the rainy day fund and all other unassigned fund balance. The rainy day fund totals \$8,087 and is composed of \$2,388 from the general fund and \$5,700 from the environmental management fund. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 26.3 percent of total general fund expenditures, while total fund balance represents 33.4 percent of that same amount. This meets the County's financial policy of maintaining an unassigned fund balance of 1½ to 2 months of expenditures. Excluding the rainy day fund from the calculation, unassigned fund balance is 24.8 percent of expenditures, which also meets the financial policy. There was a slight decrease of \$247 in the total fund balance of the general fund during the current year. Highlights of the general fund were as follows:

Revenues were \$5,782 or 3.5 percent higher than the previous fiscal year.

- Property and local option sales tax revenues were \$3,057 or 2.6 percent over the previous year. Approximately half of the increase, \$1,384, is due to higher local option sales tax collections over the prior year due to increased consumer spending. Current property tax collections were up over the prior year by \$1,143 due to growth in the property tax base. Lastly, delinquent tax collections were \$417 higher than the previous year.
- Intergovernmental revenues increased \$2,270 or 10.8 percent over fiscal year 2010. Local government reimbursements increased \$2,397 for the expanded consolidated dispatch operations center which reflects the assumption of dispatch services for several new entities. In addition there was an increase of \$1,702 in per diem for federal prisoners held in the Charleston County detention center. The detention center expansion opened in 2010 and resulted in an increase in inmate capacity of 1,334. The new facility and increased capacity allowed the Sheriff to accept more federal inmates than in previous years. Offsetting these increases is a decrease of \$2,112 in the local government fund allocation from the state reflecting decreasing state revenues.
- Service charges are up \$1,304 or 7 percent. Increases in EMS fees of \$961 and RMC fees of \$228 account for most of the growth. EMS saw an increase in call volume and the RMC experienced additional home sales and refinancing activity.
- These increases are offset by a decrease in interest earnings of \$473 (38 percent) and fines and forfeitures of \$397 (17.8 percent).

Expenditures increased by \$7,121 or 4.8 percent.

- Public Safety expenditures are up \$4,916 or 7.2 percent. Expenditures for the Sheriff increased \$2,951 or 5.5 percent due to increased personnel costs. Consolidated dispatch expenditures are up \$2,476 or 100.3 percent over the prior fiscal year which reflects the addition of staff members to dispatch for the City of Charleston Fire Department, the City of North Charleston, Folly Beach, St. Andrews Fire Department, and St. John's Fire Department.
- General Government expenditures are increased \$2,432 or 6 percent. Facilities Management expenditures increased \$1,238 or 11.7 percent which reflects the higher cost of utilities. Technology services is up \$696 or 9.6 percent which reflects increased capital costs and increases in maintenance contracts. The assessor's office is increased \$475 or 15.5 percent for the implementation of reassessment.

Transfers out increased \$4,384 or 38.3 percent. This is primarily due to a mid-year budget amendment approved by Council which increased transfers out by \$8,600. The budget amendment provided for \$5,300 in additional pay-as-you-go funding for the capital projects program. In addition, \$2,300 was transferred to the capital replacement fund and \$1,000 was transferred to the workers' compensation internal service fund. Funding for the budget amendment was from fiscal year 2010 fund balance, which exceeded amounts required by the financial policy.

Debt Service Fund. The debt service fund balance is \$19,695 and is \$978 or 4.7 percent lower than the prior fiscal year. The use of fund balance was anticipated in the fiscal year 2011 budget. Transfers in were reduced \$4,110. Fiscal year 2010 included a one-time transfer in of \$5,407 which was the premium on the 2009 general obligation bond issuance.

Transportation and Road Sales Tax Special Revenue Fund. This fund balance was reduced \$66,455 or 42.4 percent from the prior fiscal year. Total expenditures were \$104,157 an increase of \$20,430 from the prior fiscal year. Public works expenditures for road work increased \$24,731 while culture and recreation expenditures decreased \$4,326, reflecting a decrease in greenbelt property purchases. Revenues showed an increase of \$3,545. This results from an increase in sales tax collections of \$1,638 and intergovernmental revenues of \$2,314 for the MUSC road improvement project.

GOB Capital Projects Fund. This fund showed a decrease in fund balance of \$1,339 or 4.7 percent. Expenditures decreased \$30,376 reflecting the completion of the detention center in fiscal year 2010. Other financing sources decreased \$41,602 as fiscal year 2010 included the issuance of \$50,000 in general obligation bonds.

Other Governmental Funds. The other governmental funds had a slight increase in fund balance of \$136 from the prior fiscal year.

Nonmajor Capital Projects Funds. The nonmajor capital projects funds reflected a total fund balance of \$10,744 and are shown on pages 135 through 136 and 142. The fund balance for the nonmajor capital projects funds decreased \$299 from fiscal year 2010. The construction fund increased \$1,557 while the ITS/MIS and equipment replacement funds decreased \$873 and \$850, respectively.

Nonmajor Special Revenue Funds. The nonmajor special revenue funds have a combined total fund balance of \$24,096, all classified as restricted. Nonmajor special revenue funds are shown on pages 132 through 135, and 138 through 142. The fund balance for the non-major special revenue funds increased \$435 from the prior year. The largest increase in fund balance is in the construction public works fund which accounts for state C-fund expenditures.

Proprietary Funds. The County's proprietary funds provide the same type of information found in the business-type activities of the government-wide financial statements, but in more detail. Total net assets for the enterprise funds at June 30, 2011, are \$86,294 (before the elimination of internal service fund charges and indirect costs.) The major funds are environmental management and the parking garages with total net assets of \$73,552. The nonmajor proprietary funds have total net assets of \$12,742. These funds include E-911 communications, DAODAS, radio communications, and revenue collections. See pages 50 through 55, 158 through 163 and 165 through 169 for the proprietary funds statements.

As of the end of the current fiscal year, Charleston County's enterprise funds reported combined ending net assets of \$86,294 (before internal eliminations), an increase of \$4,268 or 5.2 percent in comparison with the prior year. The environmental management fund accounted for \$5,471 of this increase due to cost savings with the elimination of the incinerator contract. Offsetting this is a decrease in net assets of \$1,146 in the parking garages fund resulting from a transfer out to the capital projects fund of excess garage renovation funds.

General Fund Budgetary Highlights

During fiscal year 2011 County Council approved an adjustment to the general fund budget totaling \$9,700. In addition, the Administrator made adjustments to the budget in accordance with the guidelines contained in the budget ordinance.

The budget was adjusted by \$9,700 during the fiscal year. The source of funds was fiscal 2010 fund balance that was in excess of the county's reserve policies. The expenditure increases included \$5,300 for the capital improvement plan (law enforcement center), \$2,300 for equipment replacement, \$1,100 for a voluntary retirement incentive program, and \$1,000 for the workers' compensation costs.

Actual revenues and transfers in were \$13,310 over the final budget. The most significant revenue variances are outlined below:

- Property and local option sales taxes were over budget by \$7,303. Current property tax collections were \$3,668 over budget due to growth in the property base. Local option sales tax collections exceeded the budget by \$2,340 reflecting an increase in consumer spending primarily in the second half of the fiscal year. Finally, delinquent tax collections exceeded budget by \$1,295, due to conservative budget estimates.
- Service charges were over budget by \$3,506. Master-in-Equity fees were \$1,191 over budget reflecting increased foreclosure activity. RMC fees were \$832 over budget reflecting increased refinancing and home sale activities. Finally, Emergency medical service fees were \$1,030 over budget reflecting increases in service calls.

- Intergovernmental revenues were over budget by \$1,988 due to increased federal inmate per diem. The housing capacity of the detention center increased with the opening of the expansion during fiscal year 2010. This allowed the Sheriff to accept more federal inmates, including those from immigration services.

Actual expenditures and transfers out were \$6,256 under the final budgeted amounts. The most significant contributions to this variance were the following:

- Technology services was \$1,448 below budget. Multi-year projects, such as funding for state mandates and the business continuity plan were not completed during the fiscal year. The budget for these projects was rolled to fiscal year 2012. Capital purchases of \$407 were not completed by the end of the fiscal year, but were encumbered and rolled to fiscal year 2012. In addition, there were savings in maintenance contracts.
- Facilities Management was \$886 below budget largely due to savings on maintenance supplies. These savings were encumbered at the end of the fiscal year.
- The Sheriff's office was \$652 below budget. These savings can be attributed to the detention center which was below budget for many of its inmate related accounts such as medical services, food, and custodial and laundry. The majority of this savings was rolled to fiscal year 2012 through encumbrances or Council action.
- Consolidated Dispatch was \$423 below budget due to lower personnel costs during the transition from other local governments. Savings were seen in consultant fees and computer capital. These savings were encumbered at the end of the fiscal year

Capital Asset and Debt Administration

Capital Assets. Charleston County's investment in capital assets for its governmental and business-type activities as of June 30, 2011, amounted to \$350,609 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, roads, bridges and drainage easements. The County's investment in capital assets decreased \$580 or 0.2 percent for the current year.

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Land and easements	\$ 16,704	\$ 16,808	\$ 3,951	\$ 3,951	\$ 20,655	\$ 20,759
Buildings	236,257	243,276	16,451	16,878	252,708	260,154
Improvements other than buildings	733	780	15,389	253	16,122	1,033
Machinery and equipment	25,708	27,540	6,488	6,870	32,196	34,410
Infrastructure	15,222	15,382	-	-	15,222	15,382
Construction in progress	<u>12,264</u>	<u>3,121</u>	<u>1,442</u>	<u>16,329</u>	<u>13,706</u>	<u>19,451</u>
Total	<u>\$ 308,888</u>	<u>\$ 306,907</u>	<u>\$ 43,721</u>	<u>\$ 44,282</u>	<u>\$ 350,609</u>	<u>\$ 351,189</u>

Additional information on the County's capital assets can be found in Note III. C. on pages 85 through 89 of this report.

Long-Term Debt. At the end of the current fiscal year, Charleston County had total certificates of participation (COPs) and bonded debt outstanding of \$441,460. Of this amount, \$394,957 comprises debt backed by the full faith and credit of the government (general obligation bonds), \$41,498 is comprised of certificates of participation secured by the capital assets constructed with their proceeds, and \$5,005 is comprised of revenue bond debt secured solely by solid waste user fees.

In addition to the bonded debt Charleston County signed a contract with the S.C. Infrastructure Bank to pay \$3,000 a year starting on January 1, 2004, for a period of 25 years as the County's commitment toward the new Arthur Ravenel, Jr. Bridge over the Cooper River. As of June 30, 2011, this obligation is recorded at a net present value of \$32,051 using a discount rate of 5.7%. This is the same rate the Bank is repaying its loan from the federal government, using the money received from the County.

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
General obligation bonds	\$ 394,957	\$ 406,591	\$ -	\$ -	\$ 394,957	\$ 406,591
Certificates of participation	35,248	41,757	6,252	7,422	41,498	49,179
Revenue bonds	-	-	4,844	6,374	4,844	6,374
Intergovernmental note payable	<u>32,051</u>	<u>33,152</u>	<u>-</u>	<u>-</u>	<u>32,051</u>	<u>33,152</u>
Total	<u>\$ 462,254</u>	<u>\$ 481,500</u>	<u>\$ 11,096</u>	<u>\$ 13,796</u>	<u>\$ 473,350</u>	<u>\$ 495,296</u>

The County's total bonded debt decreased by \$21,946 (4.4 percent) during the current fiscal year. No new debt was issued during fiscal year 2011.

During July 2011, the County issued \$27,100 in General Obligation Capital Improvement Bonds which will be used for defraying a portion of the costs for the nursing school facility at the tri-county Trident Technical College and the costs for the Charleston County Law Enforcement Center. In addition, the County issued \$167,000 in General Obligation Transportation Sales Tax Bonds to provide funds to defray a portion of the costs for certain road projects and the costs for greenbelt projects.

The July 2011 GOBs were rated Aaa by Moody's Investor Services and AAA by Standard and Poor's Corporation. Fitch, Inc upgraded the County's outstanding 2004 and 2006 GOBs to AAA during August 2011.

South Carolina statutes limit the amount of general obligation (G.O.) debt a governmental entity may issue (without referendum) to 8 percent of its total assessed value. The current available G.O. debt limit for Charleston County is \$251,667. The outstanding debt at June 30, 2011 subject to the debt limitation is \$173,825. This would indicate that the County has not exceeded their limit.

Additional information on the County's long-term debt can be found in Note III. I. on pages 92 through 106 of this report.

Economic Factors and Next Year's Budget Rates

The fiscal year 2012 general fund budget is a balanced budget. Total disbursements are \$171,081, a decrease of \$5,618 or 3.2 percent from the prior year. The budget includes the use of \$6,130 of fund balance for pay-as-you-go capital projects and other one-time expenditures. As a result of a state-mandated property base reassessment, the millage rates for the general fund will decline from 40.2 mills to 39.1 mills and the debt service fund will decline from 6.6 mills to 6.1 mills. The local option sales tax credit will also decline from \$71 to \$70 (per \$100,000 appraised value).

The general fund budgeted revenues for fiscal year 2012 increased by \$4,153 or 2.6 percent from 2011. The major changes are:

- Federal prisoner revenue at the detention center is anticipated to increase \$1,500 or 57.7 percent. This increase reflects higher utilization of the County's recently expanded detention center by federal agencies to house federal detainees.
- The local option sales tax is anticipated to increase \$1,290 or 3.3 percent. This increase reflects an anticipated improvement in the local economy.
- State aid to local governments is decreased \$1,540 or 12.6 percent. Due to the recession and the resulting challenges with state revenues, the general assembly voted to depart from the prescribed formula for funding local governments for fiscal year 2012.

The general fund budgeted disbursements for fiscal year 2012 are decreased \$5,618 or 3.2 percent from fiscal year 2011. The major change for fiscal year 2012 is:

The transfers to other funds are anticipated to decrease by \$5,822 or 36.5 percent to reflect using less fund balance for pay-as-you-go capital projects.

Requests for Information

This financial report is designed to provide a general overview of Charleston County's finances for all those with an interest in the government's financing. Questions concerning any of the information should be addressed to the Finance Department, 4045 Bridge View Drive, Suite A225, North Charleston, SC 29405-7464.

BASIC FINANCIAL STATEMENTS



COUNTY OF CHARLESTON, SOUTH CAROLINA
STATEMENT OF NET ASSETS
June 30, 2011

ASSETS	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Non-pooled cash and cash equivalents	\$ 4,810,078	\$ 272,829	\$ 4,882,907	\$ 40,928,280
Pooled cash and cash equivalents	71,812,753	13,544,053	85,356,806	-
Pooled investments	137,423,401	-	137,423,401	-
Non-pooled investments	-	-	-	3,079,180
Cash with fiscal agent	125,000	-	125,000	-
Restricted cash - current portion	-	1,811,385	1,811,385	-
Receivables (net of allowances for uncollectibles)	179,408,424	21,988,410	201,374,834	37,304,419
Interest receivable from notes receivable	2,356	-	2,356	-
Due from primary government	-	-	-	609,333
Internal balances - current	(22,370,899)	22,370,899	-	-
Inventories	1,432,453	-	1,432,453	623,812
Prepaid items and deposits	-	-	-	439,229
Note receivable - internal balances	(216,396)	216,396	-	-
Note receivable - within one year	348,926	-	348,926	-
Note receivable - more than one year	721,841	-	721,841	-
Deferred issuance costs	1,880,857	191,977	2,052,834	254,673
Other noncurrent assets	-	-	-	40,000
Restricted assets - non-current:				
Temporarily restricted:				
Cash and cash equivalents	1,307,836	51,340,204	52,648,042	6,518,537
Non-pooled investments	4,685,951	-	4,685,951	-
Capital assets, net of accumulated depreciation:				
Land and easements - nondepreciable	16,704,242	3,950,930	20,655,172	75,953,794
Construction in progress - nondepreciable	12,284,371	1,442,511	13,726,882	2,185,713
Infrastructure - nondepreciable	8,557,395	-	8,557,395	-
Artwork and other - nondepreciable	-	-	-	11,000
Buildings	236,256,665	16,451,018	252,707,683	80,958,988
Improvements other than buildings	732,502	15,388,819	16,121,321	19,120,870
Machinery and equipment	25,707,898	8,487,765	32,195,663	32,870,424
Infrastructure	6,664,969	-	6,664,969	42,249,469
Library materials	-	-	-	22,339,056
Accumulated depreciation	-	-	-	(86,228,522)
Total assets	688,016,425	155,236,996	843,253,421	259,236,235
LIABILITIES				
Accounts payable	12,308,232	24,804,485	36,912,717	2,215,475
Accrued payroll and fringe benefits	5,094,064	482,558	5,576,622	638,481
Due to component units	609,333	-	609,333	-
Intergovernmental payable	5,489,434	3,070,039	8,559,472	19,643
Interest payable	4,909,492	110,209	5,019,701	400,005
Unearned revenue	132,869,829	2,116	132,871,944	35,879,699
Noncurrent liabilities:				
Due within one year	20,098,987	2,753,344	22,852,311	5,848,404
Due in more than one year	488,703,169	14,335,381	483,038,540	43,778,531
Total liabilities	650,882,810	45,358,130	695,440,640	88,781,120
NET ASSETS				
Invested in capital assets, net of related debt	109,879,879	32,625,114	142,504,993	127,117,150
Restricted for:				
Environmental trust operations	-	45,008,031	45,008,031	-
Special revenue projects	114,256,247	543,333	114,799,580	4,243,274
Debt service	19,694,960	2,566,552	22,261,532	14,391,619
Donors	-	-	-	27,310
Unrestricted	(205,897,191)	29,145,836	(176,751,355)	24,878,762
Total net assets	\$ 37,933,915	\$ 109,878,866	\$ 147,912,781	\$ 170,455,115

See notes to the financial statements.

COUNTY OF CHARLESTON, SOUTH CAROLINA
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2011

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
					Governmental Activities	Business-type Activities		
Primary Government								
Governmental activities:								
General government	\$ 55,667,451	\$ 13,632,343	\$ 187,174	\$ -	\$ (41,847,934)	\$ -	\$ (41,847,934)	\$ -
Public safety	82,516,821	19,420,040	1,886,062	396,000	(60,814,719)	-	(60,814,719)	-
Judicial	26,116,113	8,379,703	2,204,480	-	(15,531,950)	-	(15,531,950)	-
Public works	80,325,185	1,780,797	4,561,019	-	(73,993,369)	-	(73,993,369)	-
Health and welfare	7,903,090	233,266	6,488,546	-	(1,181,278)	-	(1,181,278)	-
Economic development	1,457,107	-	321,852	-	(1,135,155)	-	(1,135,155)	-
Culture and recreation	38,886,387	862,902	-	-	(38,003,485)	-	(38,003,485)	-
Education	5,884,830	-	-	-	(5,884,830)	-	(5,884,830)	-
Interest and fiscal charges	20,739,273	-	-	-	(20,739,273)	-	(20,739,273)	-
Total governmental activities	319,496,257	44,329,051	15,639,213	396,000	(259,131,993)	-	(259,131,993)	-
Business-type activities:								
DAODAS	7,802,742	5,095,135	605,096	-	-	(2,102,511)	(2,102,511)	-
E-911 Communications	1,664,763	1,890,606	-	-	-	125,852	125,852	-
Environmental Management	19,820,437	27,092,882	163,221	-	-	7,336,666	7,336,666	-
Parking Garages	1,987,543	2,907,863	-	-	-	840,020	840,020	-
Radio Communications	2,226,407	1,137,250	-	-	-	(1,089,157)	(1,089,157)	-
Revenue Collections	1,483,346	487,742	-	-	-	(985,604)	(985,604)	-
Total business-type activities	34,965,228	39,321,177	768,317	-	-	4,124,266	4,124,266	-
Total primary government	\$ 354,461,485	\$ 82,650,228	\$ 16,407,530	\$ 396,000	(259,131,993)	4,124,266	(255,007,727)	-
Component Units:								
Charleston County Library	\$ 15,160,269	\$ 661,819	\$ 14,136,367	\$ 389,153				37,080
Charleston County PRC	30,440,228	12,895,760	-	10,720,725				(6,823,753)
Cooper River Park & Playground	219,888	-	-	-				(219,888)
James Island PSD	10,983,594	4,687,263	-	-				(6,296,331)
North Charleston District	1,309,704	-	-	-				(1,309,704)
St. Andrew's Parish Parks & Playground	3,093,433	1,526,382	3,102	-				(1,563,949)
St. John's Fire District	10,436,696	-	-	64,600				(10,372,096)
St. Paul's Fire District	5,038,479	-	-	478,878				(4,561,603)
Charleston County Volunteer Rescue Squad	443,536	-	297,393	-				(146,142)
Total component units	\$ 77,115,818	\$ 19,771,214	\$ 14,436,862	\$ 11,651,354				(31,256,386)

General Revenues:				
Property taxes	106,384,010	-	106,384,010	-
Charleston County PRC	-	-	-	15,714,621
Cooper River Park & Playground	-	-	-	164,513
James Island PSD	-	-	-	6,378,175
North Charleston District	-	-	-	1,011,395
St. Andrew's Parish Parks & Playground	-	-	-	1,382,505
St. John's Fire District	-	-	-	10,368,724
St. Paul's Fire District	-	-	-	4,434,211
Local option sales tax	41,340,224	-	41,340,224	-
Transportation sales tax	37,930,907	-	37,930,907	-
Accommodations tax	9,927,318	-	9,927,318	-
Franchise tax	578,864	-	578,864	45,539
Alcohol beverage tax	-	537,486	537,486	-
Merchants inventory tax and manufacturer's depreciation	1,440,092	10,832	1,450,924	1,103,536
Motor carrier tax	111,247	-	111,247	-
Unrestricted state aid to political subdivisions	12,111,216	-	12,111,216	-
Grants and contributions not restricted to specific program	-	-	-	2,103
Unrestricted investment earnings	837,142	85,303	922,445	92,844
Gain on sale of capital assets	-	18,643	18,643	185,589
Fundraising and donations	-	-	-	77,638
Miscellaneous	-	-	-	630,869
Transfers	(2,322,103)	2,322,103	-	-
Total general revenues and transfers	208,338,917	2,974,367	211,313,284	41,592,262
Change in net assets	(50,793,076)	7,098,633	(43,694,443)	10,336,876
Net assets - beginning, as restated (component unit)	68,726,991	102,780,233	191,507,224	160,119,239
Net assets - ending	\$ 37,933,915	\$ 109,878,866	\$ 147,812,781	\$ 170,456,115

See notes to financial statements.

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**COUNTY OF CHARLESTON, SOUTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2011**

<u>ASSETS</u>	General	Debt Service	Transportation and Road Sales Tax Special Revenue	G.O.B. Capital Projects	Other Governmental Funds	Total Governmental Funds
Non-pooled cash and cash equivalents	\$ 1,791,307	\$ -	\$ -	\$ -	\$ 2,818,771	\$ 4,610,078
Pooled cash and cash equivalents	18,134,796	-	-	-	31,717,501	49,852,297
Pooled investments	18,002,828	14,489,382	75,113,680	29,807,511	-	137,423,401
Restricted cash and cash equivalents	-	343,556	-	-	964,282	1,307,838
Restricted investments	-	4,665,951	-	-	-	4,665,951
Receivables (net of allowances for uncollectibles)	129,173,811	18,368,452	17,492,334	-	14,119,370	179,154,967
Due from other funds	2,520,574	-	-	-	-	2,520,574
Inventories	1,080,137	-	-	-	-	1,080,137
Total assets	\$ 170,703,453	\$ 37,878,341	\$ 92,606,014	\$ 29,807,511	\$ 49,619,924	\$ 380,615,243
 <u>LIABILITIES AND FUND BALANCES</u>						
Liabilities:						
Accounts payable	\$ 2,050,722	\$ -	\$ 1,843,909	\$ 2,781,800	\$ 1,661,178	\$ 8,337,609
Accrued payroll and fringe benefits	4,521,110	-	34,485	-	408,953	4,984,548
Due to component units	609,333	-	-	-	-	609,333
Due to other funds	843,874	-	-	-	1,306,524	1,850,498
Intergovernmental payable	683,022	-	567,636	20,836	3,994,767	5,276,461
Deferred revenue	109,836,658	18,183,361	-	-	7,407,991	135,428,011
Total liabilities	118,354,820	18,183,361	2,446,230	2,802,636	14,779,413	156,566,460
Fund balances:						
Nonspendable - Inventories	1,080,137	-	-	-	-	1,080,137
Restricted - Debt service	-	19,694,990	-	-	-	19,694,990
Restricted - General Government	-	-	-	-	33,047	33,047
Restricted - Public Safety	-	-	-	-	3,675,813	3,675,813
Restricted - Judicial	-	-	-	-	3,318,661	3,318,661
Restricted - Public Works	-	-	79,358,247	-	15,274,510	94,632,757
Restricted - Health and Welfare	-	-	-	-	398,459	398,459
Restricted - Economic Development	-	-	-	-	684,609	684,609
Restricted - Culture and Recreation	-	-	10,801,537	-	711,364	11,512,901
Committed - Capital project funds	-	-	-	27,004,875	10,744,048	37,748,923
Assigned - General Government	8,095,912	-	-	-	-	8,095,912
Assigned - Public Safety	1,794,333	-	-	-	-	1,794,333
Assigned - Judicial	2,522	-	-	-	-	2,522
Assigned - Public Works	113,092	-	-	-	-	113,092
Assigned - Health and Welfare	87,482	-	-	-	-	87,482
Unassigned	41,175,155	-	-	-	-	41,175,155
Total fund balances	52,348,633	19,694,990	90,159,784	27,004,875	34,840,511	224,048,783
Total liabilities and fund balances	\$ 170,703,453	\$ 37,878,341	\$ 92,606,014	\$ 29,807,511	\$ 49,619,924	\$ 380,615,243

See notes to financial statements.

**COUNTY OF CHARLESTON, SOUTH CAROLINA
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSTS OF GOVERNMENTAL ACTIVITIES
June 30, 2011**

Total Governmental Fund Balances **\$ 224,048,783**

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. **297,974,749**

Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds:

Deferred issuance costs	\$	1,860,857	
Interest receivable		2,356	
Notes receivable		1,068,567	
Property taxes		2,558,182	5,489,962

Internal service funds are used by management to charge the costs of insurance, and other services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. **12,944,618**

Elimination of indirect revenues and expenses between governmental funds and the enterprise funds which creates an internal balance. **(23,584,749)**

Long-term liabilities, including bonds payable and accrued interest payable, are not due and payable in the current period and therefore are not reported in the funds:

General obligation bonds	\$	(394,957,209)	
Certificates of participation		(35,245,570)	
Leases payable		(2,283,607)	
Compensated absences		(9,498,835)	
Intergovernmental note payable		(32,051,316)	
Accrued interest payable		(4,902,911)	(478,939,448)

Net assets of governmental activities **\$ 37,933,915**

See notes to financial statements.

COUNTY OF CHARLESTON, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2011

	General	Debt Service	Transportation and Road Sales Tax Special Revenue	G.O.B. Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues:						
Property, local option sales and transportation sales tax	\$ 118,838,188	\$ 18,788,385	\$ 37,930,907	\$ -	\$ 8,540,581	\$ 183,887,021
Intergovernmental	23,258,812	355,764	2,313,895	-	16,571,488	42,499,737
Permits and licenses	3,883,031	-	-	-	-	3,883,031
Fines and forfeitures	1,832,508	-	-	-	713,583	2,546,099
Interest	772,171	286,690	407,484	104,949	120,608	1,681,902
Service charges	19,849,178	-	-	-	12,172,819	32,021,796
Rental and use of property	818,864	-	-	-	-	818,864
Other revenues	3,991,428	1,750,000	49,334	-	4,047,877	9,838,439
Total revenues	172,841,956	21,181,819	40,701,620	104,949	42,168,544	276,996,888
Expenditures:						
Current:						
General government	42,975,385	-	7,385,970	-	62,640	50,423,995
Public safety	72,973,181	-	-	-	4,308,230	77,281,411
Judicial	15,841,906	-	-	-	8,159,727	23,901,633
Public works	7,425,824	-	65,926,889	-	5,895,023	79,237,736
Health and welfare	3,567,531	-	-	-	4,290,740	7,858,271
Economic development	-	-	-	-	1,473,821	1,473,821
Culture and recreation	13,921,189	-	16,428,154	-	10,044,691	40,394,034
Education	-	-	-	-	5,833,110	5,833,110
Capital outlay	-	-	-	10,255,984	2,450,429	12,706,413
Debt service	-	26,211,084	14,416,139	-	-	40,627,223
Total expenditures	186,505,016	26,211,084	104,157,152	10,255,984	42,508,411	338,637,647
Excess (deficiency) of revenues over (under) expenditures	16,336,940	(5,029,265)	(63,455,532)	(10,151,035)	(341,867)	(62,640,759)
Other financing sources (uses):						
Capital lease proceeds	-	-	-	-	632,831	632,831
Transfers in	885,872	5,058,750	39,745,966	8,811,738	15,024,823	69,527,149
Transfers out	(17,470,734)	(1,007,187)	(42,745,966)	-	(15,250,258)	(76,474,112)
Proceeds from sale of capital assets	531	-	-	-	69,993	70,524
Total other financing sources (uses)	(16,584,331)	4,051,563	(3,000,000)	8,811,738	477,392	(6,243,606)
Net change in fund balances	(247,391)	(977,672)	(66,455,532)	(1,339,297)	135,525	(68,884,367)
Fund balances at beginning of year	52,596,024	20,872,652	166,815,316	28,344,172	34,704,985	282,933,160
Fund balances at end of year	\$ 52,348,633	\$ 19,894,980	\$ 99,159,784	\$ 27,004,875	\$ 34,840,511	\$ 224,048,783

See notes to financial statements.

COUNTY OF CHARLESTON, SOUTH CAROLINA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2011

Net Change in Fund Balances - Total Governmental Funds **\$ (68,884,367)**

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period:

Capital asset additions	\$ 13,902,974	
Depreciation expense	<u>(12,447,198)</u>	1,455,776

In the statement of activities, the gain or loss on disposal of capital assets is reported. Conversely, governmental funds do not report any gain or loss on disposal of capital assets:

Cost of capital assets	\$ 1,635,808	
Accumulated depreciation	<u>(1,182,286)</u>	
Net book value	453,542	
Proceeds	<u>(70,524)</u>	
Loss on disposal	383,018	
Difference of proceeds and loss on sale		(453,542)

Because some property taxes and other income will not be collected for several months after the County's fiscal year ends, they are not considered "available" revenues in the governmental funds:

Property taxes and local option sales tax	(515,536)
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Other revenue which does not provide current resources 1,071,060

Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and does not result in an expense in the statement of activities. 18,910,800

Other financing source (use) which does not provide current resources or current uses:

Capital lease proceeds	(632,631)
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In the statement of activities, interest is accrued on outstanding bonds, whereas in the governmental funds, interest is expensed when due. 146,528

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:

Compensated absences payable	\$ 134,288	
Deferred refunding costs and amortization of premium	<u>894,690</u>	1,028,978

To record internal service fund transfers. 4,624,860

The internal service funds are used by management to charge the costs of insurance and other services to individual funds. The net revenue of the internal service funds are reported with governmental activities. 11,031

Elimination of indirect income between governmental funds and the enterprise funds. (2,853,044)

The increase of governmental expenditures to avoid the doubling up of net loss from the internal service funds. (4,702,787)

Change in net assets of governmental activities **\$ (50,793,076)**

See notes to financial statements.

**COUNTY OF CHARLESTON, SOUTH CAROLINA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL
For the Year Ended June 30, 2011**

REVENUES	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Property and local option sales taxes	\$ 113,083,000	\$ 111,333,000	\$ 118,636,168	\$ 7,303,168
Intergovernmental	19,386,032	21,271,032	23,258,612	1,987,580
Permits and licenses	3,819,850	3,819,850	3,883,031	63,181
Fines and forfeitures	2,270,500	2,270,500	1,832,506	(437,994)
Interest	597,000	597,000	772,171	175,171
Service charges	16,343,050	16,342,950	19,849,176	3,506,226
Rental and use of property	595,000	595,000	618,864	23,864
Other revenues	3,844,522	3,727,152	3,991,428	264,276
Total revenues	159,948,954	159,956,484	172,841,956	12,885,472
EXPENDITURES				
Current:				
General Government:				
County Administrator	861,020	767,220	744,842	22,378
Deputy County Administrator	21,355	20,355	18,369	1,986
Assistant Administrator for Finance	460,424	548,157	474,837	73,320
Assistant Administrator for General Services	345,959	460,718	452,957	7,758
Assistant Administrator for Human Services	459,215	345,959	338,249	7,710
Assessor	3,539,457	3,629,099	3,530,039	99,060
Auditor	1,968,183	1,968,204	1,840,118	128,086
Board of Elections & Voter Registration Budget	1,411,953	1,474,715	1,305,588	169,127
Capital Projects and Facilities Management	12,567,518	12,710,768	11,825,052	885,716
Community Services	544,206	520,680	410,504	110,176
County Council	1,089,582	1,039,582	1,038,052	1,530
Delinquent Tax	1,141,905	1,087,748	982,072	75,676
Finance	1,024,911	1,010,811	998,166	12,745
Human Resources	1,491,323	1,328,874	1,128,978	199,896
Internal Auditor	211,987	211,887	211,117	770
Legal	1,020,690	1,020,690	1,003,405	17,285
Legislative Delegation	178,207	178,207	158,728	19,479
Nondepartmental	(1,148,095)	807,273	805,528	1,747
Procurement	867,950	850,890	794,821	55,869
Register Mesne Conveyance	1,822,881	1,829,939	1,674,791	155,148
Safety & Risk Management	2,014,038	1,869,038	1,735,858	133,180
Technology Services	8,928,184	9,412,799	7,964,398	1,448,401
Treasurer	1,596,695	1,599,603	1,541,928	57,675
Zoning / Planning	1,504,484	1,659,869	1,412,224	247,645
Total general government	44,580,186	46,919,226	42,975,385	3,943,841

See notes to financial statements.

**COUNTY OF CHARLESTON, SOUTH CAROLINA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL
For the Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Public Safety:				
Building Inspections	\$ 1,371,412	\$ 1,298,316	\$ 1,217,699	\$ 80,617
Consolidated Dispatch	5,305,294	5,367,523	4,944,730	422,793
Emergency Management	618,135	597,635	595,817	1,818
Emergency Medical Services	9,833,329	9,889,769	9,776,121	113,648
Sheriff	56,068,293	57,090,419	56,438,814	651,605
Total public safety	73,296,463	74,243,662	72,973,181	1,270,481
Judicial:				
Clerk of Court	3,353,451	3,353,658	3,030,759	322,899
Coroner	1,043,010	1,099,292	1,065,561	13,731
Magistrates	4,572,326	4,551,915	4,428,324	123,591
Master-in-Equity	568,283	572,083	559,872	12,211
Probate Court	1,963,221	1,967,146	1,925,370	41,776
Solicitor	4,883,594	4,763,728	4,612,020	181,708
Total Judicial	16,483,885	16,307,822	15,641,906	665,916
Public Works:				
Transportation Development	359,684	311,080	362,992	(51,912)
Public Works Department	7,248,463	7,292,182	7,062,832	229,350
Total public works	7,608,147	7,603,262	7,425,824	177,438
Health and Welfare:				
Indigent Care	1,387,718	1,389,718	1,389,220	498
Public Works - Mosquito Abatement	1,658,462	1,710,100	1,626,218	83,882
State Agencies	329,859	304,859	274,909	29,950
Veterans Affairs	278,560	278,560	277,184	1,376
Total health and welfare	3,654,599	3,683,237	3,567,531	116,706
Culture and Recreation:				
Charleston County Library	13,674,355	13,921,189	13,921,189	-
Total culture and recreation	13,674,355	13,921,189	13,921,189	-
Total expenditures	159,297,615	162,678,398	156,505,016	6,173,382
Excess (deficiency) of revenues over (under) expenditures	651,339	(2,721,914)	16,336,940	19,058,854

See notes to financial statements.

**COUNTY OF CHARLESTON, SOUTH CAROLINA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
For the Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Other financing sources (uses):				
Transfers In	\$ 438,576	\$ 431,046	\$ 885,872	\$ 454,826
Transfers out	(9,686,452)	(17,563,802)	(17,470,734)	83,068
Proceeds from sale of capital assets	2,500	2,500	531	(1,969)
	<u>(9,245,376)</u>	<u>(17,120,256)</u>	<u>(16,584,331)</u>	<u>535,925</u>
Total other financing sources and (uses)				
	<u>(9,245,376)</u>	<u>(17,120,256)</u>	<u>(16,584,331)</u>	<u>535,925</u>
Net change in fund balance	(8,594,037)	(19,842,170)	(247,391)	19,594,779
Fund balance at beginning of year	<u>52,596,024</u>	<u>52,596,024</u>	<u>52,596,024</u>	<u>-</u>
Fund balance at end of year	<u>\$ 44,001,987</u>	<u>\$ 32,753,854</u>	<u>\$ 52,348,633</u>	<u>\$ 19,594,779</u>

See notes to financial statements.

COUNTY OF CHARLESTON, SOUTH CAROLINA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2011

ASSETS	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Environmental Management	Parking Garages	Nonmajor Other Funds	Total	
Current assets:					
Non-pooled cash and cash equivalents	\$ 700	\$ 3,100	\$ 269,029	\$ 272,829	\$ -
Pooled cash and cash equivalents	-	3,630,434	9,913,619	13,544,053	21,980,456
Restricted cash - current portion	1,611,385	-	-	1,611,385	-
Cash with fiscal agent	-	-	-	-	125,000
Receivables (net of allowances for uncollectibles)	20,166,610	40,420	1,761,380	21,968,410	251,457
Note receivable - current portion	67,856	-	-	67,856	-
Due from other funds	-	-	-	-	643,974
Inventories	-	-	-	-	352,316
Total current assets	21,846,551	3,673,954	11,944,028	37,464,533	23,333,203
Noncurrent assets:					
Restricted cash and cash equivalents	51,340,204	-	-	51,340,204	-
	51,340,204	-	-	51,340,204	-
Notes receivable - non-current portion	148,540	-	-	148,540	-
Deferred issuance costs	94,005	56,166	41,806	191,977	-
Capital assets:					
Land	1,600,610	2,350,320	-	3,950,930	-
Buildings	3,654,455	11,659,212	9,554,391	25,068,058	1,695,683
Improvements other than buildings	16,529,449	-	270,255	16,799,704	-
Machinery and equipment	15,438,933	630,204	2,217,166	18,286,303	26,582,149
Construction in progress	28,355	1,414,166	-	1,442,511	-
Less accumulated depreciation	(13,087,008)	(4,265,992)	(4,473,463)	(21,826,463)	(19,374,739)
Total capital assets (net of accumulated depreciation)	24,164,794	11,987,900	7,588,349	43,721,043	8,913,093
Total noncurrent assets	75,747,543	12,044,066	7,610,155	95,401,764	8,913,093
Total assets	\$ 97,594,094	\$ 16,718,020	\$ 19,554,183	\$ 132,866,297	\$ 32,246,296

See notes to financial statements.

COUNTY OF CHARLESTON, SOUTH CAROLINA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2011

LIABILITIES	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Environmental Management	Parking Garages	Nonmajor Other Funds	Total	
Current liabilities:					
Accounts payable	\$ 23,888,238	\$ 486,912	\$ 229,335	\$ 24,804,485	\$ 3,970,623
Accrued payroll and fringe benefits	195,156	32,208	255,198	482,558	129,516
Compensated absences - current	91,678	742	109,925	202,245	18,258
Intergovernmental payable	3,435	1,163	3,065,440	3,070,038	212,973
Due to other funds	1,214,050	-	-	1,214,050	-
Unearned revenue	2,115	-	-	2,115	-
Accrued interest payable	83,417	14,678	12,114	110,209	6,581
Note payable - current	-	-	-	-	67,856
Lease payable - current	-	-	-	-	255,083
Certificates of participation - current	-	366,630	276,184	642,714	-
Revenue bonds - current restricted	1,611,385	-	-	1,611,385	-
Accrual for landfill closure - current	297,000	-	-	297,000	-
Total current liabilities	27,388,374	902,231	3,948,194	32,236,799	4,660,870
Noncurrent liabilities:					
OPEB liability	-	-	-	-	13,833,426
Accrual for landfill closure	4,650,000	-	-	4,650,000	-
Compensated absences	392,366	64,964	388,201	843,551	387,079
Lease payable	-	-	-	-	271,763
Note payable	-	-	-	-	148,540
Certificates of participation (net of unamortized discounts and deferred amount on refunding)	-	3,131,512	2,478,030	5,609,542	-
Revenue bonds (net of unamortized discounts) - restricted	3,232,288	-	-	3,232,288	-
Total noncurrent liabilities	8,274,654	3,196,496	2,864,231	14,335,381	14,640,808
Total liabilities	35,661,028	4,098,727	6,812,425	46,572,180	19,301,678
NET ASSETS					
Invested in capital assets, net of related debt	19,321,121	8,489,858	4,814,135	32,625,114	8,169,871
Restricted for construction	543,333	-	-	543,333	-
Restricted for environmental trust	45,008,031	-	-	45,008,031	-
Restricted for debt service	2,556,552	-	-	2,556,552	-
Unrestricted	(5,495,971)	3,129,435	7,927,623	5,561,087	4,774,747
Total net assets	\$ 61,933,086	\$ 11,619,293	\$ 12,741,758	\$ 86,294,117	\$ 12,944,618
Adjustment to reflect the consolidation of internal service funds related to business-type activities				(1,916,732)	
Adjustment to reflect the elimination of indirect costs charged by the governmental funds				25,801,481	
				\$ 108,878,866	

See notes to financial statements.

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COUNTY OF CHARLESTON, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
For the Year Ended June 30, 2011

	Business-type Activities - Enterprise Funds			Total	Governmental Activities - Internal Service Funds
	Environmental Management	Parking Garages	Nonmajor Other Funds		
Operating revenues:					
Charges for services	\$ 1,284,887	\$ 2,807,563	\$ 10,560,937	\$ 14,653,387	\$ 39,611,375
User fees	23,438,036	-	-	23,438,036	-
Sale of recyclables	1,671,838	-	-	1,671,838	-
Other revenues	698,121	-	5,804	703,925	-
Total operating revenues	27,092,882	2,807,563	10,566,741	40,467,186	39,611,375
Operating expenses:					
Personnel services	5,372,606	890,639	6,999,959	13,263,204	3,442,615
Contractual services	7,855,937	213,049	1,137,975	9,206,961	5,061,144
Materials and supplies	1,298,718	92,229	670,534	2,059,481	7,324,486
Utilities	144,540	161,062	998,573	1,304,175	1,176,486
Repairs and maintenance	22,771	19,101	1,438,558	1,480,430	280,981
Rental expenses	483,594	-	248,918	730,512	23,449
Vehicle fleet charges	2,611,419	6,591	36,575	2,654,585	102,420
Employee benefits	-	-	-	-	23,075,508
Other expenses	1,045,468	31,502	3,376,749	4,453,719	1,210,486
Depreciation and amortization	2,367,303	330,160	494,502	3,191,965	2,634,045
Landfill closure	297,000	-	-	297,000	-
Total operating expenses	21,497,356	1,744,333	15,400,343	36,642,032	44,511,571
Operating Income (loss)	5,595,526	1,063,230	(4,833,602)	1,825,154	(4,900,196)
Nonoperating revenues (expenses):					
Interest income	13,441	20,057	51,805	85,303	64,971
Interest expense	(326,616)	(209,352)	(215,402)	(751,370)	(64,068)
Intergovernmental revenues	163,221	-	605,096	768,317	-
Gain (loss) on disposal of capital assets	18,643	-	-	18,643	184,998
Total nonoperating revenues (expenses)	(131,311)	(189,295)	441,499	120,893	185,901
Income (loss) before transfers	5,464,215	873,935	(4,392,103)	1,946,047	(4,714,295)
Transfers out	-	(2,019,998)	-	(2,019,998)	(265,948)
Transfers in	6,499	-	4,335,602	4,342,101	4,890,808
Change in net assets	5,470,714	(1,146,063)	(56,501)	4,268,150	(89,435)
Total net assets - beginning	56,462,352	12,765,356	12,788,259		13,034,053
Total net assets - ending	\$ 61,933,066	\$ 11,619,293	\$ 12,741,758		\$ 12,944,618
Adjustment to reflect the elimination of indirect costs charged by governmental funds				2,807,922	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				22,561	
Change in net assets of business-type activities				\$ 7,098,633	

See notes to financial statements.

COUNTY OF CHARLESTON, SOUTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2011

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Environmental Management	Parking Garages	Nonmajor Other Funds	Total	
Cash flows from operating activities:					
Cash received from customers	\$ 23,364,676	\$ 2,786,484	\$ 10,877,869	\$ 37,029,039	\$ 272,551
Cash receipts from interfund services provided	-	-	-	-	39,151,701
Cash payments to suppliers for goods and services	9,986,797	(191,173)	(6,527,541)	3,248,083	(35,122,547)
Cash payments to employees for services	(5,502,490)	(577,117)	(7,115,569)	(13,495,176)	(3,380,374)
Net cash (used in) provided by operating activities	27,828,993	1,718,204	(2,765,241)	26,781,946	921,641
Cash flows from noncapital financing activities:					
Transfers in	6,499	-	4,335,802	4,342,101	4,890,886
Transfers (out)	-	(2,019,998)	-	(2,019,998)	(285,948)
Interfund advances (repayments)	(19,985,693)	-	-	(19,985,693)	-
Intergovernmental receipt	158,683	-	605,098	763,781	-
Net cash provided by noncapital financing activities	(19,822,511)	(2,019,998)	4,940,698	(16,901,811)	4,624,800
Cash flows from capital and related financing activities:					
Principal paid on long-term debt	(1,530,467)	(573,359)	(555,754)	(2,759,590)	(266,236)
Interest paid	(352,532)	(203,069)	(187,605)	(723,206)	(68,011)
Proceeds from capital lease	-	-	-	-	83,282
Interfund loan principal payment received	83,910	-	-	83,910	(83,910)
Proceeds from sale of capital assets	48,792	-	-	48,792	301,781
Acquisition and construction of capital assets	(1,508,791)	(1,050,928)	(32,828)	(2,590,346)	(1,929,066)
Net cash used in capital and related financing activities	(3,277,088)	(1,927,356)	(755,985)	(5,960,439)	(1,940,180)
Cash flows from investing activities:					
Interest received	15,384	20,057	51,805	87,246	64,971
Net cash provided by investing activities	15,384	20,057	51,805	87,246	64,971
Net increase (decrease) in cash and cash equivalents	4,744,768	(2,209,093)	1,471,267	4,006,942	3,671,292
Cash and cash equivalents at beginning of year	48,207,521	5,842,627	8,711,381	62,761,529	18,414,164
Cash and cash equivalents at end of year	\$ 52,952,289	\$ 3,633,534	\$ 10,182,648	\$ 66,768,471	\$ 22,085,456
Reconciliation to balance sheet:					
Non-pooled cash and cash equivalents	\$ 700	\$ 3,100	\$ 269,029	\$ 272,829	\$ -
Pooled cash and cash equivalents	-	3,630,434	9,913,619	13,544,053	21,960,466
Restricted cash and cash equivalents	52,951,589	-	-	52,951,589	-
Cash with fiscal agent	-	-	-	-	125,000
Cash and cash equivalents at end of year	\$ 52,952,289	\$ 3,633,534	\$ 10,182,648	\$ 66,768,471	\$ 22,085,456

See notes to financial statements.

COUNTY OF CHARLESTON, SOUTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2011

	<u>Business-type Activities - Enterprise Funds</u>			<u>Total</u>	<u>Governmental Activities - Internal Service Funds</u>
	<u>Environmental Management</u>	<u>Parking Garages</u>	<u>Nonmajor Other Funds</u>		
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating Income (loss)	\$ 5,565,528	\$ 1,063,230	\$ (4,833,602)	\$ 1,825,154	\$ (4,900,188)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization	2,367,303	330,180	494,602	3,191,965	2,834,045
Provision for landfill closure	297,000	-	-	297,000	-
Provision for uncollectible accounts	(299,134)	-	-	(299,134)	-
Changes in assets and liabilities:					
(Increase) decrease in receivables	(3,430,647)	(21,069)	311,128	(3,140,588)	(156,813)
(Increase) decrease in inventories	-	-	-	-	(60,854)
Increase (decrease) in accounts payable	23,130,244	332,361	1,378,341	24,840,946	3,173,218
Increase (decrease) in accrued payroll	(129,884)	13,522	(115,610)	(231,972)	62,241
Decrease in deferred revenue	1,575	-	-	1,575	-
Increase in accrual for landfill closure	297,000	-	-	297,000	-
Total adjustments	22,233,457	654,974	2,066,361	24,956,792	5,821,837
Net cash provided by (used in) operating activities	\$ 27,828,983	\$ 1,718,204	\$ (2,765,241)	\$ 26,781,946	\$ 921,641

See notes to financial statements.

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COUNTY OF CHARLESTON, SOUTH CAROLINA
STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUNDS
June 30, 2011

ASSETS

Non-pooled cash and cash equivalents	\$ 32,482,212
Pooled cash and cash equivalents	19,665,152
Pooled investments	32,640,405
	<hr/>
Total assets	\$ 84,687,769

LIABILITIES

Due to component units	\$ 609,333
Intergovernmental payable	53,411,761
Due to third parties	30,666,675
	<hr/>
Total liabilities	\$ 84,687,769

See notes to financial statements.

COUNTY OF CHARLESTON, SOUTH CAROLINA
COMBINING STATEMENT OF NET ASSETS - DISCRETELY PRESENTED COMPONENT UNITS
June 30, 2011

<u>ASSETS</u>	Charleston County Library	Charleston County PRC	Cooper River Park & Playground	James Island PSD
Non-pooled cash and cash equivalents	\$ 2,846,319	\$ 27,220,618	\$ 13,470	\$ 7,245,363
Investments	-	-	-	-
Receivables (net of allowances for uncollectibles)	88,044	15,748,665	160,553	5,194,785
Due from primary government	-	120,981	1,381	79,975
Inventories	35,483	526,080	-	62,249
Prepaid items and deposits	91,178	141,075	-	-
Deferred issuance costs	-	-	-	179,878
Other noncurrent assets	-	-	-	-
Restricted assets:				
Cash and cash equivalents	-	3,414,641	-	1,724,666
Capital assets:				
Land and easements - nondepreciable	-	73,690,060	68,161	544,230
Construction in progress - nondepreciable	-	455,746	-	1,281,939
Artwork and other - nondepreciable	11,000	-	-	-
Buildings	-	45,384,981	183,786	1,532,852
Improvements other than buildings	-	19,038,859	-	48,964
Machinery and equipment	2,744,822	6,740,978	370,933	7,024,809
Infrastructure	-	4,864,816	-	37,384,653
Library materials	22,339,058	-	-	-
Accumulated depreciation	(21,624,433)	(34,462,386)	(538,418)	(15,984,688)
Total assets	6,531,467	162,885,094	257,888	48,317,475
 <u>LIABILITIES</u>				
Accounts payable	530,345	1,086,242	-	301,097
Accrued payroll and fringe benefits	135,419	175,916	-	73,714
Intergovernmental payable	-	-	-	-
Interest payable	-	217,716	-	35,925
Unearned revenue	18,528	16,385,998	141,857	4,690,008
Noncurrent liabilities:				
Due within one year	38,430	2,995,185	-	1,017,718
Due in more than one year	980,551	25,488,711	-	8,481,291
Total liabilities	1,701,273	45,329,768	141,857	14,599,753
 <u>NET ASSETS</u>				
Invested in capital assets, net of related debt	3,470,445	89,740,039	82,482	24,179,478
Restricted for:				
Debt service	-	11,989,189	-	1,779,184
Capital improvement program	-	4,158,155	-	-
Donors	27,310	-	-	-
Unrestricted	1,332,439	11,667,943	33,547	5,759,060
Total net assets	\$ 4,830,194	\$ 117,555,328	\$ 116,009	\$ 31,717,722

See notes to financial statements.

North Charleston District	St. Andrew's Parish Parks & Playground	St. John's Fire District	St. Paul's Fire District	Charleston County Volunteer Rescue Squad Dec. 31, 2010	Totals
\$ 518,747	\$ 591,487	\$ 1,131,645	\$ 945,718	\$ 414,893	\$ 40,928,260
-	-	3,008,777	72,403	-	3,079,180
922,236	1,050,637	9,946,392	4,193,107	-	37,304,419
8,495	54,758	245,743	98,002	-	609,333
-	-	-	-	-	623,812
-	18,355	107,669	59,792	21,162	439,229
-	-	28,068	46,727	-	254,673
-	40,000	-	-	-	40,000
-	-	80,684	1,298,846	-	6,518,837
71,068	519,000	316,723	858,873	87,679	75,953,794
-	-	-	426,028	-	2,165,713
-	-	-	-	-	11,000
481,541	5,410,487	5,779,768	1,971,832	311,781	60,956,988
-	-	-	-	34,747	19,120,570
890,381	1,356,769	8,030,221	3,783,669	1,928,042	32,870,424
-	-	-	-	-	42,249,469
-	-	-	-	-	22,339,056
(1,174,317)	(3,380,259)	(5,311,905)	(2,200,353)	(1,551,763)	(88,228,522)
1,718,151	5,661,232	23,361,785	11,258,844	1,248,521	259,236,235
-	42,992	154,183	96,909	3,707	2,215,475
-	62,424	88,051	102,927	-	638,451
16,681	2,864	-	-	-	19,645
-	1,197	117,482	27,885	-	400,005
918,810	1,143,822	9,731,976	3,818,810	50,000	35,879,609
-	215,769	1,149,146	434,157	-	5,848,404
-	393,400	5,302,560	3,133,018	-	43,779,531
935,491	1,862,567	16,543,398	7,613,306	53,707	88,781,120
268,673	3,371,912	3,175,242	2,828,899	-	127,117,150
-	256	248,313	374,677	-	14,391,619
-	-	-	85,119	-	4,243,274
-	-	-	-	-	27,310
513,987	426,497	3,394,632	354,643	1,192,814	24,676,762
\$ 782,660	\$ 3,798,665	\$ 6,818,387	\$ 3,643,338	\$ 1,192,814	\$ 170,455,115

COUNTY OF CHARLESTON, SOUTH CAROLINA
 COMBINING STATEMENT OF ACTIVITIES - DISCRETELY PRESENTED COMPONENT UNITS
 For the Year Ended June 30, 2011

Expense	Program Revenues			Net (Expense) Revenue and Changes in Net Assets										Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Charleston County Library	Charleston County PRC	Cooper River Park & Playground	James Island PFD	North Charleston District	St. Andrew's Parish Park & Playground	St. John's Fire District	St. Paul's Fire District	Charleston County Volunteer Rescue Squad Dec. 31, 2010		
Charleston County Library														
Governmental activities:														
Culture and recreation	\$ 14,188,288	\$ 881,819	\$ 14,188,287	\$ 37,888	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 37,888	
Charleston County PRC														
Governmental activities:														
General government	13,086,230	-	-	-	(2,375,586)	-	-	-	-	-	-	-	(2,375,586)	
Culture and recreation	3,031,886	806,883	-	-	(2,224,282)	-	-	-	-	-	-	-	(2,224,282)	
Planning and development	431,528	-	-	-	(431,528)	-	-	-	-	-	-	-	(431,528)	
Interest and fiscal charges	887,848	-	-	-	(887,848)	-	-	-	-	-	-	-	(887,848)	
Total governmental activities	17,437,492	806,883	-	-	(8,925,244)	-	-	-	-	-	-	-	(8,925,244)	
Business-type activities:														
Fair operations	13,313,728	12,888,947	-	-	(1,234,788)	-	-	-	-	-	-	-	(1,234,788)	
Total Charleston County PRC	30,751,220	12,888,947	-	-	(9,560,032)	-	-	-	-	-	-	-	(9,560,032)	
Cooper River Park & Playground														
Governmental activities:														
General government	13,815	-	-	-	-	(13,815)	-	-	-	-	-	-	(13,815)	
Culture and recreation	208,873	-	-	-	-	(208,873)	-	-	-	-	-	-	(208,873)	
Total governmental activities	222,688	-	-	-	-	(222,688)	-	-	-	-	-	-	(222,688)	
James Island PFD														
Governmental activities:														
General government	778,817	-	-	-	-	-	(778,817)	-	-	-	-	-	(778,817)	
Public safety	3,712,127	-	-	-	-	-	(3,712,127)	-	-	-	-	-	(3,712,127)	
Health and welfare	1,885,080	-	-	-	-	-	(1,885,080)	-	-	-	-	-	(1,885,080)	
Interest and fiscal charges	87,740	-	-	-	-	-	(87,740)	-	-	-	-	-	(87,740)	
Total governmental activities	6,463,764	-	-	-	-	-	(6,463,764)	-	-	-	-	-	(6,463,764)	
Business-type activities:														
Wastewater	4,819,888	4,887,283	-	-	-	-	167,413	-	-	-	-	-	887,413	
Total James Island PFD	11,283,652	4,887,283	-	-	-	-	(6,296,351)	-	-	-	-	-	(6,296,351)	
North Charleston District														
Governmental activities:														
General government	19,658	-	-	-	-	-	-	(19,658)	-	-	-	-	(19,658)	
Public safety	844,224	-	-	-	-	-	-	(844,224)	-	-	-	-	(844,224)	
Public works	345,898	-	-	-	-	-	-	(345,898)	-	-	-	-	(345,898)	
Total governmental activities	1,309,780	-	-	-	-	-	-	(1,309,780)	-	-	-	-	(1,309,780)	

See Notes to Financial Statements.

COUNTY OF CHARLESTON, SOUTH CAROLINA
 COMBINING STATEMENT OF ACTIVITIES - DISCRETELY PRESENTED COMPONENT UNITS
 For the Year Ended June 30, 2011

	Program Revenues			Net (Expense) Revenues and Changes in Net Assets										
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Charleston County Library	Charleston County PWC	Cooper River Park & Playground	Jones Island P&D	North Charleston District	St. Andrew's Parish Parks & Playground	St. John's Fire District	St. Paul's Fire District	Charleston County Volunteer Rescue Squad Dec. 31, 2010	Total
St. Andrew's Parish Parks & Playground Commission														
Governmental activities:														
General government	\$ 1,186,864	\$ -	\$ 3,182	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1,186,862)	\$ -	\$ -	\$ -	\$ (1,186,862)
Culture and recreation	552,796	481,350	-	-	-	-	-	-	-	(112,646)	-	-	-	(112,646)
Interest	6,827	-	-	-	-	-	-	-	-	(6,827)	-	-	-	(6,827)
Total governmental activities	1,746,487	481,350	3,182	-	-	-	-	-	-	(1,306,335)	-	-	-	(1,309,438)
Business-type activities:														
Family recreation	1,353,546	1,075,132	-	-	-	-	-	-	-	(278,514)	-	-	-	(278,514)
Total St. Andrew's Parish Parks & Playground Commission	3,000,033	1,556,482	3,182	-	-	-	-	-	-	(1,584,849)	-	-	-	(1,584,849)
St. John's Fire District														
Governmental activities:														
Public safety	10,326,086	-	-	64,808	-	-	-	-	-	-	(10,372,086)	-	-	(10,372,096)
St. Paul's Fire District														
Governmental activities:														
Public safety	5,028,679	-	-	426,679	-	-	-	-	-	-	-	(4,561,603)	-	(4,561,603)
Charleston County Volunteer Rescue Squad														
Governmental activities:														
Public Safety	442,836	-	287,283	-	-	-	-	-	-	-	-	-	(146,143)	(146,143)
Total Component Units	\$ 77,195,816	\$ 19,771,216	\$ 14,628,582	\$ 14,601,368										\$ (21,284,988)
General Revenues:														
Property taxes	-	-	-	-	18,214,821	164,812	6,375,376	1,811,283	1,882,818	18,288,226	4,424,211	-	-	39,664,144
Merchandise inventory tax and manufacturer's depreciation	-	-	-	-	809,872	22,874	26,628	211,814	287,788	18,708	13,742	-	-	1,101,628
Franchise fees	-	-	-	-	-	-	-	48,839	-	-	-	-	-	48,839
Grants not restricted to specific programs	-	-	2,102	-	-	-	-	-	-	-	-	-	-	2,102
Unrestricted investment earnings	688	-	48,981	-	-	-	38,922	2,888	-	8,878	2,688	2,917	-	62,844
Gains on sale of capital assets	-	-	-	-	-	-	5,281	-	-	-	184,888	26,288	-	196,458
Fundraising and donations	-	-	-	-	-	-	-	-	-	-	-	77,626	-	77,626
Miscellaneous	-	-	217,272	12	-	78,888	-	-	-	16,830	8,028	1,888	-	63,826
Total general revenues	688	18,794,620	228,888	6,828,428	1,370,888	1,588,374	16,412,286	4,888,441	111,218	11,712,286	4,888,441	111,218	1,888,428	41,888,328
Change in net assets	37,748	8,876,877	211	228,188	(38,188)	228,188	(38,188)	88,228	48,228	48,228	44,228	(84,228)	-	18,228,878
Net assets - Beginning, as restated	4,722,448	187,884,448	128,788	81,488,817	821,788	2,712,288	4,778,887	2,888,888	1,227,227	188,118,888	1,227,227	188,118,888	188,118,888	188,118,888
Net assets - end of year	\$ 4,830,196	\$ 196,761,325	\$ 128,999	\$ 81,716,999	\$ 783,600	\$ 2,940,476	\$ 4,640,699	\$ 2,937,116	\$ 1,375,455	\$ 188,307,006	\$ 1,375,455	\$ 188,307,006	\$ 188,307,006	\$ 197,047,766

See notes to financial statements.

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

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**COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Introduction

The financial statements of the County of Charleston (County) have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to governmental units. The County's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. Proprietary funds, governmental and business-type activities, and similar component units apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

The accounting and reporting framework and the more significant accounting principles and practices are discussed in subsequent sections of this Note. The remainders of the notes are organized to provide explanations, including required disclosures, of the County's financial activities for the fiscal year ended June 30, 2011.

B. Financial Reporting Entity

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

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

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

**COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

Component units are reported in the County's Comprehensive Annual Financial Report (CAFR) as shown in the following table:

Blended Component Units Reported with the Primary Government	Brief Description of Activities and Relationship to the County	Reporting Funds
<p>Charleston Public Facilities Corporation Administrative Office Address: 4045 Bridge View Drive Room 429 North Charleston, SC 29405 Telephone: (843) 958-4600</p> <p>Charleston Development Corporation Administrative Office Address: 4045 Bridge View Drive Suite B226 North Charleston, SC 29405 Telephone: (843) 958-4600</p>	<p>Single purpose corporate entity established on July 31, 1990, which is prohibited from engaging in any business other than to construct, own and lease facilities to be used for essential County functions in connection with the issuance of tax-exempt Certificates of Participation to finance such facilities. The Corporation is governed by a Board of Directors who is appointed to staggered terms by County Council. The Corporation exists solely for the benefit of Charleston County.</p> <p>Non-Profit Corporate entity established September 16, 2004, to further human, social, and economic development in the County of Charleston, to promote a healthier and safer community, and apply for funding that the County would otherwise not be eligible to receive. The Corporation is governed by a Board of Directors which shall consist of one member of Charleston County Council, two Charleston County employees and two Charleston County citizens. The Corporation exists solely for the benefit of Charleston County.</p>	<p>Debt Service Fund - Certificates of Participation Enterprise Fund - Parking Garages DAODAS</p> <p>Special Revenue Fund - Charleston Development Corporation</p>
<p><u>Discretely Presented Component Units</u></p> <p>Charleston County Library (CCL) Administrative Office Address: 68 Calhoun Street Charleston, SC 29401 Telephone: (843) 805-6801</p>	<p><u>Brief Description of Activities and Relationship to the County</u></p> <p>The Charleston County Library System was created by South Carolina Legislation in 1979 as part of Charleston County Government. Its primary purpose is to provide library services to the citizens of Charleston County and bookmobile services in the rural areas of the County. The Library operates under an 11 member Board of Trustees which is appointed by County Council. County Council approves the budget and all general obligation debt for the Library.</p>	

**COUNTY OF CHARLESTON, SOUTH CAROLINA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2011**

<u>Discretely Presented Component Units</u>	<u>Brief Description of Activities and Relationship to the County</u>
<p>Charleston County Park and Recreation Commission (CCPRC) Administrative Office Address: 881 Riverland Drive Charleston, SC 29412 Telephone: (843) 762-2172</p>	<p>The Commission was created under the provisions of Act 1595 of the South Carolina Legislature on August 3, 1972. The Commission is empowered to acquire land, establish recreational facilities, and provide recreational activities within Charleston County. The Commission is governed by a seven member board which is appointed by the Governor upon recommendation of the County Council. County Council approves the operating budget, levies taxes, and authorizes the issuance of all general obligation debt for the Commission.</p>
<p>Cooper River Park & Playground Commission (CRPPC) Administrative Office Address: PO Box 71846 N. Charleston, SC 29415 Telephone: (843) 747-0778</p>	<p>The Commission was created on April 27, 1942, under Act 640 of the South Carolina Legislature to provide parks and recreation facilities for use by citizens residing within the geographic boundaries of the Commission. The Commission is governed by a six member Board of Trustees appointed by the North Charleston District and the Cooper River School District. County Council approves the operating budget, levies taxes, and authorizes the issuance of all general obligation debt for the Commission.</p>
<p>North Charleston District (NCD) Administrative Office Address: P.O. Box 63009 Charleston, SC 29419 Telephone: (843) 764-3072</p>	<p>The District was created as a public service district in 1972 by Act 1768 of the South Carolina Legislature. The District provides fire, sanitation, street lighting, and cleaning services to the residents within its geographic boundaries. The District is governed by a nine member Commission appointed by the Governor through recommendations of the City of North Charleston and the Legislative Delegation. County Council approves the operating budget, levies taxes, and authorizes the issuance of all general obligation debt for the District.</p>
<p>James Island Public Service District (JIPSD) Administrative Office Address: P.O. Box 12140 Charleston, SC 29422 Telephone: (843) 795-9080</p>	<p>The District was created by Act 498 of the General Assembly of South Carolina in 1961. The District provides sanitation, fire protection, and sewer treatment services to the residents within its geographic boundaries. The District is governed by a seven member Commission elected by the residents of the service area. County Council approves the operating budget, levies taxes, and authorizes the issuance of all general obligation debt for the District.</p>

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<p>St. Andrew's Parish Parks & Playground Commission (SAPPPC) Administrative Office Address: P.O. Box 31825 Charleston, SC 29407 Telephone: (843) 763-4360</p>	<p>The Commission was created by the General Assembly of the State of South Carolina in 1945. The Commission has the power to create, develop, maintain, and operate a system of parks and playgrounds for the use and benefit of the residents within its jurisdictional area. The Commission is governed by five members appointed by the Governor upon recommendation of the County Council. County Council approves the operating budget, levies taxes, and authorizes the issuance of all general obligation debt for the Commission.</p>
<p>Discretely Presented Component Units</p> <p>St. John's Fire District (SJFD) Administrative Office Address: P.O. Box 56 Johns Island, SC 29457 Telephone: (843) 559-9194</p>	<p>Brief Description of Activities and Relationship to the County</p> <p>The Fire District was created by Act 369 of the South Carolina General Assembly on April 9, 1959. The Fire District provides fire protection services to residents within its geographic boundaries. The Fire District is governed by a seven member commission appointed by the Governor upon recommendation of the County Council. County Council approves the operating budget, levies taxes, and authorizes the issuance of all general obligation debt for the Fire District.</p>
<p>St. Paul's Fire District (SPFD) Administrative Office Address: P.O. Box 65 Hollywood, SC 29449 Telephone: (843) 889-8450</p>	<p>The Fire District was formed under Act 440 of the South Carolina General Assembly in 1949. The Fire District provides fire protection services to the western portion of the County. The Fire District is governed by a seven member commission appointed by the Governor upon recommendation of the County Council. County Council approves the operating budget, levies taxes, and authorizes the issuance of all general obligation debt for the Fire District.</p>
<p>Charleston County Volunteer Rescue Squad, Inc. (CCVRS) Administrative Office Address: P.O. 5012 North Charleston, SC 29906 Telephone: (843) 225-7728</p>	<p>The Rescue Squad received its Charter January 30, 1973, from the State of South Carolina. The primary purpose is to provide volunteer rescue services for the citizens of Charleston County. The rescue squad is exempt from federal and state income taxation under Section 501(c) (3) of the U.S. Internal Revenue Code and is not a private foundation. The rescue squad is economically dependent on the County.</p>

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

**COUNTY OF CHARLESTON, SOUTH CAROLINA
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C. Basis of Presentation

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

Government-Wide Financial Statements

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

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

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

Fund Financial Statements

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

**COUNTY OF CHARLESTON, SOUTH CAROLINA
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Fund Accounting

The major fund types are:

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

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

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

General Obligation Bond Capital Projects Fund - This fund accounts for financial resources to be used to complete several construction projects funded by bond issues. These include the Consolidated Dispatch Center, Detention Center expansion, and radio system improvements.

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

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

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

Environmental Management - This fund is used to account for the County's solid waste disposal activities, currently consisting of the following:

1. Incineration plant service agreement including ash disposal, which was terminated December 2009.
2. Landfill to dispose of incineration plant overflow and all county dry goods and construction materials.
3. Service contracts for hauling and transfer of municipal solid waste.

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

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

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

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Charleston County Council elected not to renew the service agreement with Montenay for the incinerator that ended November 30, 2009. The waste-to-energy facility has been dismantled according to the terms of the facility site lease removing all buildings and equipment improvements. Charleston County and Montenay are currently negotiating the final adjustment to the operation and maintenance fees according to the service agreement.

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

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

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

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

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

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

Employee Benefits - This fund is used to account for costs of providing health and life insurance to the County's employees and retirees. Funding is provided by a percentage charge against all departmental payrolls and payments from retirees. The fund is administered by seven trustees; the Finance Director and Human Resources Director as permanent members, the Chairman of the Employee Insurance Committee for the duration of term in office, and for two year periods, trustees appointed by the 1) Elected Officials, 2) Appointed Officials, 3) County Administrator and 4) Assistant Administrator of Finance. As of January 1, 1993, the Trustees had contracted with the South Carolina Department of Insurance to provide all of the County's health and life insurance.

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Fiduciary fund reporting focuses on net assets and changes in net assets. This fund accounts for assets held by the entity as an agent on behalf of others. Agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations. The County's only fiduciary funds are agency funds.

Agency Funds - This fund primarily consists of monies collected and disbursed by the County Treasurer (an elected, constitutionally mandated official) for various governmental units and taxing entities within Charleston County's borders as defined by South Carolina law. These monies are not under the control of Charleston County Council. This fund also consists of monies administered by several elected, appointed and other officials who, by nature of their position, collect and disburse cash. These officials consist of the Revenue Collections Director, Clerk of Court (who administers both Clerk of court and Family Court funds), Delinquent Tax Collector, Family Court, Magistrates, Master-In-Equity, Probate Court Judge, Sheriff, and Solicitor.

Component units are either legally separate organizations for which the elected officials of the County are financially accountable, or legally separate organizations for which the nature and significance of its relationship with the County is such that exclusion would cause the County's financial statements to be misleading or incomplete. Component unit disclosures represent a consolidation of various fund types.

D. Measurement Focus

Government-Wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the County are included on the statement of net assets.

Fund Financial Statements - All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

E. Basis of Accounting

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

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

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Revenues - Exchange and Non-Exchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the County, available means expected to be received within sixty days of fiscal year-end with respect to property taxes and one year after fiscal year-end for all other governmental revenues.

Non-exchange transactions, in which the County receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements in which the County must provide local resources to be used for a specified purpose, and expenditure requirements in which the resources are provided to the County on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: delinquent taxes collected within 60 days of fiscal year end, sales tax, grants, interest, accommodations fees, intergovernmental revenue, and charges for services.

Unearned/Deferred Revenue - Deferred and unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of December 31, 2010, but which were levied to finance fiscal year 2012 operations have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

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

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F. Assets, Liabilities and Equity

1. Cash and Investments

The County maintains and controls several major cash and investment pools which the funds of the primary government share. Each fund's portion of a pool is presented on its respective balance sheets as "pooled cash and cash equivalents." In addition, non-pooled cash and investments are separately held and reflected in the respective funds as "non-pooled cash and cash equivalents" and "investments," some of which are restricted assets.

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments. For purposes of the Proprietary Funds' statement of cash flows, all short-term highly liquid investments, including restricted assets, with original maturities of three months or less from the date of acquisition are considered to be cash equivalents.

South Carolina State law limits investments to those authorized by South Carolina Code of Laws Section 6-5-10. These state statutes authorize investments in the following:

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

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

2. Receivables and Payables

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

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

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

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

The County also charges an annual storm water fee to real property owners in unincorporated areas and certain municipalities. This fee funds the County's storm water management program, which is now required under federal regulations. An allowance for uncollectible accounts is established based upon historical estimates.

3. Inventories and Prepaid Items

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

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

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

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4. Restricted Assets

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

5. Capital Assets

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No interest was capitalized for the year ended June 30, 2011.

All reported capital assets except land and certain infrastructure assets are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the County's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	45
Buildings Improvements	10 - 45
Improvements other than buildings	10 - 45
Public Domain Infrastructure	20 - 50
Vehicles	5
Office Equipment	5 - 10
Computer Equipment	3 - 5
Other Equipment	5 - 12
Landfill Land	10 - 20
Sewer Systems	25 - 50

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6. Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. Deferred refunding costs represent the difference between the reacquisition price and the net carrying value of the refunded debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

7. Compensated Absences

It is the County's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the County does not have a policy to pay any amounts when employees separate from service with the County. All vacation pay is recorded when accrued by the employee in the government-wide statements. A liability for these amounts is reported in governmental funds only if they have matured; for example, as a result of the employee resignations and retirements.

8. Fund Equity

Government-Wide Statements

Equity is classified as net assets and displayed in three components:

1. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted net assets – Consists of net assets with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of the other governments; or (2) law through constitutional provisions or enabling legislation.
3. Unrestricted net assets – All other net assets that do not meet the definition of "invested in capital assets, net of related debt" or "restricted."

Fund Statements

The County has adopted GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions (required implementation date of June 2011). This Statement establishes criteria for classifying governmental fund balances into specifically defined classifications. Classifications are hierarchical and are based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in the funds may be spent. Application of the Statement

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requires the County to classify and report amounts in the appropriate fund balance classifications. The County's accounting and finance policies are used to interpret the nature and/or requirements of the funds and their corresponding assignment of restricted, committed, assigned, or unassigned. Fund balances are classified as follows:

Nonspendable – Amounts that cannot be spent either because they are not in a spendable form, such as inventory or prepaid insurance, or because they are legally or contractually required to be maintained intact – such as a trust.

Restricted – Amounts that can be spent only for specific purposes because of County ordinances, state or federal laws, or externally imposed conditions by grantors or creditors – such as a millage adopted to pay the County's debt.

Committed – Amounts constrained to specific purposes by the County itself, using its highest level of decision-making authority (i.e., County Council). To be reported as committed, amounts cannot be used for any other purpose unless County Council takes the same highest level action to remove or change the constraint.

Assigned – Amounts the County intends to use for a specific purpose. Intent can be expressed by an official or body to which County Council delegates the authority.

Unassigned – All amounts not included in other spendable classifications.

The County permits funds to be expended in the following order: Committed, Assigned, and Unassigned.

9. Accounting Estimates

The preparation of financial statements in accordance with GAAP requires the County's management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

10. Net Assets

Net Assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors, laws, or regulations of other governments.

The County applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. As of June 30, 2011, \$22,251,532 of net assets is restricted by enabling legislation.

11. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the County, these revenues are charges for services for solid waste disposal, recycling, parking garages, E-911 communication system, radio communication system, revenue

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collections, and the activity of the programs administered by the Department of Alcohol and Other Drug Abuse Services (DAODAS), vehicle maintenance, telephone service, and insurance programs. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the fund.

12. Interfund Activity

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

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

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

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

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

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

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

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

**COUNTY OF CHARLESTON, SOUTH CAROLINA
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B. Restatement of Prior Year Fund Equities

During the fiscal year ended June 30, 2011, two of the County's component units made adjustments that resulted in a restatement of beginning net assets.

	<u>Component Units</u>	
	<u>CCL</u>	<u>NCD</u>
Net assets, July 1, 2010	\$ 4,639,221	\$ 834,376
Restatements:		
Capital assets	-	(46,668)
Accumulated depreciation	<u>153,224</u>	<u>34,058</u>
Net assets, July 1, 2010 (as restated)	<u>\$ 4,792,445</u>	<u>\$ 821,766</u>

III. DETAILED NOTES ON ALL FUNDS

A. Cash Deposits, Cash Equivalents and Investments

Custodial Credit Risk - Deposits

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

As of June 30, 2011, none of the County's bank balance of \$196,671,505 was exposed to custodial credit risk.

Custodial Credit Risk - Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of June 30, 2011, the County had no exposed custodial credit risk on its investments which total \$174,729,757. \$142,089,352 is reported on the Statement of Net Assets and \$32,640,405 is reported with Agency Funds. The County does not have a formal investment policy to address custodial credit risk.

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

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

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

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

Credit Risk

The County had \$46,362,714 invested in the South Carolina Local Government Investment Pool (SCLGIP). \$12,295,000 has been invested in certificates of deposits and therefore by definition is not subject to credit risk. \$16,451,938 has been invested in debt securities of the Federal Home Loan Mortgage Discount Note, \$15,000,000 has been invested in debt securities of the Federal Home Loan Bank Discount Note and \$84,620,104 has been invested in Federal National Mortgage Assistance Pool. They are rated AAA and Aaa for long-term unsecured debt by Standards & Poor's and Moodys, respectively. The County has no formal policy relating to the credit risk of investments.

Investment Policy

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

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

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

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

The County's investments have a fair value of \$174,729,757 as of June 30, 2011.

	<u>Maturity Date</u>		
	<u>Less than 1 year</u>	<u>1 – 5 years</u>	<u>Over 5 years</u>
Investments and Maturity:			
Certificates of Deposits	\$ 12,295,000	\$ -	\$ -
SCLGIP	46,362,715	-	-
Federal Home Loan Mortgage Discount Note	1,451,938	15,000,000	-
Federal Home Loan Bank Discount Note	-	15,000,000	-
Federal National Mortgage Assistance Pool	<u>58,883,104</u>	15,737,000	10,000,000
	<u>\$ 118,992,757</u>	<u>\$ 45,737,000</u>	<u>\$ 10,000,000</u>

Concentrations of Credit Risk

More than 5 percent of the County's investments are listed as follows:

Certificates of Deposits	7.04%
SCLGIP	28.53%
Federal Home Loan Mortgage Discount Note	9.42%
Federal Home Loan Bank Discount Note	8.58%
Federal National Mortgage Assistance Pool	<u>48.43%</u>
	100.00%

Component Units

Cash Deposits, Cash Equivalents and Investments

Interest Rate Risk

The Component Units have no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
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Custodial Credit Risk

As of June 30, 2011, the Charleston County Park and Recreation Commission's total bank balance was \$30,959,264. Of this amount, \$29,501,229 was insured under FDIC or collateralized by government investments held by the pledging financial institution's trust department or agent in the Commission's name. The uncollateralized balance of \$1,458,035 resulted from a timing difference of accounts collateralized in excess of FDIC. As of the date of the audit opinion letter, all deposits of the Commission were properly collateralized.

Credit Risk

None of the component unit's deposits or investments were subject to credit risk.

Concentrations of Credit Risk

The component units have no formal policies that limit the amounts that may be invested in any one issuer.

Custodial Credit Risk-Investments

None of the component units have a formal investment policy for managing custodial credit risk. As of June 30, 2011, St. Paul's Fire District had \$72,403, James Island Public Service District had \$117,474 and St. John's Fire District had \$3,006,777 invested in the State Treasurer's Local Government Investment Pool.

Concentration of Risk

The Library and St Paul's Fire District have no limit on the amount they may invest in any one issuer. The remaining component units have no formal investment policy that would limit its investment choices. None of the component units have more than 5 percent of their investments in any one issuer.

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

Cash on hand – primary government	\$ 24,098
Cash on hand – component units	52,848
Carrying amount of deposits - primary government	196,522,407
Carrying amount of deposits - component units	47,394,249
Carrying amount of investments - primary government	174,729,757
Carrying amount of investments – component units	3,079,180
Cash with fiscal agent – primary government	<u>125,000</u>
Total carrying amount of cash and investments	<u>\$ 421,927,539</u>
Non-pooled cash and cash equivalents	\$ 78,293,379
Pooled cash and cash equivalents	104,921,959
Restricted cash and cash equivalents	60,778,264
Pooled investments	170,063,806
Non-pooled investments	7,745,131
Cash with fiscal agent	<u>125,000</u>
Total carrying amount of cash and investments	<u>\$ 421,927,539</u>

**COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

B. Receivables

Receivables as of June 30, 2011, including the applicable allowances for uncollectible accounts, are as follows:

	<u>Governmental Funds</u>			
Primary government:	<u>General</u>	<u>Debt Service</u>	<u>Transportation Special Revenue Fund</u>	<u>Non-major Governmental Funds</u>
Receivables:				
Current property taxes	\$ 114,655,829	\$ 18,824,091	\$ -	\$ 7,463,028
Delinquent property taxes	3,729,523	821,163	-	372,611
Accounts	12,082,335	-	36,175	856,000
Intergovernmental	15,580,086	-	17,456,159	6,194,870
Notes	-	-	-	106,729
Gross receivables	<u>146,047,773</u>	<u>19,645,254</u>	<u>17,492,334</u>	<u>14,993,238</u>
Less allowance for uncollectibles:				
Current property taxes	8,764,694	1,063,561	-	496,159
Delinquent property taxes	976,561	212,241	-	95,283
Accounts	9,132,707	-	-	175,697
Notes	-	-	-	106,729
Gross allowance	<u>16,873,962</u>	<u>1,275,802</u>	<u>-</u>	<u>873,868</u>
Net total receivable	<u>\$ 129,173,811</u>	<u>\$ 18,369,452</u>	<u>\$ 17,492,334</u>	<u>\$ 14,119,370</u>

	<u>Proprietary</u>		<u>Totals</u>
	<u>Business-type Activities</u>	<u>Governmental Activities- Internal Service Funds</u>	<u>Primary Government</u>
Receivables:			
Current property taxes	\$ -	\$ -	\$ 140,942,948
Delinquent property taxes	-	-	4,923,297
Accounts	26,259,865	129,354	39,363,729
Intergovernmental	1,023,424	122,103	40,376,642
Notes	-	-	106,729
Interest	6,581	-	6,581
Gross receivables	<u>27,289,870</u>	<u>251,457</u>	<u>225,719,926</u>
Less allowance for uncollectibles:			
Current property taxes	-	-	8,324,414
Delinquent property taxes	-	-	1,284,085
Accounts	5,321,460	-	14,629,864
Notes	-	-	106,729
Gross allowance	<u>5,321,460</u>	<u>-</u>	<u>24,345,092</u>
Net total receivable	<u>\$ 21,968,410</u>	<u>\$ 251,457</u>	<u>\$ 201,374,834</u>

**COUNTY OF CHARLESTON, SOUTH CAROLINA
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Component Units:	<u>CCL</u>	<u>CCPRC</u>	<u>CRPPC</u>	<u>JIPSD</u>	<u>NCD</u>
Receivables:					
Current property taxes	\$ -	\$ 15,579,174	\$ 151,202	\$ 4,991,908	\$ 978,788
Delinquent property taxes	-	689,678	12,470	270,611	29,428
Accounts	87,641	153,703	-	268,194	-
Intergovernmental	403	<u>281,200</u>	<u>10,703</u>	<u>22,072</u>	-
Gross receivables	<u>88,044</u>	<u>16,703,755</u>	<u>174,375</u>	<u>5,552,785</u>	<u>1,008,214</u>
Less allowance for uncollectible:					
Current property taxes	-	880,223	9,345	301,511	67,830
Delinquent property taxes	-	74,867	4,477	16,489	18,148
Accounts	-	-	-	<u>40,000</u>	-
Gross allowance	-	<u>955,090</u>	<u>13,822</u>	<u>358,000</u>	<u>85,978</u>
Net total receivable	<u>\$ 88,044</u>	<u>\$ 15,748,665</u>	<u>\$ 160,553</u>	<u>\$ 5,194,785</u>	<u>\$ 922,236</u>

	<u>SAPPPC</u>	<u>SJFD</u>	<u>SPFD</u>	<u>Total Component Units</u>
Receivables:				
Current property taxes	\$ 1,070,500	\$ 10,097,508	\$ 4,231,147	\$ 37,100,225
Delinquent property taxes	65,537	250,973	366,717	1,685,412
Accounts	-	14,112	537	524,187
Intergovernmental	-	-	<u>130,374</u>	<u>444,752</u>
Gross receivables	<u>1,136,037</u>	<u>10,362,591</u>	<u>4,728,775</u>	<u>39,754,576</u>
Less allowance for uncollectible:				
Current property taxes	70,974	365,530	412,537	2,107,950
Delinquent property taxes	14,426	50,669	123,131	302,207
Accounts	-	-	-	<u>40,000</u>
Gross allowance	<u>85,400</u>	<u>416,199</u>	<u>535,668</u>	<u>2,450,157</u>
Net total receivable	<u>\$ 1,050,637</u>	<u>\$ 9,946,392</u>	<u>\$ 4,193,107</u>	<u>\$ 37,304,419</u>

**COUNTY OF CHARLESTON, SOUTH CAROLINA
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During April 1999, the County's Fleet Management Internal Service Fund has financed \$791,600 of its share of the new heavy equipment repair facility through a loan from the Environmental Management Enterprise Fund. The loan is payable in semi-annual installments of \$40,000 with interest at 6.08 percent per annum. The note matures on January 1, 2014. This note is presented as note receivable-internal balances on the statement of Net Assets for the Business-type activities.

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

The following reflects the future minimum payments receivable at June 30, 2011, under these notes receivable:

<u>Year Ending June 30</u>	<u>Business-type Activities</u>
2012	\$ 80,001
2013	80,001
2014	<u>80,001</u>
Total minimum note payments	240,003
Less amount representing interest	(23,607)
Present value of minimum note payments	216,396
Less current portion	(67,856)
Long-term portion	<u>\$148,540</u>

During March 2010, the County entered into an agreement with the City of Charleston where the County is to provide digital radio system and services for the City's police and fire services at an initial cost of \$1,431,217 for equipment. The County did not complete the 800 megahertz (MHZ) upgrade until August 2010, at which point the City of Charleston owed the County the first of four payments of \$375,207.

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2012	\$ 375,207
2013	375,207
2014	<u>375,207</u>
Total minimum note payments	1,125,621
Less amount representing interest	(57,054)
Present value of minimum note payments	1,068,567
Less current portion	(346,926)
Long-term portion	<u>\$ 721,641</u>

**COUNTY OF CHARLESTON, SOUTH CAROLINA
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C. Capital Assets

Primary government capital asset activity for the year ended June 30, 2011, was as follows:

Governmental Activities:	<u>Balance July 1, 2010</u>	<u>Transfers/ Additions</u>	<u>Transfers/ Deletions</u>	<u>Balance June 30, 2011</u>
Capital assets not being depreciated:				
Land	\$ 16,807,789	\$ -	\$ (103,547)	\$ 16,704,242
Construction in progress	3,121,481	9,444,723	(301,833)	12,264,371
Infrastructure-easements, land	8,560,117	27,739	(30,481)	8,557,395
Total capital assets not being depreciated	<u>28,489,387</u>	<u>9,472,462</u>	<u>(435,841)</u>	<u>37,526,008</u>
Capital assets being depreciated:				
Buildings	303,183,365	-	-	303,183,365
Improvements other than buildings	2,166,637	-	-	2,166,637
Machinery and equipment	82,278,993	5,138,939	(3,312,681)	84,105,251
Infrastructure	36,405,965	1,522,373	(50,916)	37,877,422
Total capital assets being depreciated	<u>424,034,960</u>	<u>6,661,312</u>	<u>(3,363,597)</u>	<u>427,332,675</u>
Less accumulated depreciation:				
Buildings	(59,907,326)	(7,019,374)	-	(66,926,700)
Improvements other than buildings	(1,386,825)	(47,310)	-	(1,434,135)
Machinery and equipment	(54,738,934)	(6,546,519)	2,887,900	(58,397,553)
Infrastructure	(29,583,913)	(1,668,040)	39,500	(31,212,453)
Total accumulated depreciation	<u>(145,616,998)</u>	<u>(15,281,243)</u>	<u>2,927,400</u>	<u>(157,970,841)</u>
Total capital assets being depreciated, net	<u>278,417,962</u>	<u>(8,619,931)</u>	<u>(436,197)</u>	<u>269,361,834</u>
Governmental activities, Total capital assets, net	<u>\$ 306,907,349</u>	<u>\$ 852,531</u>	<u>\$ (872,038)</u>	<u>\$ 306,887,842</u>

**COUNTY OF CHARLESTON, SOUTH CAROLINA
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	<u>Balance as July 1, 2010</u>	<u>Transfers/ Additions</u>	<u>Transfers/ Deletions</u>	<u>Balance June 30, 2011</u>
Business-type Activities				
Capital assets not being depreciated:				
Land	\$ 3,950,930	\$ -	\$ -	\$ 3,950,930
Construction in progress	<u>16,329,363</u>	<u>1,079,283</u>	<u>(15,966,135)</u>	<u>1,442,511</u>
Total capital assets not being depreciated	<u>20,280,293</u>	<u>1,079,283</u>	<u>(15,966,135)</u>	<u>5,393,441</u>
Capital assets being depreciated:				
Buildings	24,933,128	134,930	-	25,068,058
Improvements other than buildings	816,500	15,983,204	-	16,799,704
Machinery and equipment	<u>17,266,453</u>	<u>1,359,063</u>	<u>(339,213)</u>	<u>18,286,303</u>
Total capital assets being depreciated	<u>43,016,081</u>	<u>17,477,197</u>	<u>(339,213)</u>	<u>60,154,065</u>
Less accumulated depreciation:				
Buildings	(8,055,000)	(562,040)	-	(8,617,040)
Improvements other than buildings	(562,854)	(848,031)	-	(1,410,885)
Machinery and equipment	<u>(10,396,253)</u>	<u>(1,711,315)</u>	<u>309,030</u>	<u>(11,798,538)</u>
Total accumulated depreciation	<u>(19,014,107)</u>	<u>(3,121,386)</u>	<u>309,030</u>	<u>(21,826,463)</u>
Total capital assets being depreciated, net				
Business-type activities	<u>24,001,974</u>	<u>14,355,811</u>	<u>(30,183)</u>	<u>38,327,602</u>
Total capital assets, net	<u>\$ 44,282,267</u>	<u>\$ 15,435,094</u>	<u>\$ (15,996,318)</u>	<u>\$ 43,721,043</u>

**COUNTY OF CHARLESTON, SOUTH CAROLINA
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Depreciation expense was charged to functions of the primary government as follows:

Governmental Activities:	
General government	\$ 7,470,339
Public safety	3,859,311
Judicial	1,409,988
Public works	1,772,596
Health and welfare	143,567
Economic Development	9,331
Culture and recreation	<u>616,111</u>
Total	<u>\$ 15,281,243</u>
 Business-type Activities:	
Environmental Management	\$ 2,332,018
Parking Garages	304,531
DAODAS	246,801
E-911 Communications	195,015
Radio Communications	<u>43,021</u>
Total	<u>\$ 3,121,386</u>

Component Units:

Capital assets not being depreciated:	Balance (as restated) July 1, 2010	Additions	Deletions	Balance June 30, 2011
Land	\$ 59,668,219	\$ 16,285,575	\$ -	\$ 75,953,794
Artwork	11,000	-	-	11,000
Construction in progress	<u>2,676,074</u>	<u>2,674,634</u>	<u>(3,184,995)</u>	<u>2,165,713</u>
Total capital assets not being depreciated	<u>62,355,293</u>	<u>18,960,209</u>	<u>(3,184,995)</u>	<u>78,130,507</u>
 Capital assets being depreciated:				
Buildings	59,840,286	1,215,553	(98,851)	60,956,988
Improvements other than buildings	19,610,895	82,250	(572,575)	19,120,570
Machinery and equipment	30,454,175	4,462,391	(2,046,142)	32,870,424
Infrastructure	40,534,885	1,792,217	(77,433)	42,249,469
Library materials	<u>22,652,457</u>	<u>1,684,164</u>	<u>(1,997,585)</u>	<u>22,339,056</u>
Total capital assets being depreciated	<u>173,092,498</u>	<u>9,236,575</u>	<u>(4,792,566)</u>	<u>177,536,507</u>
Less accumulated depreciation	<u>(82,616,457)</u>	<u>(7,660,810)</u>	<u>4,048,745</u>	<u>(86,228,522)</u>
Total capital assets being depreciated, net	<u>90,476,041</u>	<u>1,575,765</u>	<u>(743,821)</u>	<u>91,307,985</u>
Component units				
Total capital assets, net	<u>\$ 152,831,334</u>	<u>\$ 20,535,974</u>	<u>\$ (3,928,816)</u>	<u>\$ 169,438,492</u>

**COUNTY OF CHARLESTON, SOUTH CAROLINA
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Depreciation expense was charged to functions of the component units as follows:

General government	\$ 2,526,898
Public safety	1,471,424
Culture and recreation	2,793,991
Health and welfare	94,047
Waste water	<u>774,450</u>
 Total	 <u>\$ 7,660,810</u>

Construction in progress in the Governmental Activities as of June 30, 2011, is composed of the following:

Primary government:	Project <u>Authorization</u>	Expended to <u>June 30, 2011</u>	Commitments <u>Outstanding</u>	Required Future <u>Financing</u>
Consolidated Dispatch Center	\$ 26,870,000	\$ 1,631,032	\$13,766,976	General obligation bonds
Property Tax Software	2,000,000	1,085,616	895,296	None
Law Enforcement Software	1,500,000	1,052,969	413,076	None
Cartograph Work order System	150,319	174,067	1,053	None
Detention Center Expansion	3,431,828	2,805,920	106,253	None
SCE&G Building	12,500,000	34,986	-	General obligation bonds
Senior Citizens Center	556,752	277,727	131,524	General obligation bonds
PSB Cooling Tower	395,000	248,921	142,287	None
Pictometry Change Analysis	52,480	13,115	39,345	None
Radio System	<u>12,100,000</u>	<u>4,940,018</u>	<u>6,274,025</u>	General obligation bonds
Total primary government	<u>\$ 59,556,159</u>	<u>\$ 12,284,371</u>	<u>\$ 21,769,835</u>	

Commitments outstanding represent signed contracts and outstanding encumbrances of the County. As of June 30, 2011, the County has assets under capital lease with a total cost of \$7,387,329 and a net book value of \$2,910,051. The assets are computer equipment depreciated over a three to five year period, copier equipment depreciated over a five year period and two firefighting vehicles depreciated over an eight year period included in the County's machinery and equipment capital asset category. Also included is a capital lease for the Lee Building which is being depreciated over a 45 year period. This asset is included in the buildings capital asset category.

**COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

Construction in progress as of June 30, 2011, in the Business-type activities is composed of the following:

Primary government:	Project Authorization	Expended to June 30, 2011	Commitments Outstanding	Required Future Financing
Parking Garages Renovations	\$ 5,659,744	\$ 1,414,156	\$ 1,144,919	None
Environmental Management Lined Landfill	<u>142,915</u>	<u>28,355</u>	<u>114,560</u>	None
Total primary government	<u>\$ 5,802,659</u>	<u>\$ 1,442,511</u>	<u>\$ 1,259,479</u>	
 Component Unit:				
CCPRC				
Hwy 171 property	\$ -	\$ 5,750	\$ -	None
Wannamaker Phase III	440,000	110,785	-	None
W.O. Thomas Boat landing	28,000	11,880	-	None
McLeod Plantation	700,000	198,985	111,946	None
Manager's residence	185,000	1,084	-	None
West Ashley Phase I	200,000	92,931	88,654	None
Palmetto Islands bulkheads	40,000	15,215	3,145	None
James Island fishing dock	15,000	4,850	-	None
East Arctic property	-	<u>14,466</u>	-	None
Total CCPRC	<u>1,808,000</u>	<u>455,746</u>	<u>203,745</u>	
 JIPSD				
Waste water upgrade	<u>1,991,684</u>	<u>1,281,939</u>	<u>709,745</u>	Impact fees & Revenue Bonds
Total JIPSD	<u>1,991,684</u>	<u>1,281,939</u>	<u>709,745</u>	
 SPFD				
Station 1	1,652,979	39,510	643,000	None
Station 7	2,478,757	358,518	1,180,994	None
Cascade system	<u>122,411</u>	<u>30,000</u>	<u>92,000</u>	None
Total SPFD	<u>4,254,147</u>	<u>428,028</u>	<u>1,915,994</u>	
 Total Component Units	 <u>\$ 7,853,831</u>	 <u>\$ 2,165,713</u>	 <u>\$ 2,829,484</u>	

**COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

D. Interfund Receivables and Payables

The composition of primary government Interfund balances at June 30, 2011, is as follows:

	Receivable Fund	Payable Fund
Major governmental funds: General Fund	\$ 2,520,574	\$ 843,974
Non-major governmental funds	-	1,306,524
Major enterprise funds: Environmental Management	-	1,214,050
Internal service funds	643,974	-
Total	\$ 3,164,548	\$ 3,164,548

Interfund activity relates to funding from the County's General Fund related to County policies for cash flow and operating cash levels of governmental funds, and are expected to be collected within one year.

E. Interfund Transfers

A summary of transfers is as follows:

	Transfer In	Transfer Out
Major governmental funds:		
General Fund	\$ 885,872	\$ (17,470,734)
Debt Service Fund	5,058,750	(1,007,157)
Transportation and Road Sales Tax	39,745,966	(42,745,966)
G.O.B. Capital Projects	8,811,738	-
Non-major governmental funds	15,024,823	(15,250,255)
Major business-type activities:		
Environmental Management	6,499	-
Parking Garage	-	(2,019,998)
Non-major business-type activities	4,335,602	-
Internal Service Funds	4,890,808	(265,948)
Total	\$ 78,760,058	\$ (78,760,058)

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

F. Leases

Operating Leases

In March 2008 the Charleston County Library entered into a new lease agreement for copiers. The lease agreement is for a sixty-month period commencing January 2008, with a minimum monthly charge of \$12,450, for a total minimum commitment of \$747,000 over the term of the lease. In addition to this lease the Library holds other verbal agreements with various parties for the rental of Library branches. These leases run on a month-to-month basis and are cancelable by either party. Rental expense associated with the copier and facilities leases for the year ended June 30, 2011, is \$194,845.

**COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

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

Year Ending June 30	CCL
2012	\$ 149,400
2013	74,700
	<u>\$ 224,100</u>

G. Landfill Closure and Post-Closure Cost

State and federal laws and regulations require the County to place a final cover on its Romney Street and Bees Ferry landfill sites when they stop accepting waste and to perform certain maintenance and monitoring functions at the sites for 30 years after closure. Although closure and post closure care costs will be paid only near or after the date that the landfills stop accepting waste, the County reports a portion of these closure and post closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$4,947,000 reported as the accrual for landfill closure and post-closure at June 30, 2011, represents the estimated remaining cost reported of \$22,542,000 less \$17,595,000 deferred to date based on the following information:

<u>Landfill Site</u>	Percentage Of Capacity Used	Estimated Costs Recognized			Balance To Be Recognized
		Closure	Postclosure	Total	
Romney Street	100%	\$ 5,244,478	\$ 514,200	\$ 5,758,678	\$ -
Bees Ferry:					
Ash storage facility	100%	929,018	311,500	1,240,518	-
68 acres	100%	6,038,809	-	6,038,809	-
54 acres	100%	6,190,000	3,537,000	9,727,000	-
Bees Ferry lined landfill	12%	1,772,811	817,189	2,390,000	17,540,000
Bees Ferry C&D landfill	97%	<u>1,200,000</u>	<u>593,000</u>	<u>1,793,000</u>	<u>55,000</u>
Totals		<u>\$21,375,116</u>	<u>\$ 5,572,889</u>	<u>\$ 26,948,005</u>	<u>\$ 17,595,000</u>

These amounts are based on what it would cost to perform all closure and post closure care in fiscal year 2011. The County began to close the Landfills in 1994. Actual cost may be higher due to inflation, changes in technology or changes in regulations. The County anticipates that available resources will be the primary source of funds to pay the cost of closure.

The County has issued under separate cover, a certification signed by its Assistant Administrator for Finance stating compliance with final Environmental Protection Agency regulations regarding financial assurance for operators of Municipal Solid Waste Landfill Facilities, including a required statement from our independent auditors. The computations required under these regulations are included in page 207 in the statistical section of this report.

**COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

H. Short-term Debt

The County had no short-term borrowings during the fiscal year. Some of the County's component units use short-term tax anticipation notes or lines of credit to finance general operating expenditures during the fiscal year ended June 30, 2011. The activity in short-term debt for the fiscal year is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
SAPPPC	\$ -	\$ 300,000	\$ 300,000	\$ -
SPFD	-	1,000,000	1,000,000	-
	<u>\$ -</u>	<u>\$ 1,300,000</u>	<u>\$ 1,300,000</u>	<u>\$ -</u>

I. Long-term Debt

The following is a summary of debt transactions for the County for the year ended June 30, 2011.

Primary Government:	Balance July 1, 2010	Increase	Decrease	Balance June 30, 2011	Amounts Due in One Year
Governmental activities					
General obligation bonds	\$406,590,609	\$ -	\$ 11,633,400	\$ 394,957,209	\$ 13,780,839
Certificates of participation	41,756,721	-	6,511,151	35,245,570	3,663,071
Intergovernmental note payable	33,151,722	-	1,100,406	32,051,316	1,163,460
Capital lease payable	3,070,072	716,113	975,752	2,810,433	1,067,376
Compensated absences	9,994,780	333,613	424,221	9,904,172	424,221
OPEB	10,938,993	2,894,433	-	13,833,426	-
Total	<u>\$505,502,897</u>	<u>\$ 3,944,159</u>	<u>\$ 20,644,930</u>	<u>\$ 488,802,126</u>	<u>\$ 20,098,967</u>
Business-type activities					
Certificates of participation	\$ 7,421,883	\$ -	\$ 1,169,627	\$ 6,252,256	\$ 642,714
Revenue bonds	6,374,140	-	1,530,467	4,843,673	1,611,385
Accrual for landfill closure	4,650,000	297,000	-	4,947,000	297,000
Compensated absences	1,199,413	68,023	221,640	1,045,796	202,245
Total	<u>\$ 19,645,436</u>	<u>\$ 365,023</u>	<u>\$ 2,921,734</u>	<u>\$ 17,088,725</u>	<u>\$ 2,753,344</u>

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

**COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

General Obligation Bonds. The County and its component units issue General Obligation Bonds to provide funds for the acquisition and construction of major capital facilities. General Obligation Bonds have been issued for both general government and proprietary activities. These bonds are reported in the proprietary funds if they are expected to be repaid from proprietary fund revenues. All other obligations are reported in the Governmental activities. General Obligation Bonds are direct obligations and pledge the full faith and credit of the County.

Primary government General Obligation Bonds payable at June 30, 2011, is comprised of the following:

<u>Issue Date</u>	<u>Title of Issues</u>	<u>Principal Amount</u>	
		<u>Original</u>	<u>Outstanding</u>
April 2, 2004	General Obligation Refunding Bonds, Series 2004, 2.00 percent to 4.00 percent interest, semi-annual principal and interest payments beginning in 2004, matures 2021, the first principal payment was due in fiscal year 2005.	\$ 63,740,000	\$ 38,530,000
May 2, 2006	General Obligation Transportation Sales Tax Bonds, Series 2006 (referendum) 4.00 percent to 5.00 percent interest, semi-annual interest payments beginning in November 2006, matures 2027; the first annual principal payment was due in fiscal year 2008.	85,000,000	58,860,000
December 5, 2007	General Obligation Bonds, Series 2007, 4.30 percent to 5.0 percent interest, semi-annual interest payments beginning in May 2008, matures 2028; the first annual principal payment is due in fiscal year 2010.	75,000,000	72,460,000
December 5, 2007	General Obligation Transportation Sales Tax Bonds, Series 2007 (referendum), 4.00 percent to 5.25 percent interest, semi-annual interest payments beginning in May 2008, matures 2027; the first annual principal payment is due in fiscal year 2010.	150,000,000	145,250,000
August 1, 2009	General Obligation Capital Improvement Bonds of 2009, Series A, 3.00 percent to 5.50 percent interest, annual principal payment beginning in fiscal year 2012, semi-annual interest payments beginning in fiscal year 2010, matures in fiscal year 2029.	50,000,000	50,000,000
August 1, 2009	General Obligation Refunding Bonds of 2009, Series B, 1.25 percent to 3.25 percent interest, annual principal payments beginning in fiscal year 2011, semi-annual interest payments beginning in fiscal year 2010, matures in fiscal year 2021.	20,775,000	17,835,000
Subtotal		\$ 424,515,000	380,935,000
Less: Deferred refunding cost			(1,933,150)
Add: Premium			15,955,359
General obligation debt per statement of net assets			394,957,209
Less current portion, including deferred refunding cost and premium			(13,780,839)
Long-term portion outstanding			\$ 381,176,370

**COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

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

Primary government Certificates of Participation payable at June 30, 2011, is comprised of the following:

<u>Issue Date</u>	<u>Title of Issues</u>	<u>Principal Amount</u>	
		<u>Original</u>	<u>Outstanding</u>
May 1, 2004	Certificates of Participation, Series 2004, Charleston Public Facilities Corporation, 2.00 percent to 5.00 percent interest, semi-annual principal and interest payments beginning in 2004, matures 2016.	\$ 44,160,000	\$ 23,715,000
March 3, 2005	Certificates of Participation, Series 2005, Charleston Public Facilities Corporation, 5.00 percent to 5.125 percent interest, semi-annual interest payments beginning in 2005, annual principal payments beginning in 2011, matures 2019.	<u>19,945,000</u>	<u>18,010,000</u>
Subtotal		<u>\$ 64,105,000</u>	41,725,000
Less: Deferred refunding cost			(1,475,276)
Add: Premium			<u>1,248,102</u>
Certificate of participation debt per statement of net assets			41,497,826
Less current portion, including deferred refunding cost and premium			<u>(4,305,785)</u>
Long-term portion outstanding			<u>\$ 37,192,041</u>

**COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

Revenue Bonds. The County issued \$22,570,000 Solid Waste User Fee Revenue Bonds on October 12, 1994. Proceeds of this issue were to be used to reimburse the County for the acquisition of equipment previously financed through a \$9.5 million bond anticipation note; finance construction costs related to closure of the Romney Street and Bees Ferry landfills; fund the design and approval process for permitting a new landfill site; and partially fund a heavy equipment repair facility. These bonds are expected to be repaid from the countywide user fee assessment. The revenue bonds were refunded in fiscal year 2004.

Primary government Revenue Bonds payable at June 30, 2011, is comprised of the following:

<u>Issue Date</u>	<u>Title of Issues</u>	<u>Principal Amount</u>	
		<u>Original</u>	<u>Outstanding</u>
May 4, 2004	Charleston County Solid Waste User Fee Revenue Refunding Bonds, Series 2004, 2.00 percent to 5.00 percent interest, semi-annual principal and interest payments beginning in 2005, matures in 2014.	\$ 14,525,000	\$ 5,005,000
Subtotal		<u>\$ 14,525,000</u>	<u>5,005,000</u>
Less: Deferred refunding cost applicable to business-type activities			(236,622)
Add: Premium applicable to business-type activities			<u>75,295</u>
Revenue bond debt per statement of net assets			4,843,673
Less current portion, including deferred refunding cost and premium			<u>(1,611,385)</u>
Long-term portion outstanding			<u>\$ 3,232,288</u>

Notes Payable. The County's Fleet Management Internal Service Fund has issued a note payable to the Environmental Management Enterprise Fund for \$791,600 payable from Debt Service Fund transfers to the Fleet Management Internal Service Fund.

Primary government note payable at June 30, 2011, is comprised of the following:

<u>Issue Date</u>	<u>Title of Issues</u>	<u>Principal Amount</u>	
		<u>Original</u>	<u>Outstanding</u>
April 1, 1999	Solid Waste Revenue Bond Fund Promissory Note, semi-annual payments of \$40,000 including interest at 6.08 percent, matures in 2014.	\$ 791,600	\$ 216,396
Subtotal		<u>\$ 791,600</u>	<u>216,396</u>
Less current portion			<u>(67,856)</u>
Debt per statement of net assets			<u>\$ 148,540</u>

**COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

Annual requirements to amortize primary government notes payable outstanding at June 30, 2011, are as follows:

Year Ending June 30	Internal Service Fund	Principal	Interest
2012	\$ 80,001	\$ 67,856	\$ 12,145
2013	80,001	72,046	7,955
2014	80,001	76,494	3,507
Total	\$ 240,003	\$ 216,396	\$ 23,607

Intergovernmental Note Payable. In July 2001 the County entered into an intergovernmental loan agreement with the South Carolina Transportation Infrastructure Bank to fund a portion of the cost of the new Arthur Ravenel, Jr. Bridge over the Cooper River. The County has agreed to pay \$3,000,000 per year for the next twenty-five years beginning January 2004. The County has recorded the obligation on its records at a net present value using the discount rate of 5.73 percent.

Annual requirements to amortize the intergovernmental note payable outstanding at June 30, 2011, are as follows:

Year Ending June 30	Intergovernmental Note Payable	Principal	Interest
2012	\$ 3,000,000	\$ 1,163,460	\$ 1,836,540
2013	3,000,000	1,230,126	1,769,874
2014	3,000,000	1,300,612	1,699,388
2015	3,000,000	1,375,137	1,624,863
2016	3,000,000	1,453,933	1,548,067
2017-2021	15,000,000	8,618,990	6,381,010
2022-2026	15,000,000	11,368,001	3,611,999
2027-2028	6,000,000	5,521,057	478,943
Total	\$ 51,000,000	\$ 32,051,316	\$ 18,948,684

**COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

Capital Lease Obligations. Several component units have utilized capital leases to finance the acquisition of various types of equipment. The details of each entity's capital leasing activities are summarized later in this note. The County uses capital lease funding to finance the purchase of various equipment and a building. Capital leases outstanding at June 30, 2011, include the following:

<u>Governmental Activities</u>	<u>Original</u>	<u>Outstanding</u>
Lease dated November 2004 payable to Chicora Center Inc. for the purchase of the building at 3366 Rivers Ave. Payable in 120 monthly payments of \$25,725 through October 2014 and includes principal and interest at 5.0 percent per annum.	\$ 2,425,425	\$ 946,027
Lease dated April 2008 payable to Ontario Investments, Inc. for the purchase of EMS computer equipment. Payable in eight equal installments of \$13,990 through December 2011, includes principal and interest at 6.059 percent per annum.	100,539	13,579
Lease dated February 2009 payable to Ontario Investments, Inc. for the purchase of new computer equipment. Payable in eight semi-annual installments of \$116,101 through October 2012, includes principal and interest at 10.6 percent per annum.	775,100	314,206
Leases dated December 2009 to February 2010 payable to Ontario Investments, Inc. for the purchase of new computer equipment. Payable in eight equal installments of \$97,901 through November 2013, includes principal and interest at 4.933 percent to 4.964 percent per annum.	702,710	455,157
Lease dated July 2010 payable to Ontario Investments, Inc. for the purchase of a new copier. Payable in five equal installments of \$13,116 through July 2014, includes principal and interest at 6.366 percent per annum.	56,974	45,070
Leases dated December 2010 to May 2011 payable to MB Financial Bank for the purchase of new computer equipment. Payable in eight equal semi-annual installments of \$74,383 through January 2015, includes principal and interest at 1.220 percent to 1.598 percent per annum.	575,857	509,568
<u>Internal Service Fund</u>		
Lease dated February 2010 payable to Ontario Investments, Inc. for the purchase of new copier equipment. Payable in five annual installments of \$3,078 to \$9,234 through July 2013 and includes principal and interest of 5.114 to 7.807 percent per annum.	28,768	17,577
Leases dated November 2010 payable to Ontario Investments, Inc. for the purchase of new copiers. Payable in three annual installments of \$24,242 through December 2012, includes principal and interest from 2.221 percent to 4.298 percent per annum.	83,282	59,212
Lease dated September 2008-February 2009 payable to Ontario Investments, Inc. for the purchase of new copier equipment. Payable in five annual installments of \$250,598 through March 2013 and includes principal and interest at 7.285 to 10.994 percent per annum.	1,130,205	450,037
	<u>\$ 5,878,860</u>	<u>2,810,433</u>
Less current portion		<u>(1,067,376)</u>
Long-term portion outstanding		<u>\$ 1,743,057</u>

**COUNTY OF CHARLESTON, SOUTH CAROLINA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2011**

A summary of the annual requirements are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2012	\$ 1,087,376	\$ 140,917	\$ 1,208,293
2013	1,001,201	71,043	1,072,244
2014	549,305	19,952	569,257
2015	<u>192,551</u>	<u>2,470</u>	<u>195,021</u>
Total	<u>\$ 2,810,433</u>	<u>\$ 234,382</u>	<u>\$ 3,044,815</u>



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**COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

Amortization of Long-term Debt. Annual requirements to amortize primary government general long-term debt outstanding at June 30, 2011, excluding notes payable and accrued compensated absences, are as follows:

Year Ending June 30	General Obligation Bonds		Certificates Of Participation		Revenue Bonds		Totals
	Principal	Interest	Principal	Interest	Principal	Interest	
2012	\$ 12,675,000	\$ 17,052,437	\$ 4,340,000	\$ 2,036,781	\$ 1,630,000	\$ 250,250	\$ 37,984,468
2013	13,865,000	16,532,641	4,270,000	1,833,119	1,710,000	168,750	38,379,510
2014	15,130,000	15,945,302	4,490,000	1,833,050	1,665,000	83,250	38,946,602
2015	16,470,000	15,310,117	4,690,000	1,414,393	-	-	37,884,510
2016	18,015,000	14,589,057	4,920,000	1,178,768	-	-	38,702,825
2017	19,895,000	13,743,357	5,190,000	927,787	-	-	39,756,144
2018	21,715,000	12,784,320	5,450,000	663,513	-	-	40,592,833
2019	23,705,000	11,680,532	4,135,000	385,945	-	-	39,906,477
2020	25,825,000	10,549,538	2,820,000	177,000	-	-	39,371,538
2021	22,400,000	9,440,989	1,420,000	35,500	-	-	33,296,489
2022	23,980,000	8,311,782	-	-	-	-	32,271,782
2023	24,230,000	7,165,839	-	-	-	-	31,395,839
2024	26,425,000	6,010,927	-	-	-	-	32,435,927
2025	28,775,000	4,753,890	-	-	-	-	33,528,890
2026	31,275,000	3,376,612	-	-	-	-	34,651,612
2027	33,935,000	1,882,855	-	-	-	-	35,817,855
2028	17,570,000	687,262	-	-	-	-	18,257,262
2029	5,070,000	133,088	-	-	-	-	5,203,088
Totals	380,935,000	169,930,545	41,725,000	10,285,856	5,005,000	602,250	608,383,851
Less amount in Business-type activities before discounts and deferred costs	-	-	(6,460,969)	(1,572,122)	(5,005,000)	(502,250)	(13,540,341)
Subtotal	380,935,000	169,930,545	35,264,031	8,713,734	-	-	594,843,310
Less discounts and deferred refunding costs	(1,933,150)	-	(1,103,665)	-	-	-	(3,036,815)
Add Premiums	15,955,359	-	1,085,204	-	-	-	17,040,563
Total debt- governmental activity	\$394,957,209	\$ 169,930,545	\$ 35,245,570	\$ 8,713,734	\$ -	\$ -	\$ 608,847,058

**COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

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

<u>Year Ending June 30</u>	<u>Certificates Of Participation</u>		<u>Revenue Bonds</u>		<u>Totals</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2012	\$ 682,257	\$ 317,467	\$ 1,630,000	\$ 250,250	\$ 2,879,974
2013	679,651	285,055	1,710,000	168,750	2,843,456
2014	715,301	252,786	1,665,000	83,250	2,716,337
2015	748,083	217,766	-	-	965,849
2016	784,692	180,218	-	-	964,910
2017	827,667	140,152	-	-	967,819
2018	869,367	97,953	-	-	967,320
2019	613,117	53,620	-	-	666,737
2020	359,706	22,577	-	-	382,283
2021	181,128	4,528	-	-	185,656
Subtotal	6,460,969	1,572,122	5,005,000	502,250	13,540,341
Less discounts and deferred refunding costs	(371,611)	-	(236,622)	-	(608,233)
Add Premiums	162,898	-	75,295	-	238,193
Total business-type activities debt	<u>\$ 6,252,256</u>	<u>\$ 1,572,122</u>	<u>\$ 4,843,673</u>	<u>\$ 502,250</u>	<u>\$ 13,170,301</u>

The 2004 and 2005 Certificates and related trust agreements require the establishment of 1) a debt service reserve fund or surety bond, to maintain amounts equal to the next semi-annual principal and interest payment, and 2) a payment fund for use in disbursing the semi-annual payments.

There are a number of limitations and restrictions contained in the various bond and certificate indentures, such as types of investments, promise to levy tax sufficient to cover debt service and establishment of a sinking fund. The County is in compliance with all significant limitations and restrictions as of June 30, 2011.

**COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

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

The following is a summary of the County's conduit debt at June 30, 2011:

Number of Issues	Current Amount Outstanding (in millions)	Original Issue Amount (In millions)
4	\$189	\$287

The following is a summary of the changes in long-term obligations of the component units for the year ended June 30, 2011:

Component Units:	<u>Balance July 1, 2010</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2011</u>	<u>Amounts Due in One year</u>
Accrued compensated absences	\$ 3,248,667	\$ 1,023,319	\$ (729,235)	\$ 3,542,651	\$ 1,628,746
Net other post employment benefits	2,334,740	755,280	(16,776)	3,073,244	15,510
General obligation bonds	15,309,611	16,178,954	(2,047,643)	29,435,922	2,179,947
Capital lease obligations	9,083,623	626,789	(2,193,334)	7,517,078	1,337,650
Revenue bonds	5,985,680	717,520	(690,390)	6,012,810	661,008
Notes payable	<u>51,563</u>	<u>-</u>	<u>(5,333)</u>	<u>46,230</u>	<u>5,543</u>
Total	<u>\$ 36,013,784</u>	<u>\$ 19,296,662</u>	<u>\$ (5,682,711)</u>	<u>\$ 49,627,935</u>	<u>\$ 5,848,404</u>

**COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

	Range of Maturity Dates	Range of Interest Rates	Balance July 1, 2010	Additions	Reductions	Balance June 30, 2011
Accrued compensated absences:						
CCL			\$ 948,431	\$ 483,804	\$ (415,254)	\$ 1,016,981
CCPRC			975,821	87,709	(53,145)	1,010,185
JIPSD			426,497	4,405	(24,891)	408,211
SAPPPC			36,597	27	(1,541)	35,083
SJFD			711,959	19,498	-	731,457
SPFD			<u>149,462</u>	<u>427,876</u>	<u>(234,604)</u>	<u>342,734</u>
Total accrued compensated absences			<u>3,248,567</u>	<u>1,023,319</u>	<u>(729,235)</u>	<u>3,542,651</u>
Net other post employment benefits:						
CCPRC			1,136,805	363,911	-	1,500,716
JIPSD			1,077,801	364,116	-	1,441,717
SPFD			<u>120,334</u>	<u>27,253</u>	<u>(16,776)</u>	<u>130,811</u>
Total net other post employment benefits			<u>2,334,740</u>	<u>755,280</u>	<u>(16,776)</u>	<u>3,073,244</u>
General obligation bonds:						
CCPRC	2012 - 2021	2.00% - 4.00%	14,930,000	12,873,954	(1,830,959)	25,972,995
JIPSD	2012 - 2037	5.00% - 5.50%	379,611	-	(10,314)	369,297
SPFD	2012 - 2025	3.45% - 3.59%	<u>-</u>	<u>3,300,000</u>	<u>(206,370)</u>	<u>3,093,630</u>
Total general obligation bonds			<u>15,309,611</u>	<u>16,173,954</u>	<u>(2,047,643)</u>	<u>29,435,922</u>
Capital lease obligations:						
CCPRC	2011	2.05% - 4.41%	481,051	-	(481,051)	-
JIPSD	2012 - 2018	4.07% - 6.88%	1,996,486	-	(441,048)	1,555,440
SAPPPC	2012 - 2014	2.99% - 3.75%	166,739	165,000	(90,350)	241,389
SJFD	2012 - 2021	4.36% - 5.593%	6,123,435	461,789	(884,975)	5,720,249
SPFD	2011	4.67% - 4.86%	<u>315,912</u>	<u>-</u>	<u>(315,912)</u>	<u>-</u>
Total capital lease obligations			<u>9,083,623</u>	<u>626,789</u>	<u>(2,193,334)</u>	<u>7,517,078</u>
Revenue Bonds:						
SAPPPC	2012 - 2019	3.41% - 3.95%	405,682	-	(119,216)	286,466
JIPSD	2012 - 2036	2.00% - 5.75%	6,042,895	717,520	(629,848)	6,130,769
Less deferred refunding costs			<u>(482,897)</u>	<u>-</u>	<u>58,472</u>	<u>(404,425)</u>
Total revenue bonds			<u>5,985,680</u>	<u>717,520</u>	<u>(690,390)</u>	<u>6,012,810</u>
Notes payable						
SAPPPC	2012 - 2019	3.89% - 3.99%	<u>51,583</u>	<u>-</u>	<u>(5,333)</u>	<u>46,230</u>
Total component units long-term obligations			<u>\$36,013,784</u>	<u>\$ 19,296,862</u>	<u>\$ (5,682,711)</u>	<u>\$ 49,627,935</u>

**COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

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

General Obligation Bonds:

<u>Year Ending June 30</u>	<u>SPFD</u>	<u>CCPRC</u>	<u>JIPSD</u>	<u>Total Component Units</u>
2012	\$ 291,193	\$ 2,682,638	\$ 30,902	\$ 3,004,733
2013	291,194	3,577,141	30,902	3,899,237
2014	291,193	3,773,291	30,902	4,095,386
2015	291,193	4,408,653	30,902	4,730,748
2016	291,193	2,098,423	30,902	2,420,518
2017-2021	1,455,968	13,269,770	152,548	14,878,286
2022-2026	1,019,831	-	113,130	1,132,961
2027-2031	-	-	113,130	113,130
2032-2036	-	-	113,130	113,130
2037	-	-	12,441	12,441
Total	3,931,765	29,809,916	658,889	34,400,570
Less Interest and plus unamortized premium Included above	<u>(838,135)</u>	<u>(3,836,921)</u>	<u>(289,592)</u>	<u>(4,964,648)</u>
Debt per statement of net assets	<u>\$ 3,093,630</u>	<u>\$ 25,972,995</u>	<u>\$ 369,297</u>	<u>\$ 29,435,922</u>

Future minimum capital lease payments:

<u>Year Ending June 30</u>	<u>JIPSD</u>	<u>SAPPPC</u>	<u>SJFD</u>	<u>Total Component Units</u>
2012	\$ 456,972	\$ 103,841	\$ 1,091,730	\$ 1,652,543
2013	394,783	81,177	850,764	1,326,724
2014	288,392	48,115	850,764	1,187,271
2015	147,284	19,387	850,764	1,017,435
2016	147,284	-	734,198	881,482
2017-2021	291,175	-	2,646,413	2,937,588
Future minimum capital lease payments	1,725,890	252,520	7,024,633	9,003,043
Less amount representing interest	<u>(170,450)</u>	<u>(11,131)</u>	<u>(1,304,384)</u>	<u>(1,485,965)</u>
Debt per statement of net assets	<u>\$ 1,555,440</u>	<u>\$ 241,389</u>	<u>\$ 5,720,249</u>	<u>\$ 7,517,078</u>

**COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

Revenue Bonds:

<u>Year ending June 30</u>	<u>JIPSD</u>	<u>SAPPPC</u>	<u>Total Component Units</u>
2012	\$ 923,776	\$ 87,383	\$ 1,011,159
2013	924,378	71,783	996,139
2014	919,178	60,805	979,781
2015	923,115	60,950	984,065
2016	914,272	29,958	944,230
2017-2021	1,959,403	-	1,959,403
2022-2026	548,501	-	548,501
2027-2031	490,111	-	490,111
2032-2036	<u>156,204</u>	<u>-</u>	<u>156,204</u>
Total	7,758,934	310,659	8,069,593
Less interest and deferred refunding costs included above	<u>(2,032,590)</u>	<u>(24,193)</u>	<u>(2,056,783)</u>
Debt per statement of net assets	<u>\$ 5,726,344</u>	<u>\$ 286,466</u>	<u>\$ 6,012,810</u>

Notes Payable:

<u>Year ending June 30</u>	<u>SAPPPC</u>
2012	\$ 7,274
2013	7,271
2014	7,271
2015	7,271
2016	7,271
2017-2020	<u>16,961</u>
Total	53,319
Less interest included above	<u>(7,089)</u>
Debt per statement of net assets	<u>\$ 46,230</u>

**COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

Prior Year Defeasance of Debt. In prior years, the primary government defeased various outstanding debt issues by placing proceeds of new debt or other funds in an irrevocable trust to provide for all future debt service payments on the old debt. Accordingly, the trust accounts and the defeased debt are not included in these financial statements. At June 30, 2011, the following debt issues outstanding are considered defeased:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Primary government:		
General Obligation Bonds:		
Series 1994	\$ 5,830,000	
Series 1999	14,155,000	
Series 2001	<u>3,700,000</u>	
Total General Obligation Bonds	<u>23,685,000</u>	
Certificates of Participation:		
Series 1995	<u>35,743,147</u>	<u>\$ 8,426,853</u>
Total Certificates of Participation	<u>35,743,147</u>	<u>8,426,853</u>
Revenue Bonds:		
Solid Waste User Fee Revenue Bonds		
Series 1994	-	<u>5,360,000</u>
Total Revenue Bonds	<u>-</u>	<u>5,360,000</u>
Total primary government	<u>\$ 59,428,147</u>	<u>\$ 13,786,853</u>

**COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

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

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

Assessed value of real and personal property		\$ 3,118,892,338
Value of merchants inventory and manufacturers depreciation		<u>26,943,597</u>
Total assessed value		<u>\$ 3,145,835,935</u>
 Debt limitation - 8 percent of total assessed value		 \$ 251,666,874
 Total bonded debt:		
General Obligation Bonds	\$380,935,000	
 Less:		
Bonds issued pursuant to referendum:		
Series 2004 Refunding G.O. Bond	\$(5,000,000)	
Series 2007 G.O. Bond Transportation Sales tax	(145,250,000)	
Series 2008 G.O. Bond Transportation Sales tax	<u>(56,860,000)</u>	
		<u>(207,110,000)</u>
 Total debt subject to debt limit		 <u>173,825,000</u>
 Legal debt margin		 <u>\$ 77,841,874</u>

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

J. Fund Equity

Nonspendable for inventories and prepaid items. These amounts do not represent available spendable resources even though they are components of net current assets.

Restricted for debt service. Fund balance subject to the provision of various bond indenture and Certificate of Participation lease agreements as to restrictions on expenditures.

Committed for capital projects. All capital project fund balances, are committed for the acquisition of capital assets, for the completion of existing projects and for future projects.

Restricted for special revenue funds. Amounts restricted in accordance with the various use restrictions placed on their assets under applicable grant agreements and legislation.

IV. OTHER INFORMATION

A. Risk Management

The County and its component units are exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. For all of these risks, the County and its component units are members of the State of South Carolina Insurance Reserve Fund, a public entity risk pool currently operating as a common risk management and insurance program for local governments. The County and its component units pay an annual premium to the State Insurance Reserve Fund for its general insurance coverage. The State Insurance Reserve Fund is self-sustaining through member premiums and reinsures through commercial companies for certain claims.

The County and its component units are also subject to risks of loss from providing health, life, accident, dental, and other medical benefits to employees, retirees, and their dependents. The County has enrolled substantially all of its employees in the State's health insurance plans administered by the South Carolina Budget and Control Board. The County records contributions from employer funds, employees, and retirees in the Employee Benefits Trust Internal Service Fund which remits the premiums to the State. The State reinsures through commercial companies for these risks. The various component units of the County insure the health, life, accident, dental and other medical benefits to their employees and their dependents through commercial insurance companies.

Effective July 1, 1995, the County established a self-insured plan to fund risks associated with workers' compensation claims. Claims administration is handled by a third party with reinsurance through commercial insurance companies for all individual claims in excess of \$100,000. All funds of the County participate in the program and make payments to the Workers' Compensation Internal Service Fund based on actuarial estimates of the amounts needed to pay prior and current year claims. The claims liability of \$3,520,000 reported in the Fund at June 30, 2011, is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The County purchases insurance contracts from commercial insurers to satisfy certain liabilities under workers' compensation claims; accordingly, no liability is reported for those claims. The liability is included in the County's accounts payable as reported in the fund statement and statement of net assets.

**COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

Changes in the Fund's estimated claims liability amount in fiscal year 2011 and 2010 were:

<u>Year Ended June 30</u>	<u>Beginning of Fiscal Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance at Fiscal Year End</u>
2010	\$ 2,750,000	\$ 3,404,788	\$ (3,539,788)	\$ 2,615,000
2011	2,615,000	5,915,414	(5,010,414)	3,520,000

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



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**COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

B. Segment Information

The County maintains an enterprise fund which provides drug and alcohol abuse treatment. This fund is supported by a revenue-backed COP. The County also has an enterprise fund for environmental management. It is presented as a major business-type fund.

Condensed Statement of Net Assets:	<u>DAODAS</u>
Assets:	
Current assets	\$ 2,639,834
Deferred issuance costs	41,806
Capital assets	<u>6,822,972</u>
Total assets	<u>\$ 9,504,612</u>
Liabilities:	
Current liabilities	\$ 412,302
Certificates of participation	2,754,214
Other long-term obligations	<u>295,212</u>
Total liabilities	<u>3,461,728</u>
Net Assets:	
Invested in capital assets, net of related debt	4,068,758
Unrestricted	<u>1,974,126</u>
Total net assets	<u>6,042,884</u>
Total liabilities and net assets	<u>\$ 9,504,612</u>

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

	<u>DAODAS</u>
Operating revenues	\$ 5,643,453
Depreciation and amortization	(258,468)
Other operating expenses	<u>(8,664,333)</u>
Operating income (loss)	<u>(3,277,348)</u>
Nonoperating revenues (expenses):	
Interest income	9,544
Interest expense	(215,402)
Intergovernmental revenue	<u>605,096</u>
Total nonoperating revenues (expenses)	<u>399,238</u>
Net Transfers In	<u>2,391,599</u>
Change in net assets	(486,509)
Beginning net assets	<u>6,529,393</u>
Ending net assets	<u>\$ 6,042,884</u>

Condensed Statement of Cash Flows:

	<u>DAODAS</u>
Net cash provided (used) by:	
Operating activities	\$ (3,375,947)
Noncapital financing activities	2,998,695
Capital and related financing activities	(723,389)
Investing activities	<u>9,544</u>
Net increase (decrease)	(1,093,077)
Beginning cash and cash equivalents	<u>2,418,047</u>
Ending cash and cash equivalents	<u>\$ 1,324,970</u>

**COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

C. Subsequent Events

On July 27, 2011, the County issued General Obligation Capital Improvement Bonds with a par value of \$27,100,000. The County also issued General Obligation Capital Improvement Transportation Sales Tax Bonds with a par value of \$167,000,000.

On October 13, 2011, the County purchased the South Carolina Electric & Gas Company building located on Leeds Avenue. The purchase price was \$4.5 million. This property will be developed for a Sheriff's Law Enforcement Center.

During October 2011, County Council authorized staff to finalize negotiations with Motorola for Phase 3 of the new network design. The price is not to exceed \$7,000,000.

During the fiscal year, Charleston County Council approved the future issuance of a tax anticipation note (TAN) in the amount of \$1,000,000 for St. John's Fire District. Subsequent to June 30, 2011, the District has not borrowed any funds on this TAN. The entire \$1,000,000 is available to the District as of the date of their audit report. This note, which bears interest at a rate equal to the interest rate paid by the South Carolina Investment Pool during the period the note is outstanding, is due and payable in March 2012.

The St. John's Fire District is in the process of obtaining general obligation bonds of approximately \$7.5 million to fund buildings/improvements and several fire truck acquisitions. The District anticipates the bond closing will occur in December 2011.

At year end, the James Island Public Service District was waiting on approved loan proceeds from two SC Budget and Control Board (SCB&CB) loans. The loan proceeds are to be used to pay \$1,921,684 of the cost of two wastewater projects which will cost \$1,991,684, and will be completed in the year ended June 30, 2012.

The first SCB&CB loan was closed on June 28, 2011, in the amount of \$1,334,927. This loan will be amortized in 80 quarterly payments of \$23,273. Payments will begin on October 1, 2011. As of June 30, 2011, the District was still waiting to receive the proceeds of this loan.

The second SCB&CB loan was received on October 3, 2011, in the amount of \$586,757. This loan will be amortized over 79 quarterly payments of \$10,319. Payments on this loan are also scheduled to begin on October 1, 2011.

In October 2011, the Commissioner of St. Paul's Fire District approved an amendment increasing a construction contract by \$315,000.

On July 29, 2011, the Charleston County Park and Recreation Commission purchased a tract of land on Hughes Road consisting of approximately 208 acres of highlands and approximately 115 acres of marshlands. The purchase price was \$4,900,000, of which \$4,075,000 was funded by the Greenbelt Bank Board and \$825,000 from the Commission.

**COUNTY OF CHARLESTON, SOUTH CAROLINA
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JUNE 30, 2011**

On September 11, 2011, the Charleston County Park and Recreation Commission purchased a tract of land on Highway 171 consisting of approximately 48.50 acres of highlands and approximately 10 acres of marshlands. The purchase price was \$3,400,000 which was funded from the debt service fund and is expected to be reimbursed from the General Obligation Bond proceeds.

On and around August 26, 2011, Hurricane Irene caused extensive damage to the Folly Beach County Park due to beach erosion. Costs to stabilize the beach incurred through November 2, 2011, totaled \$152,850.

D. Contingent Liabilities

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

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

Annexation. Several of the component units serve geographic regions which are subject to annexation by the surrounding municipalities. Should these annexations continue, there could be a significant impact on the operations of the various component units. The South Carolina General Assembly is currently considering legislation which would require the municipality which annexes properties of another political subdivision to assume responsibility for payment of the pro-rata bonded debt outstanding on the date of annexation.

In May 2000, the South Carolina General Assembly passed legislation to address the loss of revenues by public service districts due to annexations by municipalities. The legislation calls for an agreed-upon plan between the annexing municipality and the public service district. This plan would protect the remaining unannexed area in the public service district from economic loss of revenue brought about by annexation.

This new legislation should lessen but not eliminate the impact on the operations of various component units due to annexations.

E. Commitments

The County and its various component units have various commitments to provide facilities or services under numerous agreements signed with third parties in addition to its construction commitments and recorded encumbrances.

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

In July 2001, the County entered into an Intergovernmental agreement with the South Carolina Infrastructure Bank to make twenty-five annual payments of \$3,000,000 beginning in January 2004 as a local match to help defray the cost of the Arthur Ravenel, Jr. Bridge over the Cooper River built by the State to replace the existing bridges connecting the City of Charleston and the Town of Mt. Pleasant. This debt is shown as an Inter-government note payable in Note I of these financial statements.

The County entered into an agreement with the South Carolina Transportation Infrastructure Bank (SCTIB) for the completion of the Mark Clark Expressway. This agreement was executed on June 8, 2007, between the County, the SCTIB, and The South Carolina Department of Transportation. The total project funding requested was \$420 million. Preliminary design is underway on the project.

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

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

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

In July 2005, the County entered into an agreement with the LPA Group Incorporated for program management services of the County's \$150,000,000 roads portion of the half-cent sales tax monies (Roadwise Program). The original contract amount was \$18,329,782 over a five year period beginning July 2005. The services are to include; design work, right of way easements, consulting on feasibility, land acquisitions, engineering work, developing bid specifications, and construction services. Amendment 1 of the contract was approved August 23, 2007, changing the contract amount to \$17,973,126 and leaving the contract length unchanged. Amendment 2 of the contract was approved October 20, 2008, changing the contract amount to \$17,882,899 and leaving the contract length the same. Starting November 2008, the contract contains for a monthly base fee of \$316,824, plus 10 percent of work completed. An amendment dated January 27, 2010, extends the term of the contract until June 30, 2014. This extension is subject to annual approval for continuation by the County. This amendment also fixed the contract amount of \$11,122,273 over a four year period.

**COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

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

<u>Year ending June 30</u>	
2012	\$ 3,241,852
2013	2,536,401
2014	<u>1,930,560</u>
TOTAL	<u>\$ 7,708,813</u>

The amount paid for these services for the year-ended June 30, 2011, was \$3,774,327.

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

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

This contract was amended on July 1, 2009. The amended non-cancellable portion of the agreement calls for the County to pay a base monthly fee of \$51,772, as well as, \$7.48 for the receiving and immunization of each animal placed in the custody of the Society, and \$7.48 boarding fee per animal per day. The County will also pay a euthanasia fee of \$7.48 to the Society for each animal euthanized.

In addition, the County agrees to pay a cremation fee of \$7.48 for each dead animal brought to the shelter by a law enforcement officer, animal control officer of the County or municipality within the County. The Society will bill the County separately for stray animals that it receives from citizens of the County.

The non-cancelable portion of the agreement states the County shall continue to pay the Society the current monthly fee for a five-year period plus any annual increases in the CPI during such five-year period if the County terminates the contract. The agreement was amended February 1, 2011. The following language was added: The Society may contract for accounting services in order to maintain an accurate record of fees and costs associated with the intake of animals delivered to Society. The Society will submit monthly invoices to the County for reimbursement. These monthly invoices shall include an itemized bill for said accounting services. The Society will be entirely responsible for any and all costs that exceed Fifteen Hundred (\$1,500.00) Dollars per month. The County may, at any time, request from Society a full audit of the accounting services and duties performed by accountant and Society will comply within a reasonable time with any and all such requests.

The Charleston County Park and Recreation Commission has entered into an agreement with the City of Folly Beach to restrict \$60,000 each year to provide for the re-nourishment of the erosion that occurs along Folly Beach. During the year ended June 30, 2011, \$0 funds were transferred to the City of Folly Beach for re-nourishment. Capital Projects fund balance of \$414,179 has been reserved for beach re-nourishment.

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

The Charleston County Park and Recreation Commission has an agreement with the Charleston County School District to cooperate in the operation of a Community Education Program. Each sponsor has determined which of its facilities and resources is available to the Community Education Program and agrees to supply the cost of necessary part-time professional staff that may be required. Available state, federal, and private funding is sought with the remaining costs shared to the extent agreed upon by the parties. The agreement with the School District was modified in July 1992 to provide for one-half of the Commission's share of the expenses to be paid to the school district prior to December 21 of each fiscal year and the balance to be paid by March 12 of the following year. Total payments made prior to June 30, 2011, for the 2011 program year were \$466,922. The agreement was modified for the 2007 program year to provide for an equitable sharing of increased program fees collected during the year. The amount accrued as program revenue under this agreement was \$280,483.

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

On June 29, 1988, Kiawah Island was sold to Kiawah Resort Associates. The Charleston County Park and Recreation Commission has been in contact with the owners in order to obtain a new lease agreement for Beach Walker Park. A verbal agreement has been made to ensure that the Park can continue to operate. To date, however, no formal agreement has been signed.

During 1988 the Charleston County Park and Recreation Commission was advised by the South Carolina Highway Department that the proposed Mark Clark Expressway will go through the northern portion of James Island County Park. The Commission is awaiting determination from the South Carolina Department of Transportation and Charleston County on the future location of the Mark Clark corridor.

An open letter of credit for \$33,460 was established in 1989 with the Wachovia Bank at the request of the Commissioners of Public Works. The Charleston County Park and Recreation Commission is required to keep this line of credit open. As of year end, none of this credit had been utilized.

**COUNTY OF CHARLESTON, SOUTH CAROLINA
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In December 2000, the U.S. Secretary of the Interior conveyed property consisting of approximately 25 acres in fee and 0.6 acres of easements to the Charleston County Park and Recreation Commission in a Quitclaim Deed. The property conveyed includes areas presently known as the Cooper River Marina, previously known as the Old Navy Base Marina facilities. The conveyance has several restrictions including the following: the property must be used and maintained for the public park and recreation purposes for which it was conveyed in perpetuity, the property shall not be sold, leased, assigned or otherwise disposed of except to another eligible governmental agency that the Secretary of the Interior agrees in writing can assure the same continued use of the property, and funds generated on the property may not be used for non-recreational purposes and, furthermore, must be used for the development, operation and maintenance of the property until it is fully developed in accordance with the Program of Utilization. There are also various reporting requirements.

On August 22, 2005, the Charleston County Park and Recreation Commission entered into an agreement with K.L.B. Group DBA Locklear's Beach City Grill to allow this corporation to operate the restaurant at the Folly Pier. The original lease term was for five years beginning October 1, 2005. The building held for rent had an estimated cost of \$1,253,494 and an estimated net book value of \$883,499. Rent started at \$7,400 per month and increases each November based on the current CPI. The new rental per month based on the CPI increased to \$8,191 per month on November 1, 2010. The lease also provided for contingent rentals of 7.25 percent of annual sales greater than \$1,200,000.

In August 2009 the Commission and K.L.B. Group entered into an agreement to allow the corporation to exercise the option of extending the lease for an additional five years, with the option terminating on October 31, 2015.

The following is a schedule by years of the minimum future rentals on the non-cancelable operating lease as of June 30, 2011:

<u>Year Ending June 30</u>	<u>Amount</u>
2012	\$ 98,292
2013	98,292
2014	98,292
2015	98,292
2016	32,764
Total minimum lease rentals	<u>\$ 425,932</u>

Total rent income of \$101,393 was recorded during the year.

The Cooper River Park and Playground Commission contracted on July 1, 1996, with the City of North Charleston (City) to provide recreational services for the fiscal year to the citizens within the Commission's jurisdictional boundaries. Since the original contract date, the Commission and the City have renewed this contract annually with an effective date of July 1 of each fiscal year. Under the terms of this contract, the City agrees to pay all reasonable administrative and professional costs incurred by the Commission, and the Commission agrees to transfer and pay over to the City all appropriated funds, from whatever source, in the accounts of the Commission except for the remaining unreserved fund balance carried forward from June 30, 2008, in the amount of \$61,340. The City also assumed control and possession (but not legal title) of fixed property and equipment. Due to the declining tax base and the fractured property lines of the Commission, it would be difficult or impractical to provide services to its citizens without this contract with the City. On June 24, 2010, the Commission entered into another one year contract with the City covering the period from July 1, 2010 to June 30, 2011, with essentially identical terms as previous contracts.

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

Under the annual contract with the City of North Charleston, the Cooper River Park and Playground Commission has agreed to assign to the City all of its assets, real and personal, thereby allowing the City exclusive use, possession, control and management of these assets. As of June 30, 2011, the leased assets have a book value of \$82,462.

The North Charleston District entered into an agreement on April 1, 1996, with the City of North Charleston for the City to provide fire, sanitation, and street lighting services to the constituents of the District. The contract requires the payment of substantially all of the District's revenues to the City and turning over control and possession, but not legal title to, all of the District's fixed property and equipment. On an annual basis since June 30, 1997, the District has entered into additional one year contracts with the City with essentially the same terms as described above. To fulfill the contract at June 30, 2011, the District owes the City \$16,679. This contract was extended for one year until June 30, 2012.

During the 2011 fiscal year, the City of Charleston, SC completed an audit of the taxes remitted to the James Island Public Service District for the last five years relating to properties which were annexed into the City of Charleston. The City of Charleston is required to remit to the District the portion of ad valorem tax the City collects from annexed properties representing the District's fire department budget that would have been collected by the District had the properties not been annexed into the city. As a result of this audit, the City determined the District had been overpaid \$395,328 in the general fund and overpaid \$35,946 in debt service. The District will repay the excess remittances over a five (5) year period beginning in fiscal year 2011 at the rate of \$79,066 per year in the general fund and \$7,189 through the debt service fund. The City will reduce future tax payments each year due to the District until this overpayment has been recovered by the City.

F. Deferred Compensation Plan

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

During the year ended June 30, 2000, the deferred compensation plans were amended to allow for employer matching contributions of up to \$300 per year for each covered participant. Effective December 23, 2008, the County suspended this match of \$75 per quarter. The total contributions made by the County's plan members were \$2,058,419 for the fiscal year ending June 30, 2011.

Total contributions made by the Charleston County Library's plan members were \$260,973 for the fiscal year ending June 30, 2011.

**COUNTY OF CHARLESTON, SOUTH CAROLINA
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G. Other Post Employment Benefits

Plan Description

The County provides post-employment health, life and dental care benefits, as per the requirement of a local ordinance, for certain retirees and their dependents. This plan is a single employer defined benefit plan. Substantially all employees who retire under the State retirement plans are eligible to continue their coverage with the County paying 50 percent of health insurance premiums and the retiree paying 100 percent of life and dental insurance premiums and the remaining 50 percent of the health insurance premiums. The County's regular insurance providers underwrite the retirees' policies. Retirees may not convert the benefit into an in-lieu payment to secure coverage under independent plans. Effective July 1, 2008, the County modified its post employment benefits policy as follows:

- A) Increase years of service with the County:
 - 1. Twenty five years of service with the County for the fifty percent of health premium benefit.
 - 2. Fifteen years of service with the County for the twenty five percent of health premium benefit.

- B) Reduce surviving spouse benefit to one year for future retirees who start work with the County January 1, 2009 and later.

The James Island Public Service District also provides a retiree benefit equal to 100 percent of the health insurance premiums over age 65 and a portion if under age 65. The retiree must pay for all life and dental insurance premiums. Effective November 1, 2010, the District will limit the amount it contributes to the health premium, and the contribution will be subject to annual appropriation.

During the fiscal year ended June 30, 2006, the St. Paul's Fire District established a policy that allowed retirees insurance benefits. The plan was amended in 2009 to cease coverage at the earlier of the date of death or the date the participant becomes eligible for Medicare coverage. The plan was further curtailed at the end of the 2010 fiscal year, continuing coverage for those individuals who had retired prior to June 30, 2010, but providing no coverage to any employee retiring after that date.

The Charleston County Park and Recreation Commission provide retiree benefits as follows:

- A) Any covered employee who retires with at least 20 years, but less than 25 years of Commission covered entity service credit under the South Carolina Retirement Systems will be eligible for Commission funded retiree insurance benefits effective with his/her date of retirement, provided he/she is eligible for retirement at the time he/she leaves active Commission service. The last five years must be consecutive and in a full-time, regular position. The Commission will pay 50 percent of the retiree cost and 50 percent of the dependent cost for health and dental coverage.

- B) Any covered employee who retires with 25 years or more years of Commission-covered entity service credit under the South Carolina Retirement Systems will be eligible for Commission funded retiree insurance benefits effective with his/her date of retirement, provided he/she is eligible for retirement at the time he/she leaves active Commission service. The last five years must be consecutive and in a full-time, regular, position. The Commission will pay 100 percent of the retiree cost and 65 percent of the dependent cost for health and dental coverage.

**COUNTY OF CHARLESTON, SOUTH CAROLINA
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- C) The health and dental insurance premium for surviving spouses and dependents of deceased retirees will be waived for one year after the retiree's death. Following one year, the surviving spouse and/or dependents are eligible to continue coverage at the same proportional cost (50 percent or 65 percent) as in effect prior to the retiree's death. Survivors may remain on the plan until death or remarriage, whichever comes first.
- D) Employees may opt out of the plan. The Commission is not required to contribute at an actuarially determined rate, but has elected to contribute based on an advanced funding basis based on the actuarial determined amount.

Funding Policy

As of year-end, there were 543 employees who had retired from the County and are receiving health insurance premium coverage benefits. The County currently finances the plan on a pay-as-you-go basis. For the year ended June 30, 2011, the County recognized expenses of \$1,196,061 for healthcare, which were net of retiree contributions of \$1,176,450. The James Island Public Service District had 25 employees who had retired and receiving benefits under their plan. The District recognized expenses of \$133,185 for health care premium net of retiree contributions of \$34,150. The St. Paul's Fire District had 3 employees who had retired and receiving benefits under their plan. The District recognized expenses of \$12,000 for health care premiums. The Charleston County Park and Recreation Commission had 5 employees who are retired and receiving benefits.

The County's annual cost (expense) for other post employment benefits is calculated based on the annual required contribution (ARC) of the employer, which is actuarially determined based upon the requirements and parameters of GASB Statement 45, *Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pensions*. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost for each year plus the amount necessary to amortize any unfunded actuarial liability (or funding excess) over a period not to exceed 30 years. The current ARC is based on a level percent of payroll increasing at 3 percent.

For the year ended June 30, 2011, the County's annual OPEB cost was \$4,570,445 for the post employment healthcare plan. The County's annual OPEB cost for the current year is as follows:

Annual Required Contribution	\$ 4,534,259
Interest on OPEB obligation	492,255
Adjustment to ARC	<u>(456,069)</u>
Annual OPEB cost (expense) end of year	4,570,445
Net estimated employer contributions	<u>(1,676,012)</u>
Increase in net OPEB obligation	\$ 2,894,433
Net OPEB obligation/(asset) beginning of year	\$ 10,938,993
Net OPEB obligation/(asset) end of year	\$ 13,833,426

Actuarial methods and assumptions

The Projected Unit Credit actuarial cost method is used to calculate the GASB ARC for the County's retiree health care plan. Using the plan benefits, the present health premiums and a set of actuarial assumptions, the anticipated future payments are projected. The projected unit credit method then provides for a systematic funding for these anticipated payments. The yearly ARC is computed to cover the cost of benefits being earned by covered members as well as to amortize a portion of the unfunded accrued liability.

**COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

Projections of health benefits are based on the plan as understood by the County and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the County and the County's employees to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows:

Actuarial Methods and Assumptions

Investment rate of return	4.5% net of expenses
Actuarial cost method	Projected Unit Credit Cost Method
Amortization method	Level as a percentage of employee payroll
Amortization Period	Open 30 year period
Salary Growth	3.00% per annum
Inflation	3.00% per annum
Medical Trend	Starting at 9.0% and decreasing by .5% per year to 4.5% per after 9 years

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status and the annual required contributions of the County's retiree health care plan are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year ending June 30, 2011 and the preceding two fiscal years were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Employer Amount Contributed</u>	<u>Percentage Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2009	\$5,947,354	\$1,872,824	31.5%	\$ 8,286,334
June 30, 2010	\$4,402,193	\$1,749,534	39.7%	\$10,938,993
June 30, 2011	\$4,570,445	\$1,676,012	36.7%	\$13,833,428

Schedule of Funding Progress and Status

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
7/1/2007	\$ -	\$52,972,306	\$52,972,306	0%	\$93,550,000	56.62%
7/1/2008	\$ -	\$52,972,306	\$52,972,306	0%	\$97,800,000	54.16%
7/1/2009	\$ -	\$47,374,110	\$47,374,110	0%	\$96,600,000	49.04%
7/1/2010	\$ -	\$47,374,110	\$47,374,110	0%	\$99,400,000	47.66%

COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

H. Funds Held by Coastal Community Foundation

As of June 30, 2011, the Coastal Community Foundation was holding \$431,055 in the Charleston County Library Fund. The fund was established in November 1983 as a capital fund for the purpose of providing support for unusual or innovative programs and services at the Library not normally funded by government appropriations. During the year, \$5,000 was awarded as grants to the Library. Of the balance, \$10,087 is available for grants to the Library.

As of June 30, 2011, the Coastal Community Foundation was holding \$82,395 in the Roper Foundation Community Wellness Endowment for the Charleston County Library. The endowment was established for the purpose of updating the health education information collection. At year-end, \$2,900 is available for grants to the Library.

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

I. Employee Retirement Systems and Plans

South Carolina Retirement and Police Officers' Retirement Systems

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

Funding Policy - SCRS. Plan members are required to contribute 6.50 percent of their annual covered salary and the employer is required to contribute at an actuarially determined rate. The current rate is 9.24 percent of annual covered payroll. The contribution requirements of plan members and employers are established under authority of Title 9 of the South Carolina Code of Law, 1976 (as amended).

Funding Policy - SCPORS. Plan members are required to contribute 6.7 percent of their annual covered salary and the employer is required to contribute at an actuarially determined rate. The current rate is 10.65 percent of annual covered payroll. The contribution requirements of plan members and employers are established under authority of Title 9 of the South Carolina Code of Law, 1976 (as amended).

Additionally, participating employers of the SCRS contribute .15 percent of payroll to provide a group life insurance benefit for their participants; and participating employers of the SCPORS contribute .4 percent of payroll to provide a group life insurance benefit and accidental death benefits for their participants.

**COUNTY OF CHARLESTON, SOUTH CAROLINA
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JUNE 30, 2011**

The following table presents the required contributions to the SCRS and SCPORS by the County and its component units for the years ended June 30, 2011, 2010, and 2009:

<u>SCRS Contributions</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Primary government:	\$ 6,025,133	\$ 6,038,511	\$ 6,157,100
Component units:			
CCL	653,680	641,886	670,394
CCPRC	810,537	750,734	691,007
JIPSD	395,833	393,616	402,807
SAPPPC	106,196	109,493	110,901
SJFD	36,538	47,767	44,726
SPFD	<u>9,464</u>	<u>9,998</u>	<u>7,633</u>
Total SCRS	<u>\$ 8,037,381</u>	<u>\$ 7,992,005</u>	<u>\$ 8,084,568</u>
 <u>SCPORS Contributions</u>			
Primary government:	\$ 3,694,484	\$ 3,303,451	\$ 3,290,463
Component units:			
SJFD	525,406	492,090	479,814
SPFD	<u>258,948</u>	<u>267,074</u>	<u>236,949</u>
Total SCPORS	<u>\$ 4,478,838</u>	<u>\$ 4,062,615</u>	<u>\$ 4,007,226</u>

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

During fiscal year 2011, Charleston County offered a voluntary retirement incentive to employees who were eligible to retire under the South Carolina Retirement System (SCRS) or the South Carolina Police Officers Retirement System (PORS). Employees who chose to participate in the program were required to separate from Charleston County no later than March 31, 2011. Departments and offices that had employees participate in the program were required to reduce their budgets by 75 percent of the annual salary for the retiree. This reduction is required to be maintained through fiscal year 2014.

Employees were offered two incentive choices. They could receive one week's pay for every year worked with the county, up to a maximum of 26 weeks pay or they could select to have the county purchase two and one half years of service credit in SCRS or PORS. A total of 38 Charleston County employees and 10 Charleston County Library employees retired under the incentive program. The total program cost was \$1,253,460. The program resulted in \$1,999,927 of savings in the fiscal year 2012 budget.

J. Pending GASB Pronouncements

The GASB has issued Statement No. 61, "The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34" for periods beginning after June 15, 2012. The effect of implementation of this statement on the financial statements for the County's year ending June 30, 2013 has not yet been determined. The objective of this Statement is to improve financial reporting for a governmental financial reporting entity. The requirements of Statement No. 14, *The Financial Reporting Entity*, and the related financial reporting requirements of Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, were amended to better meet user needs and to address reporting entity issues that have arisen since the issuance of those Statements.

**COUNTY OF CHARLESTON, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

This Statement modifies certain requirements for inclusion of component units in this financial reporting entity. For organizations that previously were required to be included as component units by meeting the fiscal dependency criterion, a financial benefit or burden relationship also would need to be present between the primary government and that organization for it to be included in the reporting entity as a component unit. Further, for organizations that do not meet the financial accountability criteria for inclusion as component units but that, nevertheless, should be included because the primary government's management determines that it would be misleading to exclude them, this Statement clarifies the manner in which that determination should be made and the types of relationships that generally should be considered in making the determination.

This Statement also amends the criteria for reporting component units as if they were part of the primary government (that is, blending) in certain circumstances. For component units that currently are blended based on the "substantively the same governing body" criterion, it additionally requires that (1) the primary government and the component unit have a financial benefit or burden relationship or (2) management (below the level of the elected officials) of the primary government have operational responsibility for the activities of the component unit. New criteria also are added to require blending of component units whose total debt outstanding is expected to be repaid entirely or almost entirely with resources of the primary government. The blending provisions are amended to clarify that funds of a blended component unit have the same financial reporting requirements as a fund of the primary government.

The GASB has issued Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position" for periods beginning after December 15, 2011. The effect of implementation of this statement on the financial statements for the County's year ending June 30, 2013 has not yet been determined. This Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities.

The requirements of this Statement will improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's net position. It alleviates uncertainty about reporting those financial statement elements by providing guidance where none previously existed.

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**CHARLESTON COUNTY, SOUTH CAROLINA
SUPPLEMENTARY FINANCIAL INFORMATION**



**COUNTY OF CHARLESTON, SOUTH CAROLINA
SCHEDULES OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS –
OTHER POSTEMPLOYMENT BENEFITS – DEFINED BENEFIT HEALTH CARE PLAN
FISCAL YEAR ENDED JUNE 30, 2011 (UNAUDITED)**

SCHEDULE OF FUNDING PROGRESS

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b- a)/c)</u>
Primary Government						
7/1/2007	\$ -	\$ 52,972,306	\$ 52,972,306	0%	\$ 93,550,000	56.62%
7/1/2008	\$ -	\$ 52,972,306	\$ 52,972,306	0%	\$ 97,800,000	54.16%
7/1/2009	\$ -	\$ 47,374,110	\$ 47,374,110	0%	\$ 96,800,000	49.04%
7/1/2010	\$ -	\$ 47,374,110	\$ 47,374,110	0%	\$ 99,400,000	47.66%
Component Units						
<u>7/1/2007</u>						
JIPSD	\$ -	\$ 6,024,106	\$ 6,024,106	0%	\$ 4,105,074	146.74%
CCPRC	\$ -	\$ 3,089,213	\$ 3,089,213	0%	\$ 6,457,330	47.84%
SPFD	\$ -	\$ 3,111,459	\$ 3,111,459	0%	\$ 2,022,100	153.87%
<u>7/1/2008</u>						
JIPSD	\$ -	\$ 6,024,106	\$ 6,024,106	0%	\$ 4,333,412	139.01%
CCPRC	\$ -	\$ 3,089,213	\$ 3,089,213	0%	\$ 7,155,052	43.18%
SPFD	\$ -	\$ 1,138,768	\$ 1,138,768	0%	\$ 2,299,864	49.51%
<u>7/1/2009</u>						
JIPSD	\$ -	\$ 5,493,663	\$ 5,493,663	0%	\$ 4,227,757	130.00%
CCPRC	\$ -	\$ 3,089,213	\$ 3,089,213	0%	\$ 7,780,156	39.71%
SPFD	\$ -	\$ 120,334	\$ 120,334	0%	\$ -	0%
<u>7/1/2010</u>						
JIPSD	\$ -	\$ 5,493,663	\$ 5,493,663	0%	\$ 4,331,757	127.00%
CCPRC	\$ -	\$ 3,058,193	\$ 3,058,193	0%	\$ 8,003,946	38.21%
SPFD	\$ -	\$ 130,811	\$ 130,811	0%	\$ -	0%

CONTINUED

**COUNTY OF CHARLESTON, SOUTH CAROLINA
SCHEDULES OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS –
OTHER POSTEMPLOYMENT BENEFITS – DEFINED BENEFIT HEALTH CARE PLAN
FISCAL YEAR ENDED JUNE 30, 2011 (UNAUDITED)**

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year Ended June 30	Annual Required Contribution	Actual Contribution	Net OPEB Liability	Percent Funded
Primary Government				
2008	\$ 5,874,245	\$ 1,662,441	\$ 4,211,804	28.30%
2009	\$ 5,947,354	\$ 1,872,824	\$ 4,074,530	31.49%
2010	\$ 4,402,193	\$ 1,749,534	\$ 2,652,659	39.74%
2011	\$ 4,570,445	\$ 1,676,012	\$ 2,894,433	36.67%
Component Units				
2008				
JIPSD	\$ 481,068	\$ 133,822	\$ 347,446	27.78%
CCPRC	\$ 378,935	\$ -	\$ 378,935	0%
SPFD	\$ 367,100	\$ -	\$ 367,100	0%
2009				
JIPSD	\$ 504,234	\$ 151,532	\$ 352,702	30.05%
CCPRC	\$ 378,935	\$ -	\$ 378,935	0%
SPFD	\$ 242,038	\$ -	\$ 242,038	0%
2010				
JIPSD	\$ 510,638	\$ 133,185	\$ 377,453	26.08%
CCPRC	\$ 378,935	\$ -	\$ 378,935	0%
SPFD	\$ -	\$ -	\$ -	0%
2011				
JIPSD	\$ 510,638	\$ 146,492	\$ 364,146	28.69%
CCPRC	\$ 363,911	\$ -	\$ 363,911	0%
SPFD	\$ -	\$ -	\$ -	0%

Note: The amounts shown as Actual Contribution include the implicit subsidy.

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**CHARLESTON COUNTY, SOUTH CAROLINA
COMBINING FINANCIAL STATEMENTS
AND
SCHEDULES**



CHARLESTON COUNTY COMBINING SCHEDULES - NONMAJOR GOVERNMENTAL FUNDS

Nonmajor Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Accommodations – This fund is used to account for the two percent local accommodation tax collected by the County and the two percent accommodation tax collected by the State on transient room rentals throughout the County. All expenditures must be tourist related with the exception of the first \$25,000 and five percent of the remainder of accommodations taxes remitted by the State. The budget is adopted on an annual basis.

American Recovery and Reinvestment Act – This fund was established to account for grants received under the economic stimulus package enacted by the United States Congress. The Act was intended to provide a stimulus to the United States economy in the wake of the economic downturn. The budget is adopted on a project length basis.

Child Support Enforcement – This fund is used to account for federal monies received to enforce child support obligations at the local level. The budget is adopted on an annual basis.

Community Development – This fund is used to account for Community Development Block Grants received from the U.S. Department of Housing and Urban Development, various state community development grants and matching funds. The budget is adopted on a project-length basis.

Construction Public Works – This fund is used to account for the receipt of state gasoline tax "C" funds earmarked for local road maintenance. The budget is adopted on a project-length basis.

Economic Development – This fund was established to account for local cooperative economic development activities in the tri-county area. Revenue is received from Multi-county Industrial Park fees assessed in lieu of property taxes on individual properties under regulations developed by the S. C. Department of Revenue. The budget is adopted on an annual basis.

Education – This fund is used to account for specific property taxes levied to fund maintenance of facilities owned by the Trident Technical College within the tri-county area used by residents of Charleston County. The budget is adopted on an annual basis.

Emergency Medical Services – This fund is used to account for proceeds of state grants and matching funds used to purchase equipment for use by emergency medical service personnel. The budget is adopted on a project-length basis.

Fire Districts – This fund was established to account for revenues generated by a property tax levy in the Awendaw, Boone Hall, East Cooper, McClellanville area, North Charleston and West St. Andrew's Fire Protection Districts and funds received under a contract with the Towns of McClellanville and Awendaw to provide fire protection for the Town's residents. These services are provided by County employees and through contracts with other entities. The budget is adopted on an annual basis.

Hazardous Materials Enforcement – This fund was established to pay for a county-wide hazardous materials training program and to acquire equipment needed to support the various fire departments within the county when they have to handle hazardous material situations. It is funded by a fee charged to the various businesses within the county that use hazardous materials and prior year transfers from the general fund. The budget is adopted on an annual basis.

Public Defender - This fund was established to account for the activities of the Ninth Circuit Public Defender. The Public Defender is mandated to defend in the State court system all persons within Charleston County who are required by Statute, State or Federal Constitution to be provided with a legal counsel at public expense. The budget is adopted on an annual basis.

Safety Enforcement – This fund is used to account for federal and state grants, contributions from individuals and corporations, and County matching funds to provide public safety enforcement and prevention activities. The budget is adopted on a project-length basis.

Sheriff – This fund was established to account for federal and state grants and asset forfeitures received in various drug interdiction activities used to fund law enforcement activities. The budget is adopted on an annual basis.

Solicitor – This fund was established to account for funds provided by the State, grants for reducing domestic violence, grants for prosecuting DUI cases and fees charged to first time defendants under the Pretrial Intervention Program, who upon completion may have their records expunged. State appropriations are to be used for providing assistance to victims and witnesses of violent crimes and to supplement County appropriations for Solicitor activities. The budget is adopted on an annual basis.

Storm Water Drainage – This fund was established to account for the storm water fee the County began charging November 1, 2006. This fee funds the County's storm water management program which is required under federal regulations. The program regulates run off from all properties and activities that have the potential to pollute local water systems. The fee funds operations, maintenance and capital improvements. The budget is adopted on an annual basis.

Victim Notification – This fund was established to account for court assessments and conviction surcharges received pursuant to a change in state law which required counties to provide notification to victims of violent crime anytime there is a change in the status of the offender. The budget is adopted on an annual basis.

Charleston Development Corporation – This fund is used to account for the County's non-profit blended component unit. This entity was established in September 2004 to further human, social, and economic development in the County of Charleston. The Corporation exists solely for the benefit of the County. The budget is adopted on a project-length basis.

Nonmajor Capital Projects Funds

Capital Projects funds are used to account for the acquisition and construction of major capital outlays other than those financed by proprietary funds.

Construction - This fund was established in fiscal year 1986 by amendment to the budget ordinance to receive the proceeds of property sales and finance new construction with these funds. Per the County Budget Ordinance, all proceeds from the sale of real estate must be used for capital projects.

Equipment Replacement Fund - This fund was established in fiscal year 2005 to finance replacement of fleet and technology equipment. Funding comes from the sale of the County's general capital assets (excluding real estate) and from the general fund.

General Services Construction - This fund was established in fiscal year 1995 to control funds for multi-year facilities maintenance projects, such as building renovations, which have been approved by Council. Funding comes from the general fund.

ITS/Management Information Systems - This fund was established in fiscal year 1996 to control funds for multi-year data processing hardware and software acquisitions that have been approved by County Council. Funding comes from the general fund. This fund also was established to account for the replacement of computer hardware and software. Funding comes from various leases.

**COUNTY OF CHARLESTON, SOUTH CAROLINA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2011**

<u>ASSETS</u>	Special Revenue Funds			
	Accommo- dations	American Recovery & Reinvestment Act	Child Support Enforcement	Community Development
Non-pooled cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Pooled cash and cash equivalents	1,821,089	49	24,880	375,225
Restricted cash and cash equivalents	964,282	-	-	-
Receivables (net of allowances for uncollectibles)	<u>2,077,825</u>	<u>361,340</u>	<u>107,884</u>	<u>440,227</u>
Total assets	<u>\$ 4,863,196</u>	<u>\$ 361,389</u>	<u>\$ 132,764</u>	<u>\$ 815,452</u>
 <u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 585,922	\$ 39,734	\$ 35,650	\$ 248,404
Accrued payroll and fringe benefits	-	3,895	16,482	10,569
Due to other funds	-	299,088	77,242	-
Intergovernmental payable	3,565,910	-	-	132,695
Deferred revenue	-	18,622	-	25,325
Total liabilities	<u>4,151,832</u>	<u>361,339</u>	<u>129,374</u>	<u>416,993</u>
Fund balances:				
Restricted	711,364	50	3,390	388,459
Committed	-	-	-	-
Total fund balances	<u>711,364</u>	<u>50</u>	<u>3,390</u>	<u>388,459</u>
Total liabilities and fund balances	<u>\$ 4,863,196</u>	<u>\$ 361,389</u>	<u>\$ 132,764</u>	<u>\$ 815,452</u>

See notes to financial statements.

Special Revenue Funds

Construction Public Works	Economic Development	Education	Emergency Medical Services	Fire Districts
\$ -	\$ -	\$ -	\$ -	\$ -
11,287,896	708,784	-	-	797,510
-	-	-	-	-
1,745,628	9,687	5,736,922	575	1,850,618
\$ 13,033,324	\$ 718,371	\$ 5,736,922	\$ 575	\$ 2,648,128
\$ 311,748	\$ 18,978	\$ -	\$ -	\$ 18,109
-	14,784	-	-	53,818
-	-	189,574	575	-
100,000	-	-	-	78,077
-	-	5,547,348	-	1,681,317
411,748	33,762	5,736,922	575	1,831,321
12,621,576	684,609	-	-	816,807
-	-	-	-	-
12,621,576	684,609	-	-	816,807
\$ 13,033,324	\$ 718,371	\$ 5,736,922	\$ 575	\$ 2,648,128

**COUNTY OF CHARLESTON, SOUTH CAROLINA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2011**

Special Revenue Funds

<u>ASSETS</u>	Hazardous Materials Enforcement	Public Defender	Safety Enforcement	Sheriff
Non-pooled cash and cash equivalents	\$ -	\$ -	\$ 47,841	\$ 50,965
Pooled cash and cash equivalents	236,931	1,020,983	42,484	2,088,109
Restricted cash and cash equivalents	-	-	-	-
Receivables (net of allowances for uncollectibles)	294	16,492	868,028	6,653
Total assets	\$ 237,225	\$ 1,037,455	\$ 958,353	\$ 2,125,727
 <u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 62	\$ 14,454	\$ 8,535	\$ 38,642
Accrued payroll and fringe benefits	3,983	146,276	45,730	8,390
Due to other funds	-	-	349,588	-
Intergovernmental payable	-	1,487	31,581	3,847
Deferred revenue	-	78,971	-	-
Total liabilities	4,025	241,188	436,412	48,679
 Fund balances:				
Restricted	233,200	796,267	520,941	2,077,048
Committed	-	-	-	-
Total fund balances	233,200	796,267	520,941	2,077,048
Total liabilities and fund balances	\$ 237,225	\$ 1,037,455	\$ 958,353	\$ 2,125,727

See notes to financial statements.

Special Revenue Funds				Capital Projects Funds
Solicitor	Storm Water Drainage	Victim Notification	Charleston Development Corp	Construction
\$ 2,690,754	\$ -	\$ 29,211	\$ -	\$ -
152,991	2,067,294	32,793	32,826	8,508,684
-	-	-	-	-
245,942	653,134	-	221	-
\$ 3,089,687	\$ 2,720,428	\$ 62,004	\$ 33,047	\$ 8,508,684
\$ 5,188	\$ 32,632	\$ 1,291	\$ -	\$ 281,123
55,444	34,773	14,829	-	-
390,479	-	-	-	-
81,281	89	-	-	-
56,408	-	-	-	-
588,800	67,494	16,120	-	281,123
2,500,887	2,652,934	45,884	33,047	-
-	-	-	-	8,227,561
2,500,887	2,652,934	45,884	33,047	8,227,561
\$ 3,089,687	\$ 2,720,428	\$ 62,004	\$ 33,047	\$ 8,508,684

**COUNTY OF CHARLESTON, SOUTH CAROLINA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2011**

<u>ASSETS</u>	<u>Capital Projects Funds</u>			Total Nonmajor Governmental Funds
	Equipment Replacement Fund	General Services Construction	ITS / MIS	
Non-pooled cash and cash equivalents \$	-	\$ -	\$ -	\$ 2,818,771
Pooled cash and cash equivalents	403,403	23,319	2,112,471	31,717,501
Restricted cash and cash equivalents	-	-	-	964,282
Receivables (net of allowances for uncollectibles)	-	-	-	14,119,370
Total assets	\$ 403,403	\$ 23,319	\$ 2,112,471	\$ 49,619,924
 <u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 68	\$ 22,638	\$ -	\$ 1,661,178
Accrued payroll and fringe benefits	-	-	-	408,953
Due to other funds	-	-	-	1,306,524
Intergovernmental payable	-	-	-	3,984,767
Deferred revenue	-	-	-	7,407,891
Total liabilities	68	22,638	-	14,779,413
 Fund balances:				
Restricted	-	-	-	24,096,463
Committed	403,335	681	2,112,471	10,744,048
Total fund balances	403,335	681	2,112,471	34,840,511
Total liabilities and fund balances	\$ 403,403	\$ 23,319	\$ 2,112,471	\$ 49,619,924

See notes to financial statements.

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COUNTY OF CHARLESTON, SOUTH CAROLINA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2011

	Special Revenue Funds			
	Accommo- dations	American Recovery & Reinvestment Act	Child Support Enforcement	Community Development
Revenue:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	24,711	1,308,938	1,209,767	3,179,737
Fines and forfeitures	-	-	-	-
Service charges	8,927,318	-	-	-
Interest	5,575	-	-	-
Other revenues	-	-	-	-
Total revenues	9,957,604	1,308,938	1,209,767	3,179,737
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	20,281	75,949	-
Judicial	-	237,360	605,828	-
Public works	-	-	-	-
Health and welfare	-	1,048,479	-	3,244,261
Economic development	-	-	-	-
Culture and recreation	10,044,691	-	-	-
Education	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	10,044,691	1,304,140	681,777	3,244,281
Excess (deficiency) of revenues over (under) expenditures	(87,087)	2,798	527,990	(64,524)
Other financing sources (uses):				
Capital lease proceeds	-	-	-	-
Transfers in	-	-	-	89,459
Transfers out	(24,778)	(43,293)	(548,929)	(51,337)
Proceeds from sale of capital assets	-	-	-	-
Total other financing sources (uses)	(24,778)	(43,293)	(548,929)	38,119
Net change in fund balance	(111,865)	(40,495)	(20,939)	(26,405)
Fund balances at beginning of year	823,229	40,545	24,329	424,864
Fund balances at end of year	\$ 711,364	\$ 50	\$ 3,390	\$ 398,459

See notes to financial statements.

Special Revenue Funds

Construction Public Works	Economic Development	Education	Emergency Medical Services	Fire Districts	Hazardous Materials Enforcement
\$ -	\$ 1,207,438	\$ 5,679,022	\$ -	\$ 1,664,121	\$ -
4,551,018	312,365	154,088	33,266	664,338	-
-	-	-	-	-	-
-	-	-	-	-	191,200
41,461	-	-	-	-	-
-	9,568	-	575	9,608	-
4,592,480	1,529,391	5,833,110	33,661	2,328,067	191,200
-	9,568	-	-	-	-
-	-	-	35,264	2,427,826	188,381
-	-	-	-	-	-
4,159,033	-	-	-	-	-
-	-	-	-	-	-
-	1,473,821	-	-	-	-
-	-	-	-	-	-
-	-	5,833,110	-	-	-
-	-	-	-	-	-
4,159,033	1,483,409	5,833,110	35,264	2,427,826	188,381
433,447	45,962	-	(1,403)	(99,759)	2,819
-	-	-	-	-	-
5,820,767	-	-	1,403	34,497	-
(5,820,767)	-	-	-	(34,497)	-
-	-	-	-	-	-
-	-	-	1,403	-	-
433,447	45,962	-	-	(99,759)	2,819
12,188,129	638,627	-	-	816,666	230,381
\$ 12,621,576	\$ 684,609	\$ -	\$ -	\$ 816,907	\$ 233,200

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COUNTY OF CHARLESTON, SOUTH CAROLINA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2011

	<u>Special Revenue Funds</u>			
	<u>Public Defender</u>	<u>Safety Enforcement</u>	<u>Sheriff</u>	<u>Solicitor</u>
Revenues:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	1,282,923	1,795,382	103,500	827,988
Fines and forfeitures	-	82,107	101,581	93,728
Service charges	101,932	-	-	819,716
Interest	3,595	484	2,732	18,337
Other revenues	-	40,135	444,411	38,946
Total revenues	1,458,450	1,918,108	712,224	1,898,716
Expenditures:				
Current:				
General government	-	83,052	-	-
Public safety	-	742,843	628,168	-
Judicial	4,244,020	1,219,242	-	1,627,868
Public works	-	-	-	-
Health and welfare	-	-	-	-
Economic development	-	-	-	-
Culture and recreation	-	-	-	-
Education	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	4,244,020	2,015,137	628,168	1,627,868
Excess (deficiency) of revenues over (under) expenditures	(2,785,570)	(97,029)	84,056	270,828
Other financing sources (uses):				
Capital lease proceeds	-	-	-	-
Transfers in	2,832,489	101,583	84,100	274,870
Transfers out	-	(225,760)	(24,878)	(218,461)
Proceeds from sale of capital assets	-	-	-	-
Total other financing sources (uses)	2,832,489	(124,177)	59,222	56,189
Net change in fund balance	48,919	(221,204)	143,278	326,987
Fund balances at beginning of year	748,348	742,145	1,833,770	2,173,880
Fund balances at end of year	\$ 796,267	\$ 520,941	\$ 2,077,048	\$ 2,500,867

See notes to financial statements.

Special Revenue Funds			Capital Projects Funds	
Storm Water Drainage	Victim Notification	Charleston Development Corp	Construction	Equipment Replacement Fund
\$ -	\$ -	\$ -	\$ -	\$ -
888,864	3,582	-	378,207	-
-	378,177	-	-	-
1,042,463	-	-	-	-
7,827	-	121	37,574	3,102
-	-	814	3,503,800	-
1,716,734	379,739	735	3,918,581	3,102
-	-	-	-	-
-	189,518	-	-	-
-	225,388	-	-	-
1,725,990	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	907,173	-
1,725,990	414,887	-	907,173	-
(9,256)	(35,148)	735	3,009,408	3,102
-	-	-	-	-
-	-	-	5,470,000	205,948
-	-	(279)	(6,941,738)	(1,188,784)
-	-	-	18,983	81,040
-	-	(279)	(1,452,785)	(852,808)
(9,256)	(35,148)	456	1,558,823	(848,704)
2,682,190	81,032	32,591	6,670,938	1,253,039
\$ 2,652,934	\$ 45,884	\$ 33,047	\$ 8,227,591	\$ 403,335

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COUNTY OF CHARLESTON, SOUTH CAROLINA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2011

	<u>Capital Projects Funds</u>		<u>Total Nonmajor Governmental Funds</u>
	<u>General Services Construction</u>	<u>ITS / MIS</u>	
Revenues:			
Property taxes	\$ -	\$ -	\$ 8,540,881
Intergovernmental	-	-	18,571,468
Fines and forfeitures	-	-	713,893
Service charges	-	-	12,172,818
Interest	-	-	120,808
Other revenues	-	-	4,047,877
Total revenues	-	-	42,186,544
Expenditures:			
Current:			
General government	-	-	62,640
Public safety	-	-	4,308,230
Judicial	-	-	8,158,727
Public works	-	-	5,885,023
Health and welfare	-	-	4,290,740
Economic development	-	-	1,473,821
Culture and recreation	-	-	10,044,891
Education	-	-	5,833,110
Capital outlay	133,550	1,408,706	2,450,429
Total expenditures	133,550	1,408,706	42,508,411
Excess (deficiency) of revenues over (under) expenditures	(133,550)	(1,408,706)	(341,887)
Other financing sources (uses):			
Capital lease proceeds	-	632,831	632,831
Transfers in	-	50,000	15,024,823
Transfers out	-	(145,796)	(15,250,256)
Proceeds from sale of capital assets	-	-	89,893
Total other financing sources (uses)	-	537,035	477,392
Net change in fund balance	(133,550)	(872,671)	135,525
Fund balances at beginning of year	134,231	2,985,142	34,704,966
Fund balances at end of year	\$ 81	\$ 2,112,471	\$ 34,840,511

See notes to financial statements.

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**CHARLESTON COUNTY, SOUTH CAROLINA
INDIVIDUAL FUND SCHEDULES OF REVENUES
EXPENDITURES AND CHANGES IN FUND
BALANCES – BUDGET
(GAAP BASIS) AND ACTUAL**



**COUNTY OF CHARLESTON, SOUTH CAROLINA
 ACCOMMODATIONS SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
 BUDGET AND ACTUAL
 For the Year Ended June 30, 2011**

	<u>BUDGETED AMOUNTS</u>			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
Revenues:				
Intergovernmental	\$ 45,000	\$ 45,000	\$ 24,711	\$ (20,289)
Service charges	8,100,000	9,801,050	9,927,318	126,268
Interest	25,000	25,000	5,575	(19,425)
Total revenues	8,170,000	9,871,050	9,957,604	86,554
Expenditures:				
Current:				
Culture and recreation	8,339,981	10,040,471	10,044,691	(4,220)
Total expenditures	8,339,981	10,040,471	10,044,691	(4,220)
Deficiency of revenues under expenditures	(169,981)	(169,421)	(87,087)	82,334
Other financing uses:				
Transfers out	(26,000)	(26,000)	(24,778)	1,222
Net change in fund balance	(195,981)	(195,421)	(111,865)	83,556
Fund balance at beginning of year	823,229	823,229	823,229	-
Fund balance at end of year	\$ 627,248	\$ 627,808	\$ 711,364	\$ 83,556

See notes to financial statements.

**COUNTY OF CHARLESTON, SOUTH CAROLINA
CHILD SUPPORT ENFORCEMENT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL
For the Year Ended June 30, 2011**

	<u>BUDGETED AMOUNTS</u>			<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
Revenues:				
Intergovernmental	\$ 992,000	\$ 1,209,767	\$ 1,209,767	\$ -
Total revenues	992,000	1,209,767	1,209,767	-
Expenditures:				
Current:				
Public safety	77,451	75,949	75,949	-
Judicial	621,973	584,338	605,828	(21,490)
Total expenditures	699,424	660,287	681,777	(21,490)
Excess of revenues over expenditures	292,576	549,480	527,990	(21,490)
Other financing uses:				
Transfers out	(292,576)	(573,809)	(548,929)	24,880
Net change in fund balance	-	(24,329)	(20,939)	3,390
Fund balance at beginning of year	24,329	24,329	24,329	-
Fund balance at end of year	\$ 24,329	\$ -	\$ 3,390	\$ 3,390

See notes to financial statements.

**COUNTY OF CHARLESTON, SOUTH CAROLINA
ECONOMIC DEVELOPMENT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL
For the Year Ended June 30, 2011**

	<u>BUDGETED AMOUNTS</u>			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
Revenues:				
Property taxes	\$ 1,121,593	\$ 1,121,593	\$ 1,207,438	\$ 85,845
Intergovernmental	-	3,050,000	312,365	(2,737,635)
Other revenues	-	40,000	9,588	(30,412)
Total revenues	<u>1,121,593</u>	<u>4,211,593</u>	<u>1,529,391</u>	<u>(2,682,202)</u>
Expenditures:				
Current:				
General government	-	-	9,588	(9,588)
Economic development	1,277,416	4,506,178	1,473,821	3,032,357
Total expenditures	<u>1,277,416</u>	<u>4,506,178</u>	<u>1,483,409</u>	<u>3,022,769</u>
(Deficiency) excess of revenues (under) over expenditures	<u>(155,823)</u>	<u>(294,585)</u>	<u>45,982</u>	<u>340,567</u>
Net change in fund balance	(155,823)	(294,585)	45,982	340,567
Fund balance at beginning of year	<u>638,627</u>	<u>638,627</u>	<u>638,627</u>	<u>-</u>
Fund balance at end of year	<u>\$ 482,804</u>	<u>\$ 344,042</u>	<u>\$ 684,609</u>	<u>\$ 340,567</u>

See notes to financial statements.

**COUNTY OF CHARLESTON, SOUTH CAROLINA
EDUCATION SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL
For the Year Ended June 30, 2011**

	<u>BUDGETED AMOUNTS</u>			<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
Revenues:				
Property taxes	\$ 5,700,000	\$ 5,966,290	\$ 5,679,022	\$ (287,268)
Intergovernmental	-	-	154,088	154,088
Total revenues	<u>5,700,000</u>	<u>5,966,290</u>	<u>5,833,110</u>	<u>(133,180)</u>
Expenditures:				
Current:				
Education	5,700,000	5,966,290	5,833,110	133,180
Total expenditures	<u>5,700,000</u>	<u>5,966,290</u>	<u>5,833,110</u>	<u>133,180</u>
Excess of revenues over expenditures	-	-	-	-
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See notes to financial statements.

**COUNTY OF CHARLESTON, SOUTH CAROLINA
 FIRE DISTRICTS SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
 BUDGET AND ACTUAL
 For the Year Ended June 30, 2011**

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
Revenues:				
Property taxes	\$ 1,823,000	\$ 1,872,217	\$ 1,654,121	\$ (18,096)
Intergovernmental	492,463	816,771	664,338	(152,433)
Other revenues	-	5,212	9,608	4,396
Total revenues	2,115,463	2,494,200	2,328,067	(166,133)
Expenditures:				
Current:				
Public safety	2,084,391	2,573,454	2,427,826	145,628
Total expenditures	2,084,391	2,573,454	2,427,826	145,628
Excess (deficiency) of revenues over (under) expenditures	31,072	(79,254)	(99,759)	(20,505)
Other financing sources (uses):				
Transfers In	-	51,490	34,497	16,993
Transfers out	(36,672)	(36,707)	(34,497)	(2,210)
Total other financing sources (uses)	(36,672)	14,783	-	-14,783
Net change in fund balance	31,072	(64,471)	(99,759)	(35,288)
Fund balance at beginning of year	916,586	916,586	916,586	-
Fund balance at end of year	\$ 847,638	\$ 852,095	\$ 816,807	\$ (35,288)

See notes to financial statements.

**COUNTY OF CHARLESTON, SOUTH CAROLINA
HAZARDOUS MATERIALS ENFORCEMENT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL
For the Year Ended June 30, 2011**

	<u>BUDGETED AMOUNTS</u>			<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
Revenues:				
Service charges	\$ 200,000	\$ 200,000	\$ 191,200	\$ (8,800)
Total revenues	<u>200,000</u>	<u>200,000</u>	<u>191,200</u>	<u>(8,800)</u>
Expenditures:				
Current:				
Public safety	255,121	254,919	188,381	66,538
Total expenditures	<u>255,121</u>	<u>254,919</u>	<u>188,381</u>	<u>66,538</u>
(Deficiency) excess of revenues (under) over expenditures	<u>(55,121)</u>	<u>(54,919)</u>	<u>2,819</u>	<u>57,738</u>
Other financing sources:				
Transfers out	-	(9,225)	-	9,225
Net change in fund balance	(55,121)	(64,144)	2,819	66,963
Fund balance at beginning of year	<u>230,381</u>	<u>230,381</u>	<u>230,381</u>	<u>-</u>
Fund balance at end of year	<u>\$ 175,260</u>	<u>\$ 166,237</u>	<u>\$ 233,200</u>	<u>\$ 66,963</u>

See notes to financial statements.

**COUNTY OF CHARLESTON, SOUTH CAROLINA
PUBLIC DEFENDER SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL
For the Year Ended June 30, 2011**

	<u>BUDGETED AMOUNTS</u>			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
Revenues:				
Intergovernmental	\$ 1,109,146	\$ 1,110,672	\$ 1,262,923	\$ 152,251
Service charges	167,000	167,000	191,932	24,932
Interest	-	-	3,595	3,595
Total revenues	<u>1,276,146</u>	<u>1,277,672</u>	<u>1,458,450</u>	<u>180,778</u>
Expenditures:				
Current:				
Judicial	4,415,829	4,418,868	4,244,020	174,848
Total expenditures	<u>4,415,829</u>	<u>4,418,868</u>	<u>4,244,020</u>	<u>174,848</u>
Deficiency of revenues under expenditures	<u>(3,139,683)</u>	<u>(3,141,196)</u>	<u>(2,785,570)</u>	<u>355,626</u>
Other financing sources:				
Transfers In	2,832,489	2,832,489	2,832,489	-
Net change in fund balance	(307,194)	(308,707)	48,918	365,626
Fund balance at beginning of year	<u>749,348</u>	<u>749,348</u>	<u>749,348</u>	<u>-</u>
Fund balance at end of year	<u>\$ 442,154</u>	<u>\$ 440,641</u>	<u>\$ 798,267</u>	<u>\$ 355,626</u>

See notes to financial statements.

COUNTY OF CHARLESTON, SOUTH CAROLINA
SHERIFF SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL
For the Year Ended June 30, 2011

	<u>BUDGETED AMOUNTS</u>			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
Revenues:				
Intergovernmental	\$ 103,500	\$ 103,500	\$ 103,500	\$ -
Fines and forfeitures	202,521	202,521	161,581	(40,940)
Interest	-	-	2,732	2,732
Other revenues	407,500	406,000	444,411	38,411
Total revenues	713,521	712,021	712,224	203
Expenditures:				
Current:				
Public safety	697,364	925,656	628,168	297,488
Total expenditures	697,364	925,656	628,168	297,488
Excess (deficiency) of revenues over (under) expenditures	16,157	(213,635)	84,056	297,591
Other financing sources (uses):				
Transfers in	84,112	84,112	84,100	(12)
Transfers out	-	(24,878)	(24,878)	-
Total other financing sources	84,112	59,234	59,222	(12)
Net change in fund balance	100,269	(154,401)	143,278	297,679
Fund balance at beginning of year	1,933,770	1,933,770	1,933,770	-
Fund balance at end of year	\$ 2,034,039	\$ 1,779,369	\$ 2,077,048	\$ 297,679

See notes to financial statements.

COUNTY OF CHARLESTON, SOUTH CAROLINA
SOLICITOR SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL
For the Year Ended June 30, 2011

	<u>BUDGETED AMOUNTS</u>			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
Revenues:				
Intergovernmental	\$ 802,500	\$ 850,353	\$ 927,989	\$ 77,636
Fines and forfeitures	39,240	39,240	93,728	54,488
Service charges	958,918	926,622	819,716	(108,906)
Interest	-	-	18,337	18,337
Other revenues	-	-	38,946	38,946
Total revenues	<u>1,800,658</u>	<u>1,816,215</u>	<u>1,898,716</u>	<u>82,501</u>
Expenditures:				
Current:				
Judicial	1,703,155	1,928,409	1,627,888	300,521
Total expenditures	<u>1,703,155</u>	<u>1,928,409</u>	<u>1,627,888</u>	<u>300,521</u>
Excess (deficiency) of revenues over (under) expenditures	<u>97,503</u>	<u>(112,194)</u>	<u>270,828</u>	<u>383,022</u>
Other financing sources (uses):				
Transfers In	57,293	269,396	274,570	5,174
Transfers out	(182,847)	(221,354)	(218,401)	2,953
Total other financing sources (uses)	<u>(95,254)</u>	<u>48,042</u>	<u>56,169</u>	<u>8,127</u>
Net change in fund balance	<u>2,249</u>	<u>(64,152)</u>	<u>326,997</u>	<u>391,149</u>
Fund balance at beginning of year	<u>2,173,890</u>	<u>2,173,890</u>	<u>2,173,890</u>	<u>-</u>
Fund balance at end of year	<u>\$ 2,173,890</u>	<u>\$ 2,173,890</u>	<u>\$ 2,173,890</u>	<u>\$ 391,149</u>

See notes to financial statements.

**COUNTY OF CHARLESTON, SOUTH CAROLINA
 STORM WATER DRAINAGE SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
 BUDGET AND ACTUAL
 For the Year Ended June 30, 2011**

	<u>BUDGETED AMOUNTS</u>			<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
Revenues:				
Intergovernmental	\$ 658,500	\$ 658,500	\$ 666,654	\$ 8,154
Service charges	1,190,000	1,190,000	1,042,453	(147,547)
Interest	-	-	7,627	7,627
Total revenues	<u>1,848,500</u>	<u>1,848,500</u>	<u>1,716,734</u>	<u>(131,766)</u>
Expenditures:				
Current:				
Public works	1,848,500	2,410,897	1,725,990	684,907
Total expenditures	<u>1,848,500</u>	<u>2,410,897</u>	<u>1,725,990</u>	<u>684,907</u>
Deficiency of revenues under expenditures	<u>-</u>	<u>(562,397)</u>	<u>(9,256)</u>	<u>553,141</u>
Net change in fund balance	-	(562,397)	(9,256)	553,141
Fund balance at beginning of year	<u>2,662,190</u>	<u>2,662,190</u>	<u>2,662,190</u>	<u>-</u>
Fund balance at end of year	<u>\$ 2,662,190</u>	<u>\$ 2,099,793</u>	<u>\$ 2,652,934</u>	<u>\$ 553,141</u>

See notes to financial statements.

**COUNTY OF CHARLESTON, SOUTH CAROLINA
VICTIM NOTIFICATION SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL
For the Year Ended June 30, 2011**

	<u>BUDGETED AMOUNTS</u>			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>(NEGATIVE)</u>
Revenues:				
Intergovernmental	\$ 3,400	\$ 3,400	\$ 3,562	\$ 162
Fines and forfeitures	437,500	437,500	376,177	(61,323)
Total revenues	440,900	440,900	379,739	(61,161)
Expenditures:				
Current:				
Public safety	239,220	239,220	189,518	49,702
Judicial	233,587	233,597	225,369	8,228
Total expenditures	472,817	472,817	414,887	57,930
Deficiency of revenues under expenditures	(31,917)	(31,917)	(35,148)	(3,231)
Net change in fund balance	(31,917)	(31,917)	(35,148)	(3,231)
Fund balance at beginning of year	81,032	81,032	81,032	-
Fund balance at end of year	\$ 49,115	\$ 49,115	\$ 45,884	\$ (3,231)

See notes to financial statements.

COUNTY OF CHARLESTON, SOUTH CAROLINA
VICTIM NOTIFICATION SPECIAL REVENUE FUND
SCHEDULE OF FINES, ASSESSMENTS AND SURCHARGES COLLECTED
June 30, 2011

	<u>Total Collections</u>	<u>Remittance to State</u>	<u>Retained by County</u>	<u>General Fund</u>	<u>Victim Notification</u>	<u>Total County Revenue</u>
Magistrates:						
Fines:						
Traffic/criminal	\$ 2,205,992	\$ -	\$ 2,205,992	\$ 2,205,992	\$ -	\$ 2,205,992
Wildlife/littering	51,723	51,723	-	-	-	-
DUI/DUS/BUI	69,078	69,078	-	-	-	-
Assessments	1,617,523	1,493,161	124,362	-	124,362	124,362
Surcharges	547,510	479,823	67,687	-	67,687	67,687
	<u>4,491,826</u>	<u>2,093,785</u>	<u>2,398,041</u>	<u>2,205,992</u>	<u>192,049</u>	<u>2,398,041</u>
Clerk of Court:						
Fines:						
Fines and Fees	1,821,339	1,164,493	656,846	656,846	-	656,846
Family court	2,162,334	1,107,933	1,054,401	1,054,401	-	1,054,401
DUI/DUS/BUI	13,089	13,089	-	-	-	-
Assessments	84,507	54,843	29,664	-	29,664	29,664
Surcharges	262,146	107,682	154,464	-	154,464	154,464
	<u>4,343,415</u>	<u>2,448,040</u>	<u>1,895,375</u>	<u>1,711,247</u>	<u>184,128</u>	<u>1,895,375</u>
	<u>\$ 8,835,241</u>	<u>\$ 4,541,825</u>	<u>\$ 4,293,416</u>	<u>\$ 3,917,239</u>	<u>\$ 376,177</u>	<u>\$ 4,293,416</u>

See notes to financial statements.

CHARLESTON COUNTY COMBINING STATEMENTS - NONMAJOR ENTERPRISE FUNDS

Enterprise funds are used to account for those operations that are financed and operated in a manner similar to private business.

DAODAS - This fund records the activity of programs administered by the Department of Alcohol and Other Drug Abuse Services (DAODAS). These programs reduce the negative impact of alcohol and other drugs on constituents by planning and implementing comprehensive and effective programs of professional services. State and Federal funding, Medicaid, client fees, and other funding sources support these programs.

E-911 Communications - This fund is used to account for the operations of the County's Emergency 911 communication system. This service is funded through a county-wide service charge on all telephone service and is collected by local utilities for the County.

Radio Communications - This fund is used to account for the comprehensive communications support to Charleston County agencies and neighboring external public safety agencies, including management of the 800 MHz public safety radio system, operation of the communications electronic maintenance facility, and management of the command post's emergency equipment and vehicles for response to emergencies and natural disasters.

Revenue Collections - This fund is used to account for the administration on a fee basis of the collection of accommodations, business licenses, hazardous material fees, storm water fees and the solid waste user fee for the County and Municipalities.

COUNTY OF CHARLESTON, SOUTH CAROLINA
COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS
June 30, 2011

ASSETS	DAODAS	E-911 Communications	Radio Communications	Revenue Collections	Totals
Current assets:					
Non-pooled cash and cash equivalents	\$ 700	\$ -	\$ -	\$ 269,329	\$ 269,029
Pooled cash and cash equivalents	1,324,270	8,088,303	378,678	3,124,468	9,913,619
Receivables (net of allowances for uncollectibles)	1,314,884	328,766	119,760	-	1,761,380
Total current assets	2,839,834	8,413,069	488,328	3,392,797	11,944,028
Deferred issuance costs	41,808	-	-	-	41,808
Capital assets:					
Buildings	9,664,391	-	-	-	9,664,391
Improvements other than buildings	270,255	-	-	-	270,255
Machinery and equipment	228,684	1,774,117	216,485	-	2,217,166
Less accumulated depreciation	(3,228,258)	(1,132,907)	(112,298)	-	(4,473,463)
Total capital assets (net of accumulated depreciation)	6,822,972	641,210	104,167	-	7,568,349
Total noncurrent assets	6,894,778	641,210	104,167	-	7,610,155
Total assets	9,504,812	9,054,279	602,495	3,392,797	19,554,183

See notes to financial statements.

COUNTY OF CHARLESTON, SOUTH CAROLINA
COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS
June 30, 2010

LIABILITIES AND EQUITY	DAODAS	E-911 Communications	Radio Communications	Revenue Collections	Totals
Current liabilities:					
Accounts payable	\$ 123,493	\$ 8,088	\$ 82,686	\$ 38,078	\$ 229,335
Accrued payroll and fringe benefits	194,467	12,838	8,360	42,741	258,196
Compensated absences-current	80,720	-	2,960	28,256	109,825
Intergovernmental payable	1,618	700	44	3,863,178	3,868,440
Accrued interest payable	12,114	-	-	-	12,114
Certificates of participation - current	276,184	-	-	-	276,184
Total current liabilities	686,486	19,426	71,030	3,178,252	3,946,194
Noncurrent liabilities:					
Certificates of participation (net of unamortized discounts)	2,478,030	-	-	-	2,478,030
Compensated absences	286,212	9,046	6,668	76,391	388,201
Total noncurrent liabilities	2,773,242	9,046	6,668	76,391	2,864,231
Total liabilities	3,459,728	27,466	77,698	3,246,643	6,812,425
NET ASSETS					
Invested in capital assets, net of related debt	4,068,769	641,210	184,187	-	4,814,135
Unrestricted	1,974,128	8,388,603	421,740	148,184	7,827,823
Total net assets	\$ 6,042,897	\$ 8,029,813	\$ 525,907	\$ 148,184	\$ 12,741,768

See notes to financial statements.

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COUNTY OF CHARLESTON, SOUTH CAROLINA
Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes by Function
For the Year Ended June 30, 2011

<u>Function</u>	<u>Balance July 1, 2010</u>	<u>Additions *</u>	<u>Deletions *</u>	<u>Balance June 30, 2011</u>
General government	\$ 117,406,072	\$ 2,463,987	\$ (1,524,379)	\$ 118,345,680
Public safety	153,888,899	9,885,420	(1,123,505)	162,660,614
Judicial	61,524,586	30,894	(39,782)	61,518,898
Public works	47,000,139	1,641,827	(208,394)	48,433,572
Health and welfare	4,390,188	1,108,866	(54,554)	5,444,498
Culture and recreation	40,038,894	105,000	(62,854)	40,091,040
Economic Development	45,110	34,640	-	79,750
Total	\$ 424,303,666	\$ 15,270,634	\$ (3,003,468)	\$ 436,570,862

* The additions and deletions include amounts for inter-function transfers.

This schedule presents only the capital asset balances related to the governmental funds. Accordingly, the capital assets reported in the internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

STATISTICAL TABLES (UNAUDITED)



STATISTICAL TABLES

This section of the County of Charleston South Carolina's comprehensive annual financial report presents detailed trend and other information as a context for understanding what the information in the basic financial statements, notes to the basic financial statements, required supplementary information and other supplementary information says about the County's overall financial health.

	<u>Page Number</u>
Financial Trends These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	179 - 185
Revenue Capacity These schedules contain information to help the reader assess the County's most significant local revenue source, the property tax.	186 - 190
Debt Capacity These schedules present information to help the reader assess the affordability of the County's current level of outstanding debt and the County's ability to issue additional debt in the future.	191 - 195
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.	196 - 197
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs.	198 - 206
Financial Assurance Coverage	207

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

COUNTY OF CHARLESTON, SOUTH CAROLINA
NET ASSETS BY COMPONENT
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

UNAUDITED

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Governmental Activities										
Invested in Capital Assets, Net of Related Debt	\$ 38,880,888	\$ 40,128,334	\$ 49,998,716	\$ 57,359,439	\$ 73,784,397	\$ 88,183,294	\$ 102,885,537	\$ 99,409,429	\$ 98,333,460	\$ 108,879,879
Restricted	51,358,706	28,420,610	32,932,874	60,338,152	51,838,770	68,829,679	120,020,888	26,487,016	31,716,002	133,951,227
Unrestricted	66,557,470	41,988,811	33,283,298	11,749,383	37,628,386	28,178,518	(61,981,588)	(1,257,571)	(41,322,471)	(205,897,191)
Total Governmental Activities Net Assets	\$ 155,794,861	\$ 110,533,455	\$ 116,194,657	\$ 129,448,954	\$ 163,051,533	\$ 185,161,391	\$ 160,724,847	\$ 124,648,874	\$ 88,728,991	\$ 37,833,915
Business-type Activities										
Invested in Capital Assets, Net of Related Debt	\$ 20,478,139	\$ 22,345,734	\$ 18,801,715	\$ 20,241,171	\$ 17,983,168	\$ 24,837,581	\$ 28,839,782	\$ 27,790,358	\$ 30,486,244	\$ 32,828,114
Restricted	27,483,291	14,418,181	8,462,709	11,141,789	49,159,942	34,873,988	38,021,909	36,974,530	41,832,881	48,107,916
Unrestricted	7,081,588	25,678,872	38,441,936	42,327,249	15,023,549	36,781,998	40,032,882	35,882,091	30,481,308	29,145,836
Total Business-type Activities Net assets	\$ 55,041,018	\$ 62,440,587	\$ 65,706,360	\$ 73,710,219	\$ 82,166,647	\$ 96,293,527	\$ 104,994,563	\$ 103,646,979	\$ 102,780,233	\$ 109,878,666
Primary Government										
Invested in Capital Assets, Net of Related Debt	\$ 58,358,825	\$ 62,472,088	\$ 68,800,430	\$ 77,800,810	\$ 91,787,553	\$ 113,790,855	\$ 129,826,329	\$ 127,199,787	\$ 128,819,704	\$ 142,504,883
Restricted	78,839,988	42,838,891	41,386,383	71,478,951	100,798,712	104,703,547	158,042,807	86,471,546	73,548,883	182,050,143
Unrestricted	72,639,058	67,683,283	71,705,234	54,078,812	52,851,915	62,960,518	(21,948,698)	34,624,520	(10,881,163)	(178,751,355)
Total Primary Government Net Assets	\$ 210,835,879	\$ 172,974,042	\$ 181,901,047	\$ 203,157,173	\$ 245,218,180	\$ 281,454,918	\$ 265,819,440	\$ 228,295,953	\$ 181,507,224	\$ 147,812,761

**COUNTY OF CHARLESTON, SOUTH CAROLINA
CHANGES IN NET ASSETS
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)**

UNAUDITED

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Expenses										
Governmental Activities:										
General Government	\$ 40,355,391	\$ 42,030,869	\$ 44,073,903	\$ 48,480,730	\$ 54,974,087	\$ 65,198,099	\$ 65,852,893	\$ 57,001,166	\$ 51,006,419	\$ 55,667,451
Public Safety	49,424,542	57,667,474	60,199,756	65,411,630	67,475,922	65,619,715	79,153,052	79,004,932	77,890,858	82,516,821
Judicial	13,274,645	15,150,950	16,303,000	17,626,761	19,042,092	20,545,790	22,201,442	28,605,375	25,578,697	26,116,113
Public Works	12,371,692	14,249,365	13,047,445	14,569,832	23,717,878	40,185,783	31,011,124	39,805,730	56,597,207	80,325,185
Health and Welfare	11,240,334	13,698,800	12,259,223	11,823,614	10,992,770	11,112,177	12,879,164	13,211,079	16,552,891	7,903,090
Economic Development	730,879	584,991	1,057,507	943,669	3,481,117	1,324,790	3,228,377	858,483	6,078,107	1,457,107
Culture and Recreation	14,145,906	14,744,185	17,464,877	16,731,110	18,133,308	21,307,239	53,822,207	49,254,152	41,390,976	38,886,397
Education	3,549,382	3,592,277	3,735,895	3,931,038	5,004,959	5,137,843	5,325,300	5,651,921	5,719,553	5,884,830
Interest and Fiscal Charges	9,931,428	10,697,842	9,306,029	10,107,693	10,453,449	9,311,104	18,461,680	20,934,569	21,109,522	20,739,273
Total Governmental Activities Expenses	155,024,199	172,416,753	177,447,635	189,625,877	213,275,582	239,742,540	291,935,239	293,127,407	301,924,230	319,496,257
Business-Type Activities:										
E 911 Communications	945,397	923,506	905,427	1,167,080	888,812	984,112	1,015,968	1,096,409	1,199,876	1,564,753
Environmental Management	26,371,802	26,266,186	27,252,627	29,335,704	32,430,587	30,229,939	39,064,678	43,209,125	33,738,089	19,920,437
Parking Garages	2,669,181	2,705,187	2,322,980	1,922,169	1,712,310	1,753,719	2,008,395	2,149,055	1,989,322	1,967,543
DOADAS	8,786,426	7,795,981	8,185,395	8,493,417	8,667,219	8,984,048	9,348,853	8,976,846	8,407,723	7,802,742
Revenue Collections	-	-	-	-	-	-	1,724,477	1,641,615	1,721,430	1,483,346
Radio Communications	-	-	-	-	-	1,800,430	1,973,647	2,153,163	2,226,905	2,226,407
Total Business-Type Activities Expenses	38,772,808	37,690,880	38,668,429	40,918,370	43,698,928	43,752,248	55,138,018	59,226,213	49,263,345	34,965,228
Total Primary Government Expenses	\$ 193,797,005	\$ 210,107,633	\$ 216,116,064	\$ 230,544,247	\$ 256,974,510	\$ 283,494,788	\$ 347,071,257	\$ 352,353,620	\$ 351,187,575	\$ 354,461,485
Program Revenues										
Governmental Activities:										
Charges for Services:										
General Government	\$ 10,150,792	\$ 13,676,811	\$ 15,440,672	\$ 17,935,275	\$ 19,041,161	\$ 18,098,660	\$ 16,034,883	\$ 10,852,721	\$ 9,697,135	\$ 13,632,343
Public Safety	5,768,142	6,721,223	7,878,504	6,290,751	6,157,782	6,822,976	11,396,678	11,079,419	11,478,288	19,420,040
Judicial	5,494,170	5,900,661	7,292,551	7,253,058	7,778,889	7,641,424	8,319,231	9,285,809	8,892,660	8,379,703
Public Works	216,747	108,535	143,354	179,864	196,147	1,927,468	4,941,336	4,123,329	1,939,108	1,780,797
Health and Welfare	654,450	804,262	558,244	788,557	1,150,312	4,930,221	612,029	476,756	412,732	233,286
Culture and Recreation	79,220	68,828	66,441	73,303	201,705	179,007	4,003,383	1,767,195	912,786	882,902
Education	-	-	10,170	-	-	-	-	-	-	-
Operating Grants and Contributions	15,693,824	17,389,105	16,592,529	19,298,359	21,435,951	18,216,119	20,814,984	18,703,242	29,232,648	15,639,213
Capital Grants and Contributions	-	-	-	3,131,573	-	-	-	-	-	396,000
Total Governmental Activities Program Revenues	38,057,345	44,669,225	47,982,465	54,950,540	55,961,927	57,615,875	66,122,524	56,288,471	62,565,357	60,364,284

(CONTINUED)

COUNTY OF CHARLESTON, SOUTH CAROLINA
CHANGES IN NET ASSETS
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

UNAUDITED	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Business-Type Activities:										
Charges for Services:										
E 911 Communications	\$ 1,148,171	\$ 1,120,349	\$ 1,273,361	\$ 1,640,631	\$ 1,265,946	\$ 1,379,569	\$ 1,365,183	\$ 1,429,854	\$ 2,070,662	\$ 1,690,605
Environmental Management	29,199,399	29,429,531	32,729,983	33,606,612	36,799,249	37,694,483	43,770,882	38,989,998	30,790,288	27,092,882
Parking Garages	2,720,589	2,833,338	8,290,663	2,008,933	2,066,315	2,424,076	2,601,481	2,698,693	2,598,854	2,807,563
DAODAS	4,374,782	3,707,126	3,783,036	5,518,478	4,113,731	6,361,076	4,475,008	4,700,331	6,124,605	5,095,135
Revenue Collections	-	-	-	-	-	-	1,071,795	464,560	528,649	497,742
Radio Communications	-	-	-	-	-	107,615	525,126	1,099,256	848,625	1,137,250
Operating Grants and Contributions	4,172,890	3,829,030	3,092,077	1,138,657	2,933,166	879,398	3,081,039	2,661,638	264,416	758,317
Capital Grants and Contributions	-	-	-	-	904,389	1,240	-	-	-	-
Total Business-type Activities Program Revenues	<u>41,815,951</u>	<u>40,719,374</u>	<u>49,169,130</u>	<u>44,213,311</u>	<u>47,082,796</u>	<u>48,847,359</u>	<u>58,790,325</u>	<u>52,024,319</u>	<u>43,201,679</u>	<u>39,089,494</u>
Total Primary Government Program Revenues	<u>\$ 79,672,996</u>	<u>\$ 86,388,699</u>	<u>\$ 97,151,595</u>	<u>\$ 99,163,851</u>	<u>\$ 103,044,723</u>	<u>\$ 108,483,234</u>	<u>\$ 122,912,649</u>	<u>\$ 108,312,790</u>	<u>\$ 105,787,236</u>	<u>\$ 99,453,758</u>
Net (Expense)/Revenue										
Governmental Activities	\$ (118,066,854)	\$ (127,747,628)	\$ (129,465,170)	\$ (134,875,337)	\$ (157,313,655)	\$ (182,128,665)	\$ (226,812,716)	\$ (238,838,938)	\$ (239,358,673)	\$ (259,131,993)
Business-type Activities	2,842,845	3,028,514	10,602,701	3,294,941	3,383,868	5,095,111	1,654,307	(7,201,894)	(6,081,468)	4,124,266
Total Primary Government Net (Expense)/Revenue	<u>\$ (114,124,009)</u>	<u>\$ (124,719,114)</u>	<u>\$ (118,862,469)</u>	<u>\$ (131,580,396)</u>	<u>\$ (153,929,787)</u>	<u>\$ (177,033,554)</u>	<u>\$ (224,158,409)</u>	<u>\$ (244,040,630)</u>	<u>\$ (245,420,339)</u>	<u>\$ (255,007,727)</u>
General Revenues and Other Changes in Net Assets										
Governmental Activities:										
Taxes by Source:										
Property Tax	\$ 76,672,139	\$ 76,262,067	\$ 76,421,828	\$ 77,341,114	\$ 82,216,983	\$ 82,289,688	\$ 86,507,891	\$ 96,621,772	\$ 104,955,894	\$ 106,384,010
Local Option Sales Tax	32,061,842	32,445,350	35,629,077	38,100,097	42,159,174	44,024,396	44,458,297	41,085,569	39,955,809	41,340,224
Transportation Sales Tax	-	-	-	5,870,000	37,116,336	39,521,307	40,097,074	37,469,812	36,292,922	37,930,907
Accommodations Tax	6,561,848	6,683,992	6,927,227	7,611,446	8,292,848	9,176,823	9,872,302	8,864,365	8,851,895	9,927,318
Franchise Tax	689,269	545,425	589,622	793,129	774,254	538,048	955,712	793,067	825,465	578,854
Merchants Inventory Tax and Manufacture's Depreciation	1,607,919	1,682,766	1,715,716	1,677,255	1,563,067	1,632,214	1,611,561	1,607,308	1,385,891	1,440,092
Motor Carrier Tax	171,651	132,567	77,160	108,871	116,292	129,110	140,426	138,236	120,432	111,247
Unrestricted State Aid to Political Subdivisions	13,839,678	13,854,987	13,781,116	13,959,555	14,603,288	16,098,226	17,864,865	17,036,681	14,223,422	12,111,216
Grants and Contributions not Restricted to Specific Program	217,231	-	-	-	-	-	-	-	-	-
Unrestricted Investment Earnings	3,957,860	727,946	469,755	2,495,650	5,757,314	5,421,959	3,749,245	1,173,784	1,318,508	837,142
Gain (Loss) on Sale of Capital Assets	181,165	(214,959)	387,618	-	514,247	-	-	-	-	-
Transfers	(2,816,345)	(2,509,762)	8,151,631	(3,289,535)	(3,601,887)	(5,052,023)	(3,881,034)	(4,337,551)	(4,493,248)	(2,322,103)
Total Governmental Activities	<u>133,144,257</u>	<u>129,410,379</u>	<u>144,150,548</u>	<u>144,667,582</u>	<u>189,511,916</u>	<u>193,779,728</u>	<u>201,376,339</u>	<u>200,453,043</u>	<u>203,436,990</u>	<u>208,338,917</u>

(CONTINUED)

COUNTY OF CHARLESTON, SOUTH CAROLINA
CHANGES IN NET ASSETS
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

UNAUDITED

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Business-type activities:										
Property Taxes	\$ -	\$ 359	\$ 48	\$ 84	\$ 85	\$ -	\$ -	\$ -	\$ -	\$ -
Alcoholic Beverage Tax	481,219	514,357	528,488	542,927	523,037	505,398	542,927	542,927	542,927	537,488
Merchants Inventory tax and Manufacture's Depreciation	11,015	10,832	10,832	10,832	10,832	10,832	10,832	10,832	10,832	10,832
Unrestricted Investment Earnings	1,165,287	640,025	398,412	832,832	1,782,440	3,368,608	2,446,062	747,835	102,188	85,303
Gain (Loss) on Sale of Capital Assets	(111,884)	(22,075)	-	-	3,811	84,940	65,888	45,487	45,525	18,643
Transfers	2,818,345	2,509,782	(8,161,831)	3,289,535	3,901,887	6,052,023	3,881,034	4,337,551	4,493,248	2,322,103
Total Business-type Activities	4,352,182	3,652,360	(7,216,873)	4,875,980	5,922,072	8,031,789	6,946,781	5,684,812	6,194,720	2,974,387
Total Primary Government	<u>\$ 137,498,439</u>	<u>\$ 133,062,739</u>	<u>\$ 138,934,675</u>	<u>\$ 149,343,572</u>	<u>\$ 165,433,988</u>	<u>\$ 202,811,497</u>	<u>\$ 208,323,100</u>	<u>\$ 206,137,855</u>	<u>\$ 208,631,710</u>	<u>\$ 211,313,284</u>
Special Items	\$ (224,788)	\$ (7,573,526)	\$ (9,161,217)	\$ 3,471,484	\$ 1,383,940	\$ -	\$ -	\$ -	\$ -	\$ -
Change In Net Assets:										
Governmental Activities	15,952,645	(5,810,875)	5,634,181	13,483,709	33,582,201	11,853,083	(24,436,378)	(38,385,893)	(35,821,883)	(50,793,076)
Business-type Activities	7,195,027	8,680,874	3,288,828	7,970,831	9,305,940	14,128,880	8,801,068	(1,517,282)	(886,748)	7,088,833
Total Primary Government	<u>\$ 23,147,672</u>	<u>\$ 770,199</u>	<u>\$ 8,820,989</u>	<u>\$ 21,434,640</u>	<u>\$ 42,888,141</u>	<u>\$ 25,779,943</u>	<u>\$ (15,635,308)</u>	<u>\$ (37,903,175)</u>	<u>\$ (36,788,025)</u>	<u>\$ (43,694,443)</u>

**COUNTY OF CHARLESTON, SOUTH CAROLINA
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)**

UNAUDITED

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Fund										
Reserved	\$ 2,640,074	\$ 2,327,896	\$ 2,057,482	\$ 2,470,102	\$ 5,202,242	\$ 3,367,810	\$ 1,461,994	\$ 2,035,197	\$ 2,727,154	-
Unreserved	20,142,964	22,571,661	28,453,427	33,899,138	43,731,980	46,333,758	43,266,363	43,676,650	49,868,870	-
Nonspendable - Inventory	-	-	-	-	-	-	-	-	-	1,080,137
Assigned	-	-	-	-	-	-	-	-	-	10,093,341
Unassigned	-	-	-	-	-	-	-	-	-	41,175,155
Total General Fund	\$22,783,038	\$ 24,899,576	\$30,510,909	\$36,369,240	\$ 48,934,222	\$ 49,701,568	\$ 44,728,377	\$ 45,711,847	\$ 52,596,024	\$ 52,348,633
All Other Governmental Funds										
Reserved:										
Inventories and Prepaid Items	\$ -	\$ 212,671	\$ 204,662	\$ 299,021	\$ 11,603	\$ 11,602	\$ -	\$ -	\$ -	\$ -
Encumbrances	14,947,995	15,093,314	7,163,103	5,628,457	13,318,333	9,008,571	11,406,709	48,296,368	60,767,518	-
Debt Service	10,226,831	9,212,186	11,951,945	26,279,539	18,953,106	18,252,403	19,702,506	17,263,879	20,672,652	-
Capital Projects Funds	41,147,188	37,062,341	34,782,398	34,058,613	32,685,664	22,441,838	82,345,276	27,529,136	39,387,522	-
Transportation and Road Sales Tax	-	-	-	-	78,931,458	96,021,511	230,106,543	171,548,405	109,412,393	-
Unreserved, Reported in:										
Special Revenue Funds	13,383,668	12,427,857	12,505,052	14,384,176	12,042,386	16,128,286	18,760,941	9,386,959	10,096,927	-
Restricted - Debt Service	-	-	-	-	-	-	-	-	-	19,894,980
Restricted - Transportation Sales Tax	-	-	-	-	-	-	-	-	-	90,159,784
Restricted - Special Revenue Funds	-	-	-	-	-	-	-	-	-	24,096,463
Committed - Capital Project Funds	-	-	-	-	-	-	-	-	-	37,748,923
Total All Other Governmental Funds	\$79,706,700	\$ 74,008,169	\$66,607,150	\$80,649,808	\$ 155,942,560	\$161,864,211	\$ 362,321,975	\$274,024,747	\$240,337,012	\$ 171,700,150

GASB 54 was implemented fiscal year 2011; fund balance information is not available for prior fiscal years.

COUNTY OF CHARLESTON, SOUTH CAROLINA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

UNAUDITED

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenues										
Taxes by Source:										
Property Tax	\$ 76,617,795	\$ 76,060,041	\$ 76,637,031	\$ 77,352,935	\$ 82,395,793	\$ 82,296,820	\$ 84,190,895	\$ 94,147,427	\$ 102,001,515	\$ 104,625,890
Local Option Sales Tax	32,061,842	32,445,350	35,629,077	38,100,097	42,159,174	44,024,396	44,458,297	41,085,569	39,955,809	41,340,224
Transportation Sales Tax	-	-	-	5,870,000	37,116,336	39,521,307	40,097,074	37,469,812	36,292,922	37,930,907
Intergovernmental	31,708,211	34,026,407	35,526,262	35,529,286	38,162,337	36,427,704	44,083,506	43,140,957	49,794,898	42,499,737
Permits and Licenses	19,395,825	21,240,225	23,974,732	28,134,114	5,039,868	5,290,740	5,700,779	4,439,742	3,985,696	3,883,031
Fines and Forfeitures	3,417,423	2,934,280	2,950,070	3,093,825	3,120,755	3,171,436	3,183,551	2,826,897	3,148,433	2,546,099
Interest	4,159,112	3,151,337	2,690,076	4,211,316	8,221,219	12,701,241	13,619,319	6,408,940	2,781,824	1,691,902
Service Charges	3,992,204	4,395,844	5,005,436	5,362,174	30,891,094	31,321,258	32,921,990	28,331,156	29,905,313	32,021,795
Rental and Use of Property	987,732	977,369	913,155	764,147	824,999	749,145	723,986	632,741	663,862	818,864
Other Revenues	2,168,314	2,151,627	2,429,717	15,712,452	3,195,766	2,912,098	5,356,322	5,695,690	6,356,037	9,838,439
Total Revenues	174,506,458	177,382,480	185,755,556	214,130,346	251,127,141	258,416,145	274,335,719	264,178,931	274,866,308	276,996,888
Expenditures										
Current:										
General Government	36,599,028	36,219,659	36,301,070	39,019,532	47,343,899	49,539,889	54,474,427	51,243,769	48,173,320	50,423,995
Public Safety	51,775,854	54,047,731	58,756,537	63,543,857	65,342,995	67,808,448	73,042,772	75,028,138	71,750,504	77,281,411
Judicial	13,288,448	13,741,592	14,573,036	16,001,052	17,593,865	19,349,156	20,946,565	23,390,831	23,894,465	23,801,633
Public Works	12,492,420	11,679,447	12,461,062	11,762,912	25,287,241	30,892,171	28,562,619	38,624,088	55,001,817	79,237,736
Health and Welfare	11,470,130	13,388,372	11,980,147	11,665,243	10,822,458	10,984,189	12,728,543	12,876,658	16,366,568	7,858,271
Economic Development	732,242	582,206	1,055,405	953,526	3,480,343	1,327,411	3,230,479	858,031	6,121,263	1,473,821
Culture and Recreation	13,804,030	14,061,914	15,121,758	16,029,300	17,427,709	20,501,703	53,428,524	47,899,154	42,786,960	40,394,034
Education	3,549,382	3,592,277	3,735,895	3,931,038	5,004,959	5,137,843	5,325,300	5,651,921	5,719,553	5,833,110
Capital Outlay	24,235,436	11,437,194	12,418,844	8,378,854	11,443,269	16,785,576	23,940,281	55,775,140	42,040,219	12,706,413
Debt Service:										
Principal	6,782,392	8,764,798	11,383,731	9,190,168	13,935,403	14,163,474	16,569,890	16,503,464	19,671,318	18,910,800
Interest and Fiscal Charges	9,957,303	9,583,270	10,445,027	9,675,723	9,437,517	8,906,724	15,476,402	21,410,902	20,983,775	21,716,423
Bond Issuance Costs	-	-	887,728	314,963	288,427	-	97,756	102,252	413,848	-
Total Expenditures	184,686,665	177,096,460	189,120,240	190,466,168	227,406,085	245,396,584	307,823,558	347,364,348	352,823,810	339,637,647
Excess (Deficiency) of Revenues Over (Under) Expenditures	(10,178,207)	284,020	(3,364,684)	23,664,178	23,719,056	13,019,561	(33,487,839)	(83,185,417)	(78,037,301)	(62,640,759)

(CONTINUED)

COUNTY OF CHARLESTON, SOUTH CAROLINA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

UNAUDITED

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Other Financing Sources (Uses)										
Capital Lease Proceeds	\$ 679,887	\$ 915,806	\$ 431,814	\$ 844,468	\$ 841,831	\$ 1,429,804	\$ 100,539	\$ 775,100	\$ 702,710	\$ 632,831
Sale of GO Transportation Sales Tax Bonds	-	-	-	-	65,000,000	-	150,000,000	-	-	-
Sale of General Obligation Bonds	-	-	-	-	-	-	75,000,000	-	50,000,000	-
Refunding General Obligation Bonds Issued	-	-	63,740,000	-	-	-	-	-	20,775,000	-
Refunding Certificates of Participation Issued	-	-	38,527,153	16,139,845	-	-	-	-	-	-
Premium on Bonds Sold	-	-	2,753,332	707,783	1,978,623	-	10,789,016	-	6,493,791	-
Payment to Refunded Debt Escrow Agent	-	-	(100,978,948)	(16,749,287)	-	-	-	-	(21,447,212)	-
Transfers In	7,729,355	6,173,477	27,328,853	11,448,598	26,475,413	20,464,780	30,244,272	30,727,314	29,771,604	69,527,149
Transfers Out	(14,065,067)	(10,982,211)	(22,250,488)	(17,580,736)	(32,954,151)	(28,357,277)	(37,208,200)	(36,161,026)	(35,529,299)	(76,474,112)
Proceeds from Sale of Capital Assets	118,014	24,645	1,144,447	1,572,589	1,390,616	194,554	46,780	220,347	467,260	70,524
Total Other Financing Sources (Uses)	(5,537,811)	(3,868,283)	10,695,963	(3,616,750)	62,732,332	(8,266,139)	228,972,407	(4,438,266)	51,233,744	(6,243,608)
Special Item	-	-	(9,151,217)	-	1,383,840	-	-	-	-	-
Net Change in Fund Balances	\$ (15,716,018)	\$ (3,584,263)	\$ (1,810,936)	\$ 20,047,428	\$ 87,835,328	\$ 6,751,422	\$ 195,484,568	\$ (87,623,682)	\$ (26,903,557)	\$ (68,884,367)
Capital Asset Expenditures	\$ 24,354,576	\$ 12,453,729	\$ 14,125,020	\$ 10,692,730	\$ 16,576,342	\$ 15,664,602	\$ 21,139,930	\$ 52,710,904	\$ 42,611,071	\$ 14,204,807
Debt Service as a Percentage of Noncapital Expenditures	10.4%	11.1%	13.0%	10.7%	11.2%	10.0%	11.2%	12.9%	13.2%	12.5%

COUNTY OF CHARLESTON, SOUTH CAROLINA
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

UNAUDITED

Fiscal Year Ended June 30,	Real Property	Personal Property	Vehicles	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Estimated Actual Tax Value
2002	\$ 1,297,211,547	\$ 201,808,305	\$ 172,330,164	\$ 1,671,350,016	180.2	\$ 29,666,989,206	5.63%
2003	1,347,982,940	208,482,465	169,956,308	1,726,421,713	187.7	30,851,205,551	5.60%
2004	1,394,103,212	210,193,376	173,309,334	1,777,605,922	191.9	32,425,619,687	5.48%
2005	2,041,172,452	213,698,050	164,182,170	2,419,052,672	161.3	46,536,987,902	5.20%
2006	2,197,536,874	194,576,361	153,380,326	2,545,493,561	160.8	47,282,058,031	5.38%
2007	2,308,701,112	210,195,223	159,335,124	2,678,231,459	168.0	49,446,157,317	5.42%
2008	2,525,310,042	215,663,434	175,326,815	2,916,300,291	177.0	52,960,945,426	5.51%
2009	2,567,170,930	225,355,873	167,364,803	2,959,891,606	181.0	55,081,538,273	5.37%
2010	2,530,782,359	236,859,543	156,340,695	2,923,982,597	181.0	54,571,987,194	5.36%
2011	2,729,144,416	234,746,374	155,001,548	3,118,892,338	181.0	58,181,179,259	5.36%

Source: Charleston County Auditor

Note: 1 Property in the county was last reassessed for fiscal year 2005. Tax rates are per \$1,000 of assessed value.

Note: 2 For FY 1989, the State passed legislation that exempted business inventory from property tax. The assessed value of the exempted inventory for FY 1990 was approximately \$209,000,000. In place of the property tax, the State now pays the County, through State shared revenues the amount of tax that was received in FY 1988. This amount is frozen for all future years at the FY 1988 level.

Note: 3 Under SC Law all real property is appraised at actual market value then adjusted to reflect the county-wide composite average of appraised value to sales for the prior year, to arrive at assessed value. This value of both real estate and personal property is then adjusted to a taxable value between 4% and 10.5% depending on the type of property. This is used to determine the legal debt margin.

COUNTY OF CHARLESTON, SOUTH CAROLINA
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS
(Rate per \$1,000 of Assessed Value)

UNAUDITED

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
County Direct Rates:										
Charleston County Government Operating	53.8	50.8	50.8	51.3	40.2	40.2	40.2	40.2	40.2	40.2
Charleston County Government Debt Service	13.0	10.4	10.4	9.9	6.6	6.6	6.6	6.6	6.6	6.6
Park and Recreation Commission Operating	3.7	3.5	3.5	3.5	3.5	3.5	3.5	3.6	3.7	3.7
Park and Recreation Commission Debt Service	3.9	3.7	3.7	3.7	2.1	2.1	2.1	2.0	1.9	1.9
Trident Technical College	2.2	2.1	2.1	2.1	2.0	2.0	2.0	2.0	2.0	2.0
County School Board Operating	81.6	89.3	105.1	109.0	91.1	92.8	95.4	98.7	98.7	98.7
County School Board Debt Service	21.8	20.4	12.1	12.4	15.8	13.6	18.2	23.9	27.9	27.9
Total Direct Rate	180.0	180.2	187.7	191.9	161.3	160.8	168.0	177.0	181.0	181.0
Fire District Rates:	23.8 - 51.5	21.8 - 50.9	23.2 - 50.9	23.9 - 51.5	16.7 - 38.0	16.7 - 40.3	12.0 - 41.5	12.0 - 42.7	12.0 - 47.7	12.0 - 48.4
City/Town Rates:	28.3 - 116.4	26.2 - 116.4	27.9 - 116.4	28.5 - 116.4	17.9 - 115.5	18.5 - 92.8	22.4 - 92.8	22.2 - 92.8	22.2 - 92.8	22.2 - 92.8
Public Service District Rates:	77.4 - 104.6	72.1 - 104.5	74.2 - 104.5	74.2 - 111.4	55.2 - 111.2	55.2 - 102.3	51.6 - 102.3	55.2 - 102.3	57.6 - 102.3	57.6 - 102.3

Source: The above millage rates were provided by the Charleston County Auditor.

Note: Overlapping rates are those of local and county-wide governments that apply to property owners within the County of Charleston, South Carolina. Not all overlapping rates apply to all of Charleston County property owners (i.e., the rates for fire/special purpose districts apply only to the proportion of the Charleston County's property owners whose property is located within the geographic boundaries of the fire/special purpose district).

**COUNTY OF CHARLESTON, SOUTH CAROLINA
 COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT
 GENERAL OBLIGATION BONDS
 AS OF JUNE 30, 2011**

<u>Name of Jurisdiction</u>	<u>Principal Balance</u>	<u>Percentage of Debt Applicable to this Jurisdiction</u>	<u>Jurisdiction's Share of Debt</u>
County of Charleston	\$ 380,935,000	100%	\$ 380,935,000
Overlapping:			
Park & Recreation Commission	25,600,000	100%	25,600,000
Public School Districts	231,017,000	100%	231,017,000
Subtotal	<u>256,617,000</u>	<u>100%</u>	<u>256,617,000</u>
Total	<u>\$ 637,552,000</u>	<u>100%</u>	<u>\$ 637,552,000</u>

Note: This schedule represents the debt of all county-wide jurisdictions. Individual cities and other districts within Charleston County have debt which is paid separately from their individual tax levies. These individual debts have not been included in the overlapping principal balance because the total debt differs within each individual jurisdiction.

This information was obtained from the Charleston County Treasurer's Office.

**COUNTY OF CHARLESTON, SOUTH CAROLINA
PRINCIPAL PROPERTY TAXPAYERS
(Modified Accrual Basis of Accounting)**

UNAUDITED

Taxpayer	Type of Business	2011			2002		
		Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
SC Electric & Gas	Public Utility	\$ 44,582,430	1	1.53%	\$ 31,757,580	1	3.2%
Kapstone Kraft	Manufacturing/Chemical	14,728,415	2	0.50%	18,674,750	3	1.9%
Bell South	Public Utility	13,798,840	3	0.47%	18,895,390	2	-
Boeing	Manufacturing	8,270,113	4	0.28%	-	-	-
Kiawah Real Estate Co.	Real Estate	7,247,820	5	0.25%	-	-	-
Charleston/North Charleston MSA	Retail	6,298,520	6	0.22%	-	-	-
Berkeley Electric Co-Op	Public Utility	5,931,340	7	0.20%	5,049,640	4	0.5%
Charleston Place LLC	Hotel	5,635,510	8	0.19%	3,239,660	8	0.3%
Cummings	Manufacturing	5,049,300	9	0.17%	3,702,590	7	-
Kiawah Resort Associates	Resort	4,933,070	10	0.17%	5,242,340	5	0.5%
Charleston Joint Venture	Real Estate	-	-	-	4,475,520	6	0.4%
Trident Regional	Hospital	-	-	-	2,330,580	9	0.2%
Rhodla	Manufacturer - Chemicals	-	-	-	1,813,720	10	0.2%
Totals		<u>\$116,475,358</u>		<u>3.99%</u>	<u>\$ 95,181,780</u>		<u>7.2%</u>

Source: Charleston County Auditor

* In 2009 Westvaco sold its power generation plant and the paper mill to Kapstone Kraft .

**COUNTY OF CHARLESTON
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

UNAUDITED

Fiscal Year Ended June 30	Original Tax Levy for Fiscal Year	Adjusted Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2002	\$ 69,979,712	\$ 69,979,712	\$ 66,574,527	95.1%	\$ 3,329,410	\$ 69,903,937	99.9%
2003	70,724,095	70,724,095	67,801,645	95.9%	2,834,190	70,635,835	99.9%
2004	73,504,819	73,504,819	70,729,990	96.2%	2,667,216	73,397,206	99.9%
2005	71,982,912	71,982,912	69,530,828	96.6%	2,363,833	71,894,661	99.9%
2006	75,825,360	75,825,360	73,525,524	97.0%	2,126,044	75,651,568	99.8%
2007	76,026,583	76,026,583	73,199,901	96.3%	1,220,087	74,419,988	97.9%
2008	78,854,461	78,854,461	75,500,629	95.7%	1,776,394	77,277,023	98.0%
2009	82,649,921	82,649,921	77,757,867	94.1%	4,031,689	81,789,556	99.0%
2010	92,300,468	92,300,468	86,401,791	93.6%	3,197,038	89,598,829	97.1%
2011	93,003,513	93,003,513	88,052,370	94.7%	3,468,138	91,520,508	98.4%

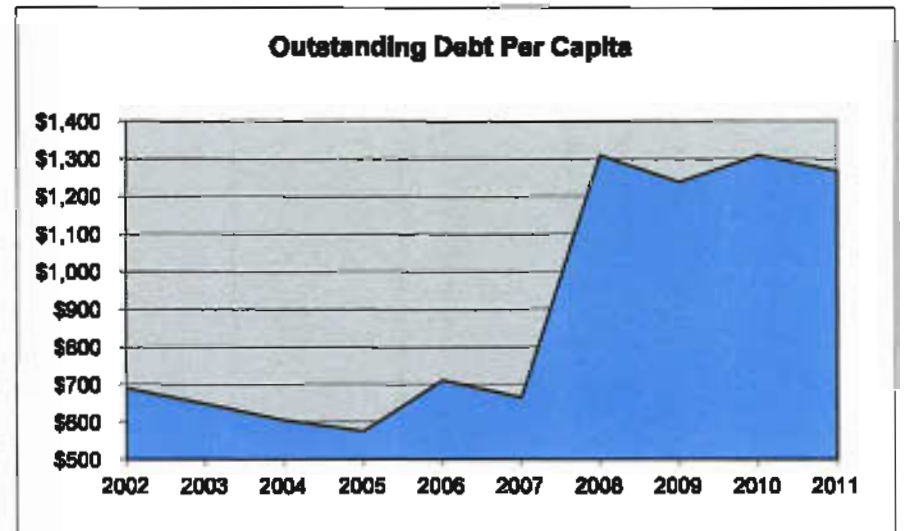
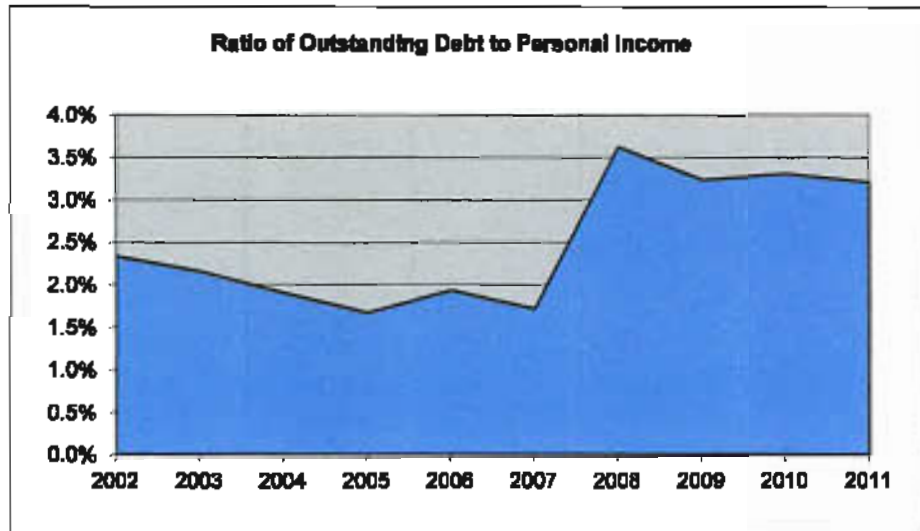
Source: This information was provided by the Charleston County Treasurer's Office.

**COUNTY OF CHARLESTON, SOUTH CAROLINA
RATIO OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

UNAUDITED

Fiscal Year Ended June 30	Governmental Activities			Business-Type Activities			Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Certificates of Participation	Capital Leases	Certificates of Participation	Revenue Bonds	Capital Leases			
2002	\$106,850,000	\$ 74,816,433	\$ 679,887	\$ 21,583,567	\$ 16,790,000	\$ -	\$ 220,719,887	2.3%	\$ 690
2003	101,745,000	71,416,680	1,415,624	20,418,320	15,785,000	-	210,780,624	2.2%	649
2004	100,755,000	71,254,819	1,306,196	13,365,181	14,525,000	-	201,206,196	1.9%	605
2005	97,535,000	66,992,312	3,636,998	12,542,688	13,280,000	-	193,986,998	1.7%	576
2006	153,448,297	62,427,073	3,474,081	11,065,789	11,723,994	-	242,139,234	1.9%	711
2007	146,394,774	57,631,034	3,873,002	10,231,634	10,491,229	-	228,621,673	1.7%	666
2008	373,504,430	52,628,009	2,947,139	9,356,755	9,194,837	-	447,631,170	3.6%	1,309
2009	363,444,567	47,313,497	3,788,455	8,418,114	7,824,327	-	430,788,960	3.2%	1,238
2010	406,590,809	41,758,721	3,070,072	7,421,883	6,374,140	-	465,213,425	3.3%	1,309
2011	394,957,209	35,245,570	2,810,433	6,252,256	4,843,673	-	444,109,141	3.2%	1,268

See the Schedule of Demographic and Economic Statistics for personal income and population data.



**COUNTY OF CHARLESTON, SOUTH CAROLINA
RATIO OF GENERAL OBLIGATION BONDED DEBT TO
ASSESSED VALUE AND GENERAL OBLIGATION BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS**

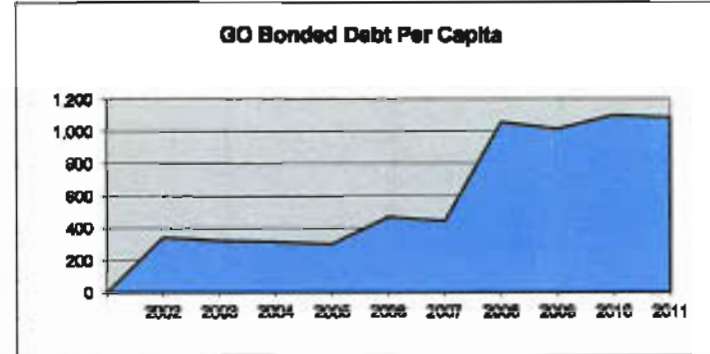
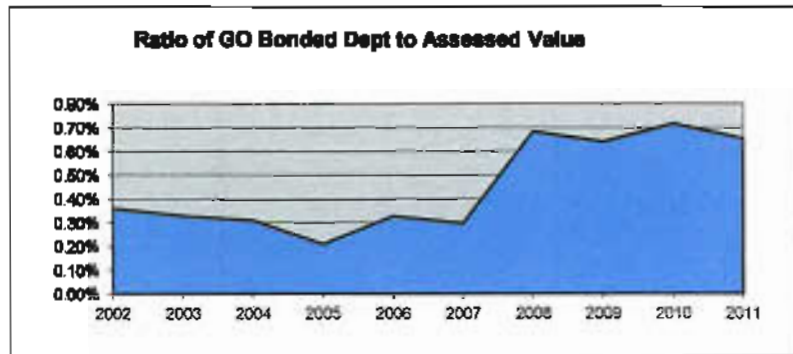
UNAUDITED

<u>Fiscal Year</u>	<u>Estimated Population</u>	<u>Assessed Value</u>	<u>Gross G.O. Bonded Debt</u>	<u>Ratio of G.O. Bonded Debt to Assessed Value</u>	<u>G.O. Bonded Debt Per Capita</u>
2002	312,365	\$ 29,666,989,206	\$106,850,000	0.36%	\$ 342
2003	316,611	30,851,205,551	101,745,000	0.33%	321
2004	321,014	32,425,619,687	100,755,000	0.31%	314
2005	324,224	46,536,987,902	97,535,000	0.21%	301
2006	329,482	47,282,058,031	155,025,000	0.33%	471
2007	331,917	49,446,157,317	147,470,000	0.30%	444
2008	342,973	52,960,945,426	362,730,000	0.68%	1,058
2009	348,046	55,081,538,273	353,265,000	0.64%	1,015
2010	355,276	54,571,987,194	391,525,000	0.72%	1,102
2011	350,209	58,181,179,259	380,935,000	0.65%	1,088

Note 1 Details regarding the County of Charleston's Outstanding Debt can be found in the notes to the basic financial statements.

Note 2 See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property for the Property Value Data.

Note 3 See the Schedule for Demographic and Economic Statistics for population data.



**COUNTY OF CHARLESTON, SOUTH CAROLINA
RATIO OF TOTAL TAX SUPPORTED DEBT TO
ASSESSED VALUE AND TOTAL TAX SUPPORTED DEBT PER CAPITA
LAST TEN FISCAL YEARS**

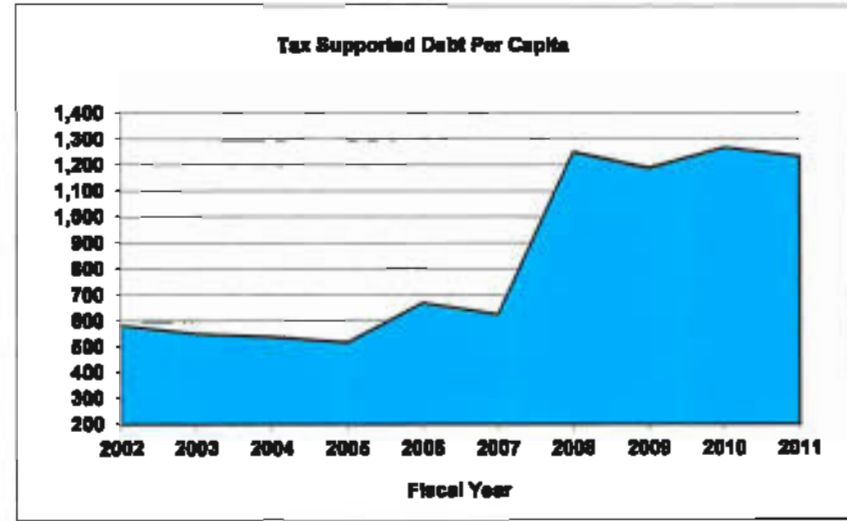
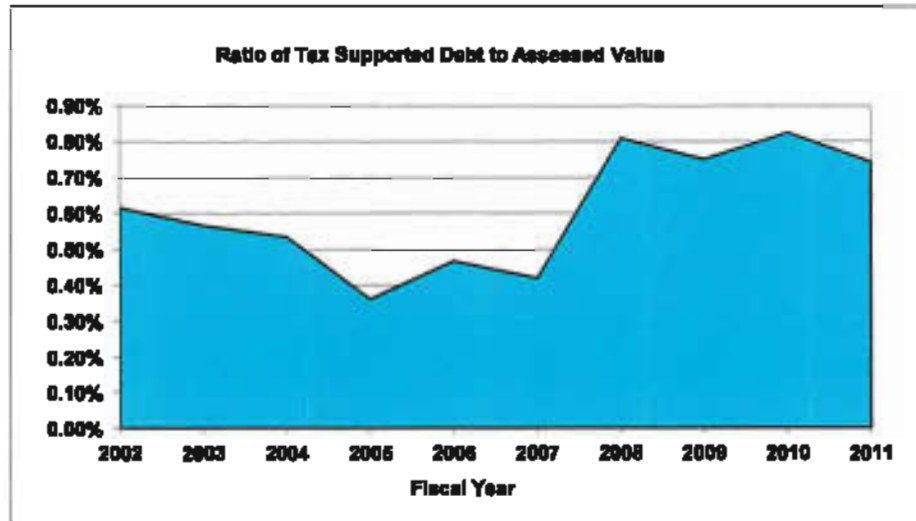
UNAUDITED

Fiscal Year	Estimated Population	Assessed Value	General Obligation Bonds	Certificates of Participation	Capital Leases	Net Tax Supported Debt	Ratio of Tax Supported Debt to Assessed Value	Net Tax Supported Debt Per Capita
2002	312,365	\$ 29,666,989,206	\$ 106,850,000	\$ 74,816,433	\$ 679,887	\$ 182,348,320	0.61%	\$ 584
2003	316,611	30,851,205,551	101,745,000	71,416,680	1,415,624	174,577,304	0.57%	551
2004	321,014	32,425,619,687	100,755,000	71,254,819	1,306,196	173,316,015	0.53%	540
2005	324,224	46,536,987,902	97,535,000	66,992,312	3,636,998	168,164,310	0.36%	519
2006	329,482	47,282,058,031	155,025,000	62,427,073	3,474,081	220,926,154	0.47%	671
2007	331,917	49,446,157,317	146,394,774	57,361,034	3,873,002	207,628,810	0.42%	626
2008	342,973	52,960,945,426	373,504,430	52,628,009	2,886,523	429,018,962	0.81%	1,251
2009	348,046	55,081,538,273	363,444,567	47,313,498	2,907,395	413,665,460	0.75%	1,189
2010	355,276	54,571,987,194	406,590,609	41,756,721	2,360,292	450,707,622	0.83%	1,269
2011	350,209	58,181,179,259	394,957,209	35,245,570	2,283,608	432,486,387	0.74%	1,235

Note 1 Details regarding the County of Charleston's Outstanding Debt can be found in the notes to the basic financial statements.

Note 2 See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property for the Property Value Data.

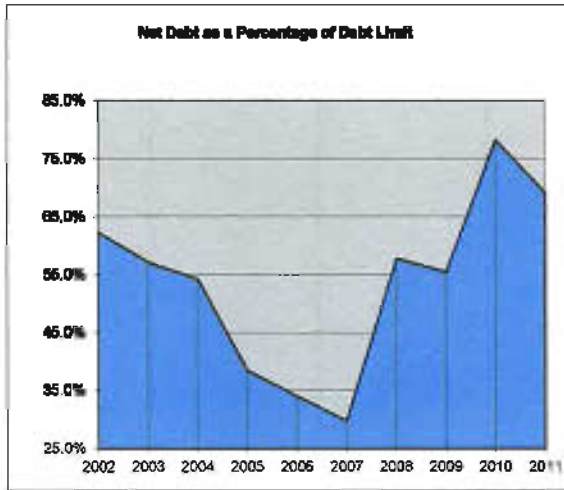
Note 3 See the Schedule for Demographic and Economic Statistics for population data.



**COUNTY OF CHARLESTON, SOUTH CAROLINA
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**

UNAUDITED

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Debt Limit	\$ 135,820,190	\$ 140,476,777	\$ 144,634,276	\$ 195,786,861	\$ 205,995,772	\$ 216,723,869	\$ 235,740,344	\$ 239,227,849	\$ 235,980,407	\$ 251,666,874
Total Net Debt Applicable to Debt Limit	84,600,000	80,245,000	78,558,957	75,338,957	89,974,368	64,575,897	138,280,341	132,882,801	184,850,000	173,825,000
Legal Debt Margin	\$ 51,220,190	\$ 60,231,777	\$ 66,075,319	\$ 120,447,904	\$ 138,021,404	\$ 152,147,972	\$ 98,460,003	\$ 106,345,048	\$ 51,330,407	\$ 77,841,874
Total Net Debt Applicable to Debt Limit as a Percentage of Debt Limit	62.3%	57.1%	54.3%	38.5%	34.0%	29.8%	57.8%	55.5%	78.2%	69.1%



Legal Debt Margin Calculation for Fiscal Year 2011

Total Assessed Value	\$ 3,146,835,935
Debt Limit (8% of Total Assessed Value)	251,666,874
Amount of Debt Applicable to Debt Limit:	
Total Bonded Debt	380,935,000
Less: Debt Issued Through Referendum	(207,110,000)
Total Amount of Debt Applicable to Debt Limit	<u>173,825,000</u>
Legal Debt Margin	<u>\$ 77,841,874</u>

Note: Article Ten X, Section fourteen (14) of the South Carolina Constitution of December 1, 1977, as amended, provides that no government shall incur any bonded debt which shall exceed eight percent of the assessed value of the property therein without voter approval.

**COUNTY OF CHARLESTON, SOUTH CAROLINA
 PLEDGED REVENUE COVERAGE
 REVENUE BOND COVERAGE
 ENVIRONMENTAL MANAGEMENT ENTERPRISE FUND**

UNAUDITED

Fiscal Year	Gross Revenues	Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2002	\$ 30,482,043	\$ 24,733,210	\$ 5,748,833	\$ 950,000	\$ 1,053,880	\$ 2,003,880	2.87
2003	30,172,896	23,621,983	6,550,913	1,005,000	1,002,579	2,007,579	3.26
2004	33,291,523	25,611,601	7,679,922	1,060,000	716,904	1,776,904	4.32
2005	34,588,461	27,570,465	7,017,996	1,245,000	620,262	1,865,262	3.76
2006	37,566,510	31,391,266	6,175,244	1,225,000	651,750	1,876,750	3.29
2007	40,753,403	29,554,141	11,199,262	1,275,000	602,750	1,877,750	5.96
2008	45,999,989	39,615,963	6,384,026	1,335,000	539,000	1,874,000	3.41
2009	39,875,189	42,880,897	(3,005,708)	1,405,000	472,250	1,877,250	-1.60
2010	31,007,576	33,276,013	(2,268,437)	1,480,000	402,000	1,882,000	-1.21
2011	27,288,187	19,130,053	8,158,134	1,555,000	328,000	1,883,000	4.33

Note: 1 Details regarding the County of Charleston's outstanding debt can be found in the notes to the basic financial statements.

Note: 2 Gross revenues include interest, operating grants, and loss on disposal of capital assets.

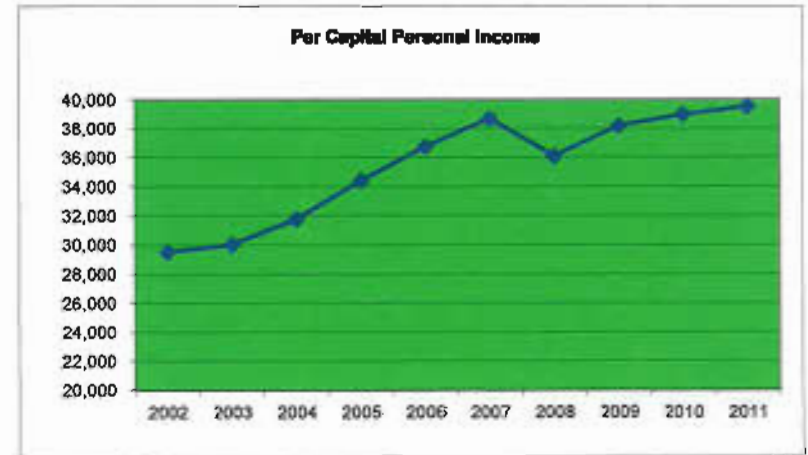
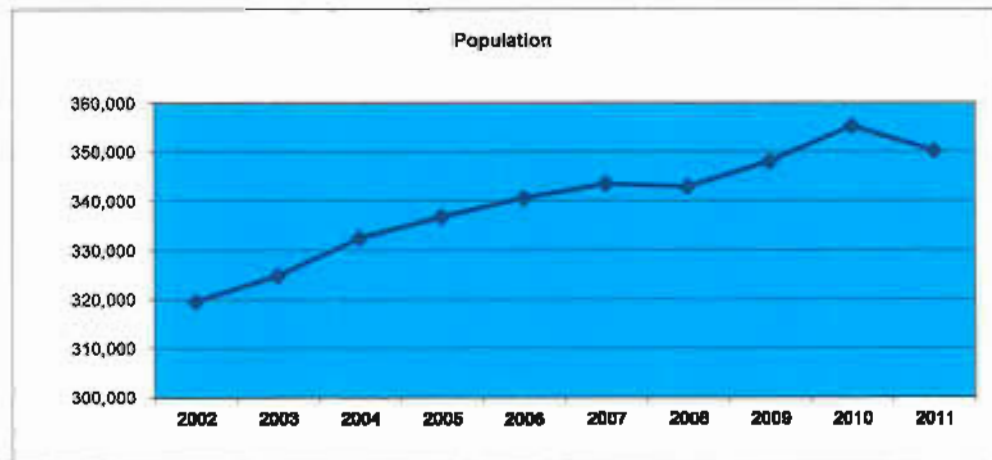
Note: 3 Total operating expenses are exclusive of depreciation and amortization.

**COUNTY OF CHARLESTON
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

UNAUDITED

Fiscal Year Ended June 30	Population	Personal Income	Per Capita Personal Income	Unemployment Rate	Median Age	School Enrollment
2002	319,723	\$ 9,449,358,000	29,555	3.8%	33.9	41,829
2003	324,900	9,763,420,000	30,051	4.2%	34.5	41,712
2004	332,561	10,569,980,000	31,784	4.4%	35.3	43,814
2005	336,865	11,594,427,000	34,419	4.7%	35.5	43,465
2006	340,625	12,517,629,000	36,749	5.0%	36.2	43,335
2007	343,522	13,295,048,000	38,702	5.0%	36.0	42,742
2008	342,973	12,360,254,000	36,097	4.5%	36.0	42,303
2009	348,046	13,295,048,000	38,199	5.3%	36.0	42,482
2010	355,276	13,844,611,000	38,969	8.6%	36.9	42,942
2011	350,209	13,845,863,000	39,536	9.4%	36.0	43,798

Some of the statistics for Fiscal Year Ended June 30, 2004 and beyond are estimated from past year trend analysis.



The following Data Sources were used to develop this information:
 South Carolina Office of Research and Statistics
 Charleston County Chamber of Commerce
 Charleston County School District - 45 Day Enrollment
 South Carolina Association of Counties

**COUNTY OF CHARLESTON, SOUTH CAROLINA
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO**

UNAUDITED

County Employment for 2011 **182,330**
County Employment for 2002 **146,828**

Employer	2011			2002		
	Number of Employees	Rank	Percentage of Total County Employment	Number of Employees	Rank	Percentage of Total County Employment
Medical University of South Carolina (MUSC)	11,000	1	6.78%	8,200	1	5.58%
Charleston Air Force Base	7,000	2	4.31%	5,292	2	3.60%
Charleston County School District	5,150	3	3.17%	5,000	3	3.41%
Roper St. Francis Healthcare	3,800	4	2.34%	4,000	4	2.72%
Boeing Charleston	3,000	5	1.85%	-	-	-
JEM Restaurant Group Inc.	3,000	6	1.85%	-	-	-
Trident Medical Center (Trident Health System)	2,500	7	1.54%	2,000	7	-
Wal-Mart	2,300	8	1.42%	1,500	9	1.02%
County of Charleston	2,150	9	1.32%	1,933	8	1.32%
Piggly Wiggly Carolina Co. Inc.	1,900	10	1.17%	2,447	5	1.67%
City of Charleston	1,700	-	1.05%	1,250	10	0.85%
Klawah Island Golf Resort	1,600	-	0.99%	-	-	-
Mead Westvaco	-	-	-	2,000	6	1.36%
Totals	45,100		27.78%	33,622		21.54%

Source: Charleston Metro Chamber of Commerce, Center for Business Research.

**COUNTY OF CHARLESTON, SOUTH CAROLINA
FULL-TIME EQUIVALENT COUNTY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS**

UNAUDITED

Function	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Government										
County Council	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00
Administrator	5.00	5.00	7.00	7.00	7.00	7.00	7.00	6.31	5.31	6.80
Assessor	44.00	44.00	44.00	47.00	47.00	47.00	49.00	53.00	51.00	53.00
Assist Admin for Finance	5.00	5.00	5.00	5.00	5.00	4.00	4.00	4.00	4.00	4.00
Assist Admin for Gen Svcs	-	-	-	-	-	-	-	4.00	4.00	3.00
Assist Admin for Human & Environmental Svcs	-	-	-	-	-	3.00	3.00	3.00	3.00	4.00
Auditor	31.00	31.00	30.00	30.00	30.00	29.00	29.00	30.00	29.00	31.00
Budget	6.00	6.00	6.00	6.00	6.00	8.00	8.00	8.00	7.00	8.00
Capital Projects/Facilities Mgmt.	20.00	20.00	17.00	17.00	17.00	16.00	14.00	12.00	11.00	62.00
Delinquent Tax	12.00	12.00	12.00	12.00	12.00	12.00	12.00	10.00	10.00	-
Deputy County Admin										0.10
Elections/Voter Registration	8.50	8.50	8.50	10.00	10.00	10.00	10.00	10.00	10.00	10.00
Finance	14.00	14.00	14.00	14.00	14.00	14.00	14.00	15.00	13.00	13.00
Grants	13.25	12.25	11.25	11.25	11.25	9.75	9.75	8.75	8.15	7.40
Human Resources	16.00	15.00	14.00	14.00	14.00	14.00	14.00	17.00	15.00	16.00
Internal Auditor	3.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Internal Services	156.00	149.60	77.60	76.60	72.60	68.60	68.60	67.80	61.80	60.00
Legal	5.84	5.56	5.56	5.56	5.56	6.56	6.42	8.42	7.42	6.67
Legislative Delegation	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Nondepartmental										12.00
Organization Development	-	-	-	-	-	4.00	4.00	4.35	3.35	-
Procurement Services	16.00	15.00	15.00	15.00	15.00	16.00	16.00	16.00	15.00	14.00
Radio Communications	3.00	3.00	3.00	3.00	3.00	-	-	-	-	-
Register Mesne Conveyance	30.00	30.00	30.00	30.00	30.00	33.00	33.00	32.00	27.00	27.00
Revenue Collections	5.00	5.00	6.00	6.00	6.00	6.00	22.00	22.00	22.00	30.00
Safety & Risk Management	5.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	5.00
Technology Services	10.00	13.00	13.00	8.00	9.00	17.00	17.00	17.00	16.00	16.00
Treasurer	20.00	19.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00	19.00
Zoning/Planning	25.00	25.00	25.00	25.00	26.00	24.00	24.00	24.00	22.00	21.00
Other (No Longer Used)	6.00	6.00	-	-	-	-	-	-	-	-
Total General Government	473.59	465.91	383.91	382.41	380.41	388.91	404.77	412.63	385.03	444.97

(CONTINUED)

**COUNTY OF CHARLESTON, SOUTH CAROLINA
FULL-TIME EQUIVALENT COUNTY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS**

UNAUDITED

Function	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Public Safety										
Building Inspections	23.00	22.00	21.00	21.00	22.00	22.00	22.00	24.00	21.00	22.00
Consolidated Dispatch	-	-	-	-	-	-	-	1.00	72.50	100.25
Emergency Management	7.00	7.00	6.00	20.00	25.00	27.00	30.00	30.00	24.50	34.00
Emergency Medical	168.00	167.00	170.00	161.00	169.00	174.00	174.00	165.00	139.50	134.00
Planning	1.00	1.00	1.00	1.00	1.00	1.00	2.00	-	-	-
Sheriff	674.31	702.31	741.31	777.31	779.31	780.31	792.31	808.11	834.11	828.74
Technology Services	-	-	-	-	-	-	-	2.00	2.00	-
Other (No Longer Used)	1.00	-	-	-	-	-	-	-	-	-
Total Public Safety	874.31	899.31	939.31	980.31	996.31	1,004.31	1,020.31	1,030.11	1,093.61	1,118.99
Judicial										
Clerk of Court	54.00	53.00	53.00	53.00	53.00	54.00	54.00	54.00	55.00	56.00
Coroner	6.00	6.00	6.00	6.00	6.00	6.00	7.00	8.00	8.00	8.00
Magistrates Courts	67.89	67.89	67.89	68.89	70.41	70.41	70.41	69.41	68.39	68.13
Master-In-Equity	6.00	6.00	6.00	6.00	6.00	6.00	7.00	7.00	7.00	7.00
Probate Courts	18.30	19.30	19.30	19.30	19.30	19.30	20.30	20.30	19.30	19.30
Public Defender	-	-	-	-	-	-	-	52.00	52.00	52.00
Solicitor	74.00	77.00	79.00	79.00	81.00	88.00	91.00	93.00	96.00	111.00
Total Judicial	226.19	229.19	231.19	232.19	235.71	243.71	249.71	303.71	305.69	321.43
Public Works										
Administrator	-	-	-	-	-	-	-	0.69	0.69	0.69
Revenue Collections	12.00	11.00	11.00	12.00	12.00	13.00	-	-	-	-
Chief Deputy Administrator	-	-	-	-	1.00	1.00	1.00	-	-	-
Environmental Management	131.00	127.00	126.00	126.00	126.00	126.00	128.00	127.00	134.20	132.26
Organizational Development	-	-	-	-	-	-	-	1.65	1.65	-
Procurement Svcs.	-	-	-	-	-	-	-	-	-	2.00
Public Works	173.00	162.00	159.00	159.00	161.00	168.00	176.00	164.00	150.00	138.02
Transportation Development	-	-	-	-	-	-	-	-	-	21.63
Total Public Works	316.00	300.00	296.00	297.00	300.00	308.00	305.00	293.34	286.54	294.60

(CONTINUED)

**COUNTY OF CHARLESTON, SOUTH CAROLINA
FULL-TIME EQUIVALENT COUNTY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS**

UNAUDITED

Function	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Health and Welfare										
Capital Projects/Facilities	1.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Grants	20.75	18.75	25.75	25.75	25.75	26.25	36.25	33.25	33.85	5.60
DAODAS	170.50	125.00	131.00	131.00	131.00	133.00	137.00	129.00	111.00	107.00
Public Works	29.00	26.00	24.00	24.00	24.00	23.00	23.00	24.00	20.00	20.00
Veterans Affairs	4.00	4.00	3.00	3.00	3.00	3.00	4.00	4.00	4.00	4.00
Total Health and Welfare	225.25	175.75	185.75	185.75	185.75	187.25	202.25	192.25	170.85	138.60
Culture and Recreation										
Assist Admin for Transportation & Emergency Management	-	-	-	-	-	-	-	2.00	1.80	-
Greenbelt										2.00
Planning	-	-	-	-	-	1.00	1.00	-	-	-
Revenue Collections	3.00	3.00	3.00	3.00	3.00	3.00	-	-	-	-
Total Culture and Recreation	-	-	-	-	-	1.00	1.00	2.00	1.80	2.00
Economic Development	2.00	1.00	2.00	2.00	2.00	2.00	3.00	3.00	3.00	5.00
Total Economic Development	2.00	1.00	2.00	2.00	2.00	2.00	3.00	3.00	3.00	5.00
Total	2,117.34	2,071.16	2,038.16	2,079.66	2,100.18	2,135.18	2,186.04	2,237.04	2,246.52	2,325.59

Source: Charleston County Budget Department

Note: 1 Includes the Authorized Full Time Employees for both Government and Business-type Activities

**COUNTY OF CHARLESTON, SOUTH CAROLINA
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

UNAUDITED

Function/Program	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Government										
Auditor - Tax Notices Processed	530,520	503,520	520,000	545,000	600,000	590,283	521,701	550,000	575,000	580,000
RMC Documents Recorded	110,000	143,674	142,244	143,500	147,569	133,772	116,770	84,711	90,890	90,890
Zoning Applications Processed	3,000	2,761	3,340	3,400	3,741	3,336	3,266	2,846	2,500	2,500
Illegal Businesses Located	563	982	998	831	714	278	346	86	117	120
Public Safety										
Building Inspections Performed	18,000	15,985	18,323	22,583	28,191	23,702	22,519	15,472	12,577	16,000
Bad Check Warrants Served	5,280	2,632	2,432	7,107	3,774	6,124	6,194	6,584	9,107	7,851
Daily Costs Per Prisoner	32	33	40	40	40	40	55	55	55	55
Judicial										
Marriage Licenses Issued	4,800	2,275	2,429	3,712	3,733	3,877	3,769	3,846	3,764	3,900
Master-in-Equity Cases Disposed of	640	833	1,323	1,248	718	988	1,390	2,227	3,560	4,000
Health and Welfare										
Veterans Claims Filed	7,300	7,318	7,438	8,505	8,038	9,215	9,215	10,254	10,688	11,168
Economic Development										
Number of New Companies Relocating to Charleston	1	6	1	4	5	1	4	0	1	3
Number of New Jobs From Relocating Companies	210	888	10	1,767	328	25	390	0	30	120
Number of Expanding Employers in Charleston	1	4	0	1	2	3	1	3	3	4
Number of Jobs Resulting from Expansion	15	141	0	180	300	268	30	320	4,275	323
Culture & Recreation										
Library Visits Per Capita	5.00	5.26	5.50	5.60	6.21	6.38	6.66	6.99	7.01	7.08
Library Cards in Use	265,955	309,033	247,821	277,688	350,320	329,189	355,481	310,417	326,600	329,866
Environmental Management										
Total Tons of Incinerated Waste	220,000	220,000	230,673	222,108	227,383	227,514	211,907	188,626	69,215	n/a
Parking Garages										
Average Operating Revenue Per Space	1,106	1,032	1,124	1,384	1,623	1,777	1,913	2,114	2,043	2,103
Average Operating Expenditure Per Space	781	1,059	1,091	685	945	1,115	984	1,852	1,179	1,118

Sources: Charleston County Budget Performance Measures

Note: Some of the operating indicators have not been documented for a full 10 years.

**COUNTY OF CHARLESTON
CAPITAL ASSETS BY FUNCTION
LAST TEN FISCAL YEARS**

UNAUDITED

Function	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Government										
Automobiles	56	60	70	77	80	84	91	80	79	92
Buildings	21	21	21	28	28	28	44	97	99	104
Public Safety										
Police Cars	112	149	197	231	290	325	316	332	324	336
Fire Trucks	0	0	6	7	8	11	11	10	10	10
Ambulances	0	0	0	17	23	24	28	22	23	24
Judicial										
Magistrate Courts	13	14	14	14	14	15	15	15	15	15
Public Works										
Paved Streets (in Miles)	0	124	163	186	195	132	129	128	129	129
Ground Equipment	30	31	32	33	43	51	62	60	65	67
Heavy Trucks	17	20	21	21	25	29	35	35	35	35
Environmental Management										
Collection/Refuse Trucks	17	20	23	27	33	37	45	44	48	44
Ground Equipment	10	11	13	13	16	19	24	26	25	26
Culture & Recreation										
Libraries, Main and Branches	16	16	16	16	16	16	16	16	11	11

Note 1. Town of James Island was created in 2007 creating a decrease in county owned infrastructure.

Note 2. Some indicators have been added through the years.

Note 3. There was a review of buildings in fiscal year 2008 that reorganized the buildings and assigned more to the general government.

Note 4. Charleston County owns 11 libraries and leases 5 libraries.

**COUNTY OF CHARLESTON, SOUTH CAROLINA
SOLID WASTE USER FEE RATE HISTORY
LAST TEN FISCAL YEARS**

UNAUDITED

Fiscal Year Ended June 30	Residential		Non-Residential	
	Single Family Residences (1)	Multi-Family Residences (2)	One-half Cubic Yard or Less Per Week (3)	More Than One-half Cubic Yard Per Week (4)
2002	\$ 89	\$ 63	\$ 78	\$ 155
2003	89	63	78	155
2004	89	63	78	155
2005	89	63	78	155
2006	89	63	78	155
2007	89	63	78	155
2008	99	70	86	172
2009	99	70	86	172
2010	99	70	86	172
(5) 2011	99	70	86	172

(1) Per residence.

(2) Per unit.

(3) Per property.

(4) Per average number of cubic yards per week.

(5) In 2011 County Council approved a one time \$25.00 credit for all Single Family and Multi-Family Residences.

**COUNTY OF CHARLESTON, SOUTH CAROLINA
USER FEE BILLING HISTORY
LAST TEN FISCAL YEARS**

UNAUDITED

Fiscal Year Ended June 30	User Fee Billed	User Fee Revenue	User Fee Applied to Payment of the Disposal Fee	User Fee Applied to Other Purposes	Net Unused User Fee	Year End Working Capital Balance (A)
2011	\$ 23,734,852	\$ 23,737,170	\$ (350,000)	\$ 17,960,181	\$ 6,126,989	\$ 42,618,100
2010	27,815,338	27,111,689	13,772,426	9,992,175	3,347,088	36,491,111
2009	27,398,662	26,708,365	11,676,865	24,631,637	(9,600,137)	33,144,023
2008	26,840,075	26,229,892	10,805,777	11,843,919	4,667,677	42,744,160
2007	23,539,944	23,174,604	10,636,050	10,159,150	2,379,404	38,076,483
2006	23,203,440	21,464,636	9,846,181	21,138,074	(8,759,515)	35,897,079
2005	22,808,943	21,802,327	6,347,904	22,689,167	(7,234,744)	44,456,594
2004	21,547,735	21,321,884	4,868,276	7,286,315	9,167,293	51,691,338
2003	21,093,317	20,689,423	7,006,550	11,517,490	2,165,383	42,524,045
2002	20,135,112	20,212,756	7,936,098	6,939,688	5,336,970	40,358,662

(A) Working capital balance net of revenue bond related funds.

**COUNTY OF CHARLESTON, SOUTH CAROLINA
DISPOSAL FEE HISTORY
LAST TEN FISCAL YEARS**

UNAUDITED

Fiscal Year Ended June 30	Gross Disposal Fee Trust			Sources Used To Pay Disposal Fee Trust					
	Inclinerator Operations	Debt Service	Total Disposal Fee	Steam Sales (1)	Electric Sales	Equity Payment	Interest Income	User Fee Applied to Disposal Fee	Total Sources Used to Pay Disposal Fee
2011	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2010	4,886,407	10,372,142	15,258,549	630,618	583,305	-	272,200	13,772,426	15,258,549
2009	11,000,707	11,200,561	22,203,268	5,760,181	4,590,673	-	175,549	11,676,865	22,203,268
2008	10,676,239	11,865,294	22,541,533	5,984,861	5,312,276	-	438,819	10,805,777	22,541,533
2007	10,217,188	11,523,258	21,740,446	3,772,500	5,787,124	-	1,544,772	10,636,050	21,740,446
2006	9,742,483	10,015,279	19,757,762	3,430,833	4,698,308	-	1,782,440	9,846,181	19,757,762
2005	7,910,814	7,326,349	15,237,163	3,634,265	4,493,514	-	781,480	6,347,904	15,237,163
2004	7,719,190	5,769,142	13,488,332	3,498,333	4,856,830	-	283,893	4,868,276	13,487,332
2003	7,849,844	6,064,112	13,913,956	3,363,333	3,329,393	-	214,680	7,006,550	13,913,956
2002	8,364,178	6,518,299	14,882,477	3,302,912	3,288,578	-	354,889	7,936,098	14,882,477

(1) In April 1996 the United States Navy closed its base in Charleston, South Carolina.
Since that date the Navy has been making the minimum required payments under the Navy Steam Agreement.

The Incinerator was demolished in December 2010.

**COUNTY OF CHARLESTON, SOUTH CAROLINA
KEY FACILITY OPERATIONAL DATA (1)
SOLID WASTE ENTERPRISE FUND**

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	2009	<u>2010</u>	<u>2011</u>
MSW Processed (tons)	200,682	209,896	207,249	230,673	225,005	226,163	222,110	203,029	N/A	N/A	N/A
Ash Generated (wet tons)	54,920	55,813	55,013	55,643	55,700	58,557	58,335	50,700	N/A	N/A	N/A
Ash Generation Rate (percent of MSW)	27.4%	26.6%	26.5%	24.1%	24.8%	25.9%	26.3%	25.00%	N/A	N/A	N/A
Boiler Availability (percent of time)											
Unit A	82.4%	80.3%	87.5%	91.5%	89.6%	89.5%	88.6%	83.10%	N/A	N/A	N/A
Unit B	84.5%	81.7%	84.9%	94.5%	89.6%	91.7%	86.0%	81.70%	N/A	N/A	N/A
Facility Utilization (percent of design steaming rate)	84.7%	80.6%	87.2%	95.5%	92.4%	93.9%	91.2%	84.60%	N/A	N/A	N/A
Steam Sales (Mlbs)	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	N/A	N/A	N/A
Electricity Sales (MWh)	49,908	54,828	66,557	72,767	66,106	69,853	67,027	59,593	N/A	N/A	N/A

(1) Facility Operating Years from December 1 through November 30 of the year listed.

The Incinerator was demolished in December 2010

**COUNTY OF CHARLESTON, SOUTH CAROLINA
FINANCIAL ASSURANCE COVERAGE
MUNICIPAL SOLID WASTE LANDFILL FACILITIES**

LOCAL GOVERNMENT FINANCIAL TEST:

1. Financial component:

**A. Bond rating requirement: Investment grade bond rating of no less than BBB.
The County's current general obligation bond ratings are:**

Moody's Investors Service	AAA
Standard & Poors Corporation	AAA
Fitch, Inc.	AA

B. Financial ratio alternative:

The prescribed financial ratios computed under GAAP are:

1. Ratio of cash and marketable securities to total expenditures - Primary Government

Cash and cash equivalents	\$ 142,887,755	
Total expenditures	\$ 423,606,688	
Requirement is no less than 5 percent		<u>33.73%</u>

2. Ratio of annual debt service expenditures - Primary Government

Total debt service expenditures	\$ 44,442,266	
Total expenditures	\$ 423,606,688	
Requirement is no more than 20 percent		<u>10.49%</u>

2. Financial assurance limitation test:

Financial assurance limitation under financial test:

Total Revenue - Primary Government	\$ 358,268,205	
Maximum percent of revenue eligible for self-insured local government financial test		<u>43%</u>
Limitation on deferred cost of closure		\$ 154,055,328

Total estimated closure and post-closure costs for County landfills:

Estimated costs from Note III.G. on landfill closure	\$ 44,543,005	
Less: Expenditures to date	\$ (22,001,005)	
Restricted assets committed to closure	\$ (4,947,000)	
Balance of closure costs being deferred		<u>\$ 17,595,000</u>
Additional permissible deferred cost		<u>\$ 136,460,328</u>

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APPENDIX B

SUMMARY OF CERTAIN PROVISIONS OF THE BOND ORDINANCE

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APPENDIX B

SUMMARY OF CERTAIN PROVISIONS OF THE BOND ORDINANCE

Following is a summary of certain provisions of the Ordinance enacted by the County Council of Charleston County, South Carolina (the "County") authorising the issuance of the Charleston County, South Carolina, General Obligation Transportation Sales Tax Refunding Bonds of 2012. The summary does not purport to be a full statement of the Ordinance and reference is made to the Ordinance for a full and complete statement thereof. Capitalised terms used herein and not defined herein have the meanings ascribed to them in the Ordinance unless the context hereof otherwise requires.

Registration and Transfers of Bonds; Persons Treated as Owners.

(a) Each Bond shall be fully-registered and no Bond may be transferred except by the registered owner thereof in person or by his attorney duly authorised in writing upon surrender thereof together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or his duly authorised attorney. Upon the transfer of any such registered Bond or Bonds, the County shall execute and the Authenticating Agent shall authenticate and deliver, subject to the provisions of Section 12 of Article II of the Ordinance, in the name of the transferee, a new registered Bond or Bonds of the same aggregate principal amount as the unpaid principal amount of the surrendered Bond or Bonds.

(b) Any bondholder requesting any transfer shall pay any tax or other governmental charges required to be paid with respect thereto. Any purported assignment in contravention of the foregoing requirements shall be, as to the County, absolutely null and void. The person in whose name any Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of the principal of and interest on such Bonds shall be made only to or upon the order of the registered owner or his legal representative. All such payments shall be valid and effective to satisfy and discharge the liability of the County upon such Bond to the extent of the sum or sums so paid. No person other than the registered owner shall have any right to receive payments, pursue remedies, enforce obligations or exercise or enjoy any other rights under any Bond against the County. Notwithstanding the foregoing, nothing in the Ordinance shall limit the rights of a person having a beneficial interest in any Bonds as against a person (including the registered owner) other than the County, as in the case where the registered owner is a trustee or nominee for two or more beneficial owners of an interest in any Bond.

(c) The Bond Registrar shall not be required to exchange or transfer such Bond or portion of Bond (i) for which notice of redemption has been mailed to the registered owner thereof or (ii) for the period beginning on the Regular Record Date and ending on the next succeeding Interest Payment Date.

Mutilated, Lost, Stolen, or Destroyed Notes.

In the event of any Bond is mutilated, lost, stolen, or destroyed, the County may execute and the Authenticating Agent may authenticate a new Bond of like date, maturity, interest rate, and denomination, as that mutilated, lost, stolen or destroyed; provided that, in the case of any mutilated Bonds, they shall first be surrendered to the Paying Agent, and in the case of any lost, stolen or destroyed Bond, there shall be first furnished to the County and the Paying Agent evidence of the loss, theft, or destruction, satisfactory to the County and the Paying Agent, together with indemnity satisfactory to them, provided that in the case of a holder which is the bank or insurance company, the agreement of such bank or insurance company to indemnify shall be sufficient. In the event any such Bonds shall have matured, instead of issuing a duplicate Bond, the County may pay the same without surrender thereof. The County, the Paying Agent, and the Authenticating Agent, may charge the holder or owner of such Bond with their reasonable fees and expenses related thereto.

Exchange of Bonds.

Subject to the provisions of Section 9 of Article II of the Ordinance, the Bonds, upon surrender thereof to the Bond Registrar with a written instrument of transfer satisfactory to the Bond Registrar, duly executed by the registered owner or his duly authorised attorney, may, at the option of the registered owner thereof, and upon payment by such registered owner of any charges which the Paying Agent, the Authenticating Agent, or the Bond

Registrar may make as provided in Section 12 of Article II of the Ordinance, be exchanged for a principal amount of Bonds or any other authorised denominations equal to the unpaid principal amount of surrendered Bonds.

Regulations with Respect to Exchanges and Transfers.

In all cases in which the privilege of exchanging or transferring the Bonds is exercised, the County shall execute and the Authenticating Agent shall authenticate and deliver the Bonds in accordance with the provisions of the Ordinance. All Bonds surrendered in any such exchanges or transfers shall forthwith be cancelled by the Paying Agent. There shall be no charge for such exchange or transfer of the Bonds except that the Paying Agent, the Bond Registrar, and the Authenticating Agent, may make a charge sufficient to reimburse them, or any of them, for any tax or other governmental charge required to be paid with respect to such exchange or transfer.

Pledge of Full Faith, Credit, and Taxing Power.

For the payment of the principal and interest on the Bonds as the same respectively mature, and for the creation of such sinking fund as may be necessary therefor, the full faith, credit, and taxing power, of the County are irrevocably pledged, and there shall be levied annually by the Auditor of Charleston County, and collected by the Treasurer of Charleston County, in the same manner as other County taxes are levied and collected, a tax, without limit, on all taxable property in the County, sufficient to pay the principal and interest of the Bonds as they respectively mature, and to create such sinking fund as may be necessary therefor.

Pledge of Transportation Sales Tax Revenues

(a) The Bonds are payable from, and additionally secured by a pledge of, the net revenues raised by the Transportation Sales Tax. Upon receipt of the net revenues of the Transportation Sales Tax from the State Treasurer, the Treasurer of Charleston County shall deposit that portion of the net revenues as directed by annual budget of the County Council into the Sinking Fund Account established for the Bonds and shall maintain proper books and records for an accounting thereof. To the extent the net revenues derived from the Transportation Sales Tax are or will be available and on deposit with the Treasurer of Charleston County prior to the due dates of Debt Service for any fiscal year, the County Council shall reduce the amount of taxes required to be levied and collected pursuant to Section 2 of Article III of the Ordinance. Such net revenues received by the Treasurer of Charleston County from the State Treasurer from the Transportation Sales Tax shall be deposited in the Sinking Fund Account and on each payment date of the Bonds shall be applied to pay current Debt Service due on the Bonds. Pending such application, moneys held in such Account shall be invested by the Treasurer of Charleston County in accordance with law. All investment earnings shall be applied as directed by the County Council for the costs of Original Referendum Projects.

(b) The covenants and agreements set forth in Section 3 of Article III of the Ordinance to be performed by the County shall be for the equal and proportionate benefit, security, and protection of all registered owners of the Bonds without preference, priority, or distinction as to payment or security or otherwise (except as to maturity) of any of the Bonds or any of the others for any reason or cause whatsoever, except as expressly provided in Section 3 of Article III of the Ordinance or in the Bonds, and, except as aforesaid, all Bonds shall rank *pari passu* and shall be secured equally and ratably under the Ordinance without discrimination or preference whatsoever.

(c) The County has previously issued its Series 2006 Bonds, Series 2007 Bonds, and Series 2011 Bonds which are payable from and additionally secured by a pledge of the net revenues raised by the Transportation Sales Tax which ranks *pari passu* with the pledge securing the Bonds, and such Series 2006 Bonds, Series 2007 Bonds, and Series 2011 Bonds are secured equally and ratably by such pledge, without preference, priority, or distinction as to payment or security or otherwise (except as to maturity) of any of the Bonds authorised under the Ordinance. The County Council expressly reserves the right to pledge net revenues derived from the Transportation Sales Tax to secure the payment of other obligations of the County, including other general obligation bonds, revenue bonds, notes, leases, or contract obligations, or similar contracts or evidences of indebtedness, and to apply such net revenues that are not required to pay current Debt Service on the Bonds to the costs of other Original Referendum Projects.

(d) Upon payment in full of all principal and interest due on the Bonds, whether at maturity or pursuant to defeasance in accordance with Article VI of the Ordinance, all funds derived from the Transportation Sales Tax held by the Charleston County Treasurer in the Sinking Fund Account shall be released from the lien and pledge in favour of the Bonds created by the Ordinance and shall be disbursed at the direction of the County Council to pay costs of the Original Referendum Facilities.

Release of Ordinance.

(a) If all of the Bonds issued pursuant to the Ordinance shall have been paid and discharged, then the obligations of the County under the Ordinance, and all other rights granted thereby shall cease and determine. Bonds shall be deemed to have been paid and discharged within the meaning of Article VI of the Ordinance under each of the following circumstances:

(i) If the Paying Agent shall hold, at the stated maturities of such Bonds, in trust and irrevocably appropriated thereto, moneys for the full payment thereof; or

(ii) If default in the payment of the principal of such Bonds or the interest thereon shall have occurred, and thereafter tender of such payment shall have been made, and the Paying Agent shall hold, in trust and irrevocably appropriated thereto, sufficient moneys for the payment thereof to the date of the tender of such payment; or

(iii) If the County shall have deposited with the Paying Agent or other escrow agent, in an irrevocable trust, either moneys in an amount which shall be sufficient, or direct general obligations of the United States of America, which are not subject to redemption by the issuer prior to the date of maturity of the Bonds to be defeased, the principal of and interest on which, when due, and without reinvestment thereof, will provide moneys, which, together with the moneys, if any, deposited with the Paying Agent or other escrow agent at the same time, shall be sufficient to pay, when due, the principal, interest, and redemption premium or premiums, if any, due to become due on and prior to the maturity date or dates; or

(iv) If there shall have been deposited with the Paying Agent or other escrow agent either moneys in an amount which shall be sufficient, or direct general obligations of the United States of America the principal of and interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agent or other escrow agent at the same time, shall be sufficient to pay, when due, the principal and interest due to become due on the Bonds on the maturity thereof.

(b) In addition to the above requirements of paragraphs (i), (ii), (iii), or (iv), in order for the Ordinance to be discharged, all other fees, expenses, and charges of the Fiscal Agents, have been paid in full at such time.

(c) Notwithstanding the satisfaction and discharge of the Ordinance, the Fiscal Agents shall continue to be obligated to hold in trust any moneys or investments then held by the Paying Agent for the payment of the principal of, premium, if any, and interest on, the Bonds, to pay to the owners of Bonds the funds so held by the Fiscal Agents as and when such payment becomes due.

(d) Any release under Section 1 of Article VI of the Ordinance shall be without prejudice to the rights of the Fiscal Agents to be paid reasonable compensations for all services rendered under the Ordinance and all reasonable expenses, charges and other disbursements and those of their respective attorneys, agents and employees, incurred on and about the administration of trusts by the Ordinance created and the performance of the powers and duties under the Ordinance of the Fiscal Agents.

Deposit of Moneys.

Any moneys which at any time shall be deposited with a Fiscal Agent by or on behalf of the County for the purpose of paying and discharging any Bonds shall be and are hereby assigned, transferred, and set over to the Fiscal Agent in trust for the respective holders of such Bonds, and such moneys shall be are hereby irrevocably appropriated to the payment and discharge thereof. If, through lapse of time or otherwise, the holder of such Bonds

shall no longer be entitled to enforce payment of their obligations, then, in such event, it shall be the duty of the Fiscal Agent to transfer such funds to the County.

Notice of Release of Ordinance.

(a) In the event any of said Bonds are not to be redeemed within the sixty (60) days next succeeding the date the deposit required by Section 1(a)(iii) or (iv) of Article VI of the Ordinance is made, the County shall give the Fiscal Agent irrevocable instructions to mail, as soon as practicable by registered or certified mail, a notice to the owners of such Bonds at the addresses shown on the Books of Registry that (i) the deposit required by subparagraph (a)(iii) or (a)(iv) of Section 1 of Article VI of the Ordinance has been made with the Fiscal Agent, and (ii) said Bonds are deemed to have been paid in accordance with Article VI and stating such maturity or redemption dates upon which moneys are to be available for the payment of the principal of, and premium, if any, and interest on, said Bonds.

(b) The County covenants and agrees that any moneys which it shall deposit with the Fiscal Agent shall be deemed to be deposited in accordance with, and subject to, the applicable provisions of Article VI.

Amending and Supplementing of Ordinance Without Consent of Holders of Bonds.

(a) The County Council, from time to time and at any time and without the consent or concurrence of any holder of any Bond, may enact an ordinance amendatory hereof or supplemental thereto, if the provisions of such supplemental Ordinance shall not materially adversely affect the rights of the holders of the Bonds then outstanding, for any one or more of the following purposes:

1. To make any changes or corrections in the Ordinance as to which the County Council shall have been advised by counsel that the same are verbal corrections or changes or are required for the purpose of curing and correcting any ambiguity or defective or inconsistent provision or omission or mistake or manifest error contained in the Ordinance, or to insert in the Ordinance such provisions clarifying matters or questions arising under the Ordinance as are necessary or desirable;
2. To add additional covenants and agreements of the County for the purpose of further securing the payment of the Bonds;
3. To surrender any right, power, or privilege reserved to or conferred upon the County by the terms of the Ordinance;
4. To grant or confer upon the bondholders any additional right, remedies, powers, authority, or security that lawfully may be granted to or conferred upon them; or
5. To make such additions, deletions, or modifications as may be necessary to assure compliance with section 148(f) of the Code relating to required rebate to the United States or otherwise as may be necessary to assure the exclusion from gross income of interest on the Bonds for purposes of federal income taxation.

(b) The County Council shall not enact any supplemental Ordinance authorized by the foregoing provisions of Section VII of the Ordinance unless in the opinion of counsel the enactment of such supplemental Ordinance is permitted by the foregoing provisions of Section VII of the Ordinance and the provisions of such supplemental Ordinance do not adversely affect the rights of the holders of the Bonds then outstanding.

Amending and Supplementing of Ordinance With Consent of Holders of Bonds.

(a) With the consent of the holders of not less than a majority in principal amount of the Bonds then outstanding the County Council from time to time and at any time may enact an Ordinance amendatory thereof or supplemental thereto for the purpose of adding any provisions to, or changing in any manner or eliminating any of the provisions of, the Ordinance, or modifying or amending the rights or obligations of the County under the Ordinance, or modifying or amending in any manner the rights of the holders of the Bonds then outstanding;

provided, however, that, without the specific consent of the holder of each such Bond which would be affected thereby, no supplemental Ordinance amending or supplementing the provisions thereof shall: (i) change the fixed maturity date of any Bond or the dates for the payment of interest thereon or the terms of the redemption thereof, or reduce the principal amount of any Bond or the rate of interest thereon or the redemption price (or the redemption premium) payable upon the redemption or prepayment thereof; (ii) reduce the aforesaid percentage of Bonds, the holders of which are required to consent to any supplemental Ordinance amending or supplementing the provisions of the Ordinance; or (iii) give to any Bond or Bonds any preference over any other Bond or Bonds. Nothing in this paragraph contained, however, shall be construed as making necessary the approval of the holders of the Bonds of the enactment of any supplemental Ordinance authorized by the provisions of Section 1 of Article VII of the Ordinance.

(b) It shall not be necessary that the consents of the holders of the Bonds approve the particular form of the wording of the proposed amendment or supplement or of the supplemental Ordinance. The County shall mail a notice at least once, not more than thirty (30) days after the effective date of such amendment or supplement of such amendment or supplement postage prepaid, to each holder of Bonds then outstanding at his address, if any, appearing upon the Books of Registry and to the Paying Agent, but failure to mail copies of such notice to any of the holders shall not affect the validity of the supplemental Ordinance effecting such amendments or supplements or the consents thereto. Nothing in this paragraph contained, however, shall be construed as requiring the giving of notice of any amendment or supplement of the Ordinance authorized by Section 1 of Article VII of the Ordinance. No action or proceeding to set aside or invalidate such supplemental Ordinance or any of the proceedings for its enactment shall be instituted or maintained unless such action or proceeding is commenced within sixty (60) days after the mailing of the notice required by this paragraph.

Effectiveness of Supplemental Ordinance.

Upon the enactment (pursuant to Article VII of the Ordinance and applicable law) by the County Council of any supplemental Ordinance amending or supplementing the provisions of the Ordinance and the delivery to the Paying Agent and the County Council of an opinion of bond counsel that such supplemental Ordinance is in due form and has been duly enacted in accordance with the provisions hereof and applicable law and that the provisions thereof are valid and binding upon the County, or upon such later date as may be specified in such supplemental Ordinance, (a) the Ordinance and the Bonds shall be modified and amended in accordance with such supplemental Ordinance, (b) the respective rights, limitations of rights, obligation, duties, and immunities, under the Ordinance of the County, the Fiscal Agents, and the holders of the Bonds, shall thereafter be determined, exercised, and enforced, under the Ordinance subject in all respects to such modifications and amendments, and (c) all of the terms and conditions of any such supplemental Ordinance shall be a part of the terms and conditions of the Bonds and of the Ordinance for any and all purposes.

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FORM OF BOND COUNSEL OPINION

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HOWELL LINKOUS & NETTLES, LLC

Bond Attorneys & Counsellors at Law

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The Lining House
 106 Broad Street
 Charleston, South Carolina 29401

Concentrating in Municipal Bonds,
 Local Government Law, Economic
 Development Incentives,
 Affordable Housing Development

__ March 2012

Charleston County, South Carolina
 Charleston, South Carolina

Re: \$_____ Charleston County, South Carolina, General Obligation
 Transportation Sales Tax Refunding Bonds of 2012

Ladies and Gentlemen:

As bond counsel to Charleston County, South Carolina (the "County"), we have examined a certified copy of the Transcript of Proceedings and other proofs submitted to us, including the Constitution and Statutes of the State of South Carolina, in relation to the issuance by the County of the captioned bonds (the "Bonds"), which are originally dated their date of delivery, are in fully-registered form, are in denominations of \$5,000, or any integral multiple thereof, and mature, in annual series or installments, on November 1 in the years and amounts, and bear interest as follows:

<u>Due</u> <u>November 1</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Due</u> <u>November 1</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>
	\$	%		\$	%

The Bonds are subject to redemption prior to maturity upon the terms and conditions and at the prices set forth therein.

Interest is payable on May 1 and November 1 of each year commencing May 1, 2012. Principal of the Bonds is payable to the registered owner thereof, in legal tender at the corporate trust office of Wells Fargo Bank N.A., Atlanta, Georgia (the "Paying Agent"). Interest on the Bonds is payable by cheque or draught mailed to the registered owner by the Paying Agent.

The Bonds recite that they are issued by the County pursuant to and for the purposes authorised by the County Bond Act (Title 4, Chapter 15 of the Code of Laws of South Carolina 1976, as amended), and the Refunding Act (Title 11, Chapter 15, Article 5 of the Code of Laws of South Carolina 1976, as amended), as amplified by Title 11, Chapter 21 of the Code of Laws of South Carolina 1976, as amended, both as amended and continued by Section 11-27-40 of the Code of Laws of South Carolina 1976, as amended (collectively, the "Bond Act"), the favourable results of referenda conducted in Charleston County, South Carolina, and an Ordinance duly enacted by the County Council of Charleston County, the governing body of the County (the "Ordinance") to effect a savings in debt service by refunding certain outstanding general obligation bonds of the County (the "Refunded Bonds") and to pay costs of issuance of the Bonds.

As to questions of fact material to our opinion, we have relied upon the Transcript of Proceedings and other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

We express no opinion herein as to the accuracy, completeness, or sufficiency of the Official Statement relating to the Bonds. We refer you to our letter of even date herewith with regard to certain matters regarding the Official Statement.

Based on our examination, and subject to the assumptions and limitations set forth herein, we are of the opinion, as of the date hereof and under existing law, as follows:

1. The proceedings are regular and in due form of law and the Bonds constitute valid and binding obligations of the County, secured by an irrevocable pledge of the full faith, credit, and taxing power of the County and are payable, both principal and interest, from a direct ad valorem tax upon all taxable property in the County, without limit as to rate or amount. Provision has been made for the levy and collection of the tax to meet the payment of principal and interest on the Bonds as the same respectively mature in the event the net proceeds of the Transportation Sales Tax (as described below) prove insufficient therefor.

2. The Bonds are payable from and additionally secured by a pledge of the net proceeds of the Transportation Sales Tax (the "Transportation Sales Tax") authorised by the provisions of Title 4, Chapter 37 of the Code of Laws of South Carolina 1976, as amended. The Transportation Sales Tax has been validly imposed under the laws of the State of South Carolina.

3. The Bonds and the interest thereon are exempt from all state, county, municipal, school district, and all other taxes or assessments of the State of South Carolina, except inheritance, estate, or transfer taxes, and the interest thereon (a) is excludable from gross income for federal income tax purposes and (b) is not an item of tax preference for purposes of the

federal alternative minimum tax imposed on individuals and corporations; however, interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations (as defined for federal income tax purposes). Furthermore, it should be noted that Section 12-11-20 of the Code of Laws of South Carolina 1976, as amended, imposes upon every bank engaged in business in South Carolina a fee or franchise tax computed on the entire net income of such bank, which includes interest on the Bonds. The opinion set forth in this paragraph is subject to the condition that the County comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be (or continue to be) excludable from gross income for federal and South Carolina income tax purposes. Failure to comply with certain of the requirements could cause the interest on the Bonds to be so included in gross income retroactively to the date of issuance of the Bonds. The County has covenanted to comply with all such requirements.

We have examined executed Bond No. R-1 of the issue and, in our opinion, it is in due form of law.

We are relying solely upon the opinion of Grant Thornton LLP, Minneapolis, Minnesota, independent certified public accountant (the "Verification Agent"), that the cash and the principal of and interest on the Government Obligations (as defined in the Ordinance) held in trust by Wells Fargo Bank, N.A., as escrow agent (the "Escrow Agent") under the Escrow Deposit Agreement, dated as of March __, 2012 (the "Escrow Deposit Agreement"), between the County and the Escrow Agent, when received by the Escrow Agent, will provide moneys at the times and in the amounts required in order to pay the Refunded Bonds in accordance with the terms of the Escrow Deposit Agreement, and we express no opinion with respect thereto. We have further relied upon the opinion of the Verification Agent with respect to the calculation of the yield on the Bonds and the yield on the Government Obligations (as defined in the Escrow Deposit Agreement) held in trust pursuant to the Escrow Deposit Agreement.

Except as expressly stated above, we express no opinion regarding any other federal or state income tax consequences of acquiring, carrying, owning, or disposing of the Bonds. Owners of the Bonds should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Bonds, which may include original issue premium, purchase at market discount or at a premium, taxation upon sale, redemption, or other disposition, and various withholding requirements.

It is to be understood that the rights of the holders of the Bonds and the enforceability of the Bonds and the Ordinance may be subject to bankruptcy, insolvency, reorganisation, moratorium, and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to exercise of judicial discretion in appropriate cases.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Charleston County, South Carolina

__ March 2012

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Our services as Bond Counsel for purposes of rendering the foregoing opinions have been based on our review of such legal proceedings, documents, and certificates from the County as we deem necessary to make the statements contained in this letter with respect to the validity of the Bonds, and the tax-exempt status of the interest on the Bonds. We have not examined any documents or other information concerning the business or financial resources of the County, and we express no opinion herein as to the accuracy or completeness of any information with respect to the County that may have been relied upon by the owners of the Bonds in making their decision to purchase the Bonds.

Very truly yours,

FORM OF DISCLOSURE DISSEMINATION AGENT AGREEMENT

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DISCLOSURE DISSEMINATION AGENT AGREEMENT

This Disclosure Dissemination Agent Agreement (the “Disclosure Agreement”), dated as of March __, 2012, is executed and delivered by Charleston County, South Carolina (the “Issuer”) and Digital Assurance Certification, L.L.C., as exclusive Disclosure Dissemination Agent (the “Disclosure Dissemination Agent” or “DAC”) for the benefit of the Holders (hereinafter defined) of the Bonds (hereinafter defined) and in order to provide certain continuing disclosure with respect to the Bonds in accordance with Rule 15c2-12 of the United States Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time (the “Rule”).

The services provided under this Disclosure Agreement solely relate to the execution of instructions received from the Issuer through use of the DAC system and do not constitute “advice” within the meaning of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Act”). DAC will not provide any advice or recommendation to the Issuer or anyone on the Issuer’s behalf regarding the “issuance of municipal securities” or any “municipal financial product” as defined in the Act and nothing in this Disclosure Agreement shall be interpreted to the contrary.

SECTION 1. Definitions. Capitalized terms not otherwise defined in this Disclosure Agreement shall have the meaning assigned in the Rule or, to the extent not in conflict with the Rule, in the Official Statement (hereinafter defined). The capitalized terms shall have the following meanings:

“Annual Report” means an Annual Report described in and consistent with Section 3 of this Disclosure Agreement.

“Annual Filing Date” means the date, set in Sections 2(a) and 2(f), by which the Annual Report is to be filed with the MSRB.

“Annual Financial Information” means annual financial information as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3(a) of this Disclosure Agreement.

“Audited Financial Statements” means the financial statements (if any) of the Issuer for the prior fiscal year, certified by an independent auditor as prepared in accordance with generally accepted accounting principles or otherwise, as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3(b) of this Disclosure Agreement.

“Bonds” means the bonds as listed on the attached Exhibit A, with the 9-digit CUSIP numbers relating thereto.

“Certification” means a written certification of compliance signed by the Disclosure Representative stating that the Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure delivered to the Disclosure Dissemination Agent is the Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice,

Voluntary Event Disclosure or Voluntary Financial Disclosure required to be submitted to the MSRB under this Disclosure Agreement. A Certification shall accompany each such document submitted to the Disclosure Dissemination Agent by the Issuer and include the full name of the Bonds and the 9-digit CUSIP numbers for all Bonds to which the document applies.

“Disclosure Representative” means the Chief Financial Officer of the Issuer or his or her designee, or such other person as the Issuer shall designate in writing to the Disclosure Dissemination Agent from time to time as the person responsible for providing Information to the Disclosure Dissemination Agent.

“Disclosure Dissemination Agent” means Digital Assurance Certification, L.L.C, acting in its capacity as Disclosure Dissemination Agent hereunder, or any successor Disclosure Dissemination Agent designated in writing by the Issuer pursuant to Section 9 hereof.

“Failure to File Event” means the Issuer’s failure to file an Annual Report on or before the Annual Filing Date.

“Force Majeure Event” means: (i) acts of God, war, or terrorist action; (ii) failure or shut-down of the Electronic Municipal Market Access system maintained by the MSRB; or (iii) to the extent beyond the Disclosure Dissemination Agent’s reasonable control, interruptions in telecommunications or utilities services, failure, malfunction or error of any telecommunications, computer or other electrical, mechanical or technological application, service or system, computer virus, interruptions in Internet service or telephone service (including due to a virus, electrical delivery problem or similar occurrence) that affect Internet users generally, or in the local area in which the Disclosure Dissemination Agent or the MSRB is located, or acts of any government, regulatory or any other competent authority the effect of which is to prohibit the Disclosure Dissemination Agent from performance of its obligations under this Disclosure Agreement.

“Holder” means any person (a) having the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries) or (b) treated as the owner of any Bonds for federal income tax purposes.

“Information” means, collectively, the Annual Reports, the Audited Financial Statements (if any), the Notice Event notices, the Failure to File Event notices, the Voluntary Event Disclosures and the Voluntary Financial Disclosures.

“MSRB” means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934.

“Notice Event” means any of the events enumerated in paragraph (b)(5)(i)(C) of the Rule and listed in Section 4(a) of this Disclosure Agreement.

“Obligated Person” means any person, including the Issuer, who is either generally or through an enterprise, fund, or account of such person committed by contract or other arrangement to support payment of all, or part of the obligations on the Bonds (other than

providers of municipal bond insurance, letters of credit, or other liquidity facilities), as shown on Exhibit A.

“Official Statement” means that Official Statement prepared by the Issuer in connection with the Bonds, as listed on Appendix A.

“Paying Agent” means the institution, if any, identified as such in the document under which the Bonds were issued.

“Voluntary Event Disclosure” means information of the category specified in any of subsections (e)(vi)(1) through (e)(vi)(11) of Section 2 of this Disclosure Agreement that is accompanied by a Certification of the Disclosure Representative containing the information prescribed by Section 7(a) of this Disclosure Agreement.

“Voluntary Financial Disclosure” means information of the category specified in any of subsections (e)(vii)(1) through (e)(vii)(9) of Section 2 of this Disclosure Agreement that is accompanied by a Certification of the Disclosure Representative containing the information prescribed by Section 7(b) of this Disclosure Agreement.

SECTION 2. Provision of Annual Reports.

(a) The Issuer shall provide, annually, an electronic copy of the Annual Report and Certification to the Disclosure Dissemination Agent, together with a copy for the Paying Agent, not later than the Annual Filing Date. Promptly upon receipt of an electronic copy of the Annual Report and the Certification, the Disclosure Dissemination Agent shall provide an Annual Report to the MSRB not later than nine months after the end of each fiscal year of the Issuer, commencing with the fiscal year ending June 30, 2012. Such date and each anniversary thereof is the Annual Filing Date. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 3 of this Disclosure Agreement.

(b) If on the fifteenth (15th) day prior to the Annual Filing Date, the Disclosure Dissemination Agent has not received a copy of the Annual Report and Certification, the Disclosure Dissemination Agent shall contact the Disclosure Representative by telephone and in writing (which may be by e-mail) to remind the Issuer of its undertaking to provide the Annual Report pursuant to Section 2(a). Upon such reminder, the Disclosure Representative shall either (i) provide the Disclosure Dissemination Agent with an electronic copy of the Annual Report and the Certification no later than two (2) business days prior to the Annual Filing Date, or (ii) instruct the Disclosure Dissemination Agent in writing that the Issuer will not be able to file the Annual Report within the time required under this Disclosure Agreement, state the date by which the Annual Report for such year will be provided and instruct the Disclosure Dissemination Agent that a Failure to File Event has occurred and to immediately send a notice to the MSRB in substantially the form attached as Exhibit B, accompanied by a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

(c) If the Disclosure Dissemination Agent has not received an Annual Report and Certification by 6:00 p.m. Eastern time on Annual Filing Date (or, if such Annual Filing Date falls on a Saturday, Sunday or holiday, then the first business day thereafter) for the Annual Report, a Failure to File Event shall have occurred and the Issuer irrevocably directs the

Disclosure Dissemination Agent to immediately send a notice to the MSRB in substantially the form attached as Exhibit B without reference to the anticipated filing date for the Annual Report, accompanied by a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

(d) If Audited Financial Statements of the Issuer are prepared but not available prior to the Annual Filing Date, the Issuer shall, when the Audited Financial Statements are available, provide in a timely manner an electronic copy to the Disclosure Dissemination Agent, accompanied by a Certification, together with a copy for the Paying Agent, for filing with the MSRB.

(e) The Disclosure Dissemination Agent shall:

- (i) verify the filing specifications of the MSRB each year prior to the Annual Filing Date;
- (ii) upon receipt, promptly file each Annual Report received under Sections 2(a) and 2(b) with the MSRB;
- (iii) upon receipt, promptly file each Audited Financial Statement received under Section 2(d) with the MSRB;
- (iv) upon receipt, promptly file the text of each Notice Event received under Sections 4(a) and 4(b)(ii) with the MSRB, identifying the Notice Event as instructed by the Issuer pursuant to Section 4(a) or 4(b)(ii) (being any of the categories set forth below) when filing pursuant to Section 4(c) of this Disclosure Agreement:
 1. “Principal and interest payment delinquencies;”
 2. “Non-Payment related defaults, if material;”
 3. “Unscheduled draws on debt service reserves reflecting financial difficulties;”
 4. “Unscheduled draws on credit enhancements reflecting financial difficulties;”
 5. “Substitution of credit or liquidity providers, or their failure to perform;”
 6. “Adverse tax opinions, IRS notices or events affecting the tax status of the security;”
 7. “Modifications to rights of securities holders, if material;”
 8. “Bond calls, if material;”
 9. “Defeasances;”

10. “Release, substitution, or sale of property securing repayment of the securities, if material;”
 11. “Rating changes;”
 12. “Tender offers;”
 13. “Bankruptcy, insolvency, receivership or similar event of the obligated person;”
 14. “Merger, consolidation, or acquisition of the obligated person, if material;” and
 15. “Appointment of a successor or additional trustee, or the change of name of a trustee, if material;”
- (v) upon receipt (or irrevocable direction pursuant to Section 2(c) of this Disclosure Agreement, as applicable), promptly file a completed copy of Exhibit B to this Disclosure Agreement with the MSRB, identifying the filing as “Failure to provide annual financial information as required” when filing pursuant to Section 2(b)(ii) or Section 2(c) of this Disclosure Agreement;
- (vi) upon receipt, promptly file the text of each Voluntary Event Disclosure received under Section 7(a) with the MSRB, identifying the Voluntary Event Disclosure as instructed by the Issuer pursuant to Section 7(a) (being any of the categories set forth below) when filing pursuant to Section 7(a) of this Disclosure Agreement:
1. “amendment to continuing disclosure undertaking;”
 2. “change in obligated person;”
 3. “notice to investors pursuant to bond documents;”
 4. “certain communications from the Internal Revenue Service;”
 5. “secondary market purchases;”
 6. “bid for auction rate or other securities;”
 7. “capital or other financing plan;”
 8. “litigation/enforcement action;”
 9. “change of tender agent, remarketing agent, or other on-going party;”
 10. “derivative or other similar transaction;” and
 11. “other event-based disclosures;”

- (vii) upon receipt, promptly file the text of each Voluntary Financial Disclosure received under Section 7(b) with the MSRB, identifying the Voluntary Financial Disclosure as instructed by the Issuer pursuant to Section 7(b) (being any of the categories set forth below) when filing pursuant to Section 7(b) of this Disclosure Agreement:
 - 1. “quarterly/monthly financial information;”
 - 2. “change in fiscal year/timing of annual disclosure;”
 - 3. “change in accounting standard;”
 - 4. “interim/additional financial information/operating data;”
 - 5. “budget;”
 - 6. “investment/debt/financial policy;”
 - 7. “information provided to rating agency, credit/liquidity provider or other third party;”
 - 8. “consultant reports;” and
 - 9. “other financial/operating data.”
- (viii) provide the Issuer evidence of the filings of each of the above when made, which shall be by means of the DAC system, for so long as DAC is the Disclosure Dissemination Agent under this Disclosure Agreement.

(f) The Issuer may adjust the Annual Filing Date upon change of its fiscal year by providing written notice of such change and the new Annual Filing Date to the Disclosure Dissemination Agent, Paying Agent (if any) and the MSRB, provided that the period between the existing Annual Filing Date and new Annual Filing Date shall not exceed one year.

(g) Any Information received by the Disclosure Dissemination Agent before 6:00 p.m. Eastern time on any business day that it is required to file with the MSRB pursuant to the terms of this Disclosure Agreement and that is accompanied by a Certification and all other information required by the terms of this Disclosure Agreement will be filed by the Disclosure Dissemination Agent with the MSRB no later than 11:59 p.m. Eastern time on the same business day; provided, however, the Disclosure Dissemination Agent shall have no liability for any delay in filing with the MSRB if such delay is caused by a Force Majeure Event provided that the Disclosure Dissemination Agent uses reasonable efforts to make any such filing as soon as possible.

SECTION 3. Content of Annual Reports.

(a) Each Annual Report shall contain Annual Financial Information with respect to the Issuer, including the information provided in the Official Statement under the headings:

- (i) Market Value/Assessment Summary of taxable property in the County.

- (ii) Tax levy for the County for current fiscal year.
- (iii) Tax collections for the County for preceding fiscal year.
- (iv) Ten largest taxpayers for the County for preceding fiscal year.
- (v) Debt service requirements for the next succeeding five years.

(b) Audited Financial Statements prepared in accordance with generally accepted accounting principles (“GAAP”) as described in the Official Statement will be included in the Annual Report. If audited financial statements are not available, then, unaudited financial statements, prepared in accordance with GAAP as described in the Official Statement will be included in the Annual Report. Audited Financial Statements (if any) will be provided pursuant to Section 2(d).

Any or all of the items listed above may be included by specific reference from other documents, including official statements of debt issues with respect to which the Issuer is an “obligated person” (as defined by the Rule), which have been previously filed with the Securities and Exchange Commission or available on the MSRB Internet Website. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The Issuer will clearly identify each such document so incorporated by reference.

Any Annual Financial Information containing modified operating data or financial information is required to explain, in narrative form, the reasons for the modification and the impact of the change in the type of operating data or financial information being provided.

SECTION 4. Reporting of Notice Events.

(a) The occurrence of any of the following events with respect to the Bonds constitutes a Notice Event:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
7. Modifications to rights of Bond holders, if material;

8. Bond calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the Bonds, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the Obligated Person;

Note to subsection (a)(12) of this Section 4: For the purposes of the event described in subsection (a)(12) of this Section 4, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligated Person.

13. The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

The Issuer shall, in a timely manner not in excess of ten business days after its occurrence, notify the Disclosure Dissemination Agent in writing of the occurrence of a Notice Event. Such notice shall instruct the Disclosure Dissemination Agent to report the occurrence pursuant to subsection (c) and shall be accompanied by a Certification. Such notice or Certification shall identify the Notice Event that has occurred (which shall be any of the categories set forth in Section 2(e)(iv) of this Disclosure Agreement), include the text of the disclosure that the Issuer desires to make, contain the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information (provided that such date is not later than the tenth business day after the occurrence of the Notice Event).

(b) The Disclosure Dissemination Agent is under no obligation to notify the Issuer or the Disclosure Representative of an event that may constitute a Notice Event. In the event the Disclosure Dissemination Agent so notifies the Disclosure Representative, the Disclosure Representative will within two business days of receipt of such notice (but in any event not later than the tenth business day after the occurrence of the Notice Event, if the Issuer determines that a Notice Event has occurred), instruct the Disclosure Dissemination Agent that (i) a Notice Event has not occurred and no filing is to be made or (ii) a Notice Event has occurred and the Disclosure Dissemination Agent is to report the occurrence pursuant to subsection (c) of this Section 4, together with a Certification. Such Certification shall identify the Notice Event that has occurred (which shall be any of the categories set forth in Section 2(e)(iv) of this Disclosure Agreement), include the text of the disclosure that the Issuer desires to make, contain the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information (provided that such date is not later than the tenth business day after the occurrence of the Notice Event).

(c) If the Disclosure Dissemination Agent has been instructed by the Issuer as prescribed in subsection (a) or (b)(ii) of this Section 4 to report the occurrence of a Notice Event, the Disclosure Dissemination Agent shall promptly file a notice of such occurrence with MSRB in accordance with Section 2 (e)(iv) hereof. This notice will be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

SECTION 5. CUSIP Numbers. Whenever providing information to the Disclosure Dissemination Agent, including but not limited to Annual Reports, documents incorporated by reference to the Annual Reports, Audited Financial Statements, Notice Event notices, Failure to File Event notices, Voluntary Event Disclosures and Voluntary Financial Disclosures, the Issuer shall indicate the full name of the Bonds and the 9-digit CUSIP numbers for the Bonds as to which the provided information relates.

SECTION 6. Additional Disclosure Obligations. The Issuer acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933 and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, may apply to the Issuer, and that the duties and responsibilities of the Disclosure Dissemination Agent under this Disclosure Agreement do not extend to providing legal advice regarding such laws. The Issuer acknowledges and understands that the duties of the Disclosure Dissemination Agent relate exclusively to execution of the mechanical tasks of disseminating information as described in this Disclosure Agreement.

SECTION 7. Voluntary Filing.

(a) The Issuer may instruct the Disclosure Dissemination Agent to file a Voluntary Event Disclosure with the MSRB from time to time pursuant to a Certification of the Disclosure Representative. Such Certification shall identify the Voluntary Event Disclosure (which shall be any of the categories set forth in Section 2(e)(vi) of this Disclosure Agreement), include the text of the disclosure that the Issuer desires to make, contain the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information. If the Disclosure Dissemination Agent has been instructed by the Issuer as prescribed in this Section 7(a) to file a Voluntary Event Disclosure, the Disclosure Dissemination Agent shall promptly file

such Voluntary Event Disclosure with the MSRB in accordance with Section 2(e)(vi) hereof. This notice will be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-2.

(b) The Issuer may instruct the Disclosure Dissemination Agent to file a Voluntary Financial Disclosure with the MSRB from time to time pursuant to a Certification of the Disclosure Representative. Such Certification shall identify the Voluntary Financial Disclosure (which shall be any of the categories set forth in Section 2(e)(vii) of this Disclosure Agreement), include the text of the disclosure that the Issuer desires to make, contain the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information. If the Disclosure Dissemination Agent has been instructed by the Issuer as prescribed in this Section 7(b) to file a Voluntary Financial Disclosure, the Disclosure Dissemination Agent shall promptly file such Voluntary Financial Disclosure with the MSRB in accordance with Section 2(e)(vii) hereof. This notice will be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-2.

(c) The parties hereto acknowledge that the Issuer is not obligated pursuant to the terms of this Disclosure Agreement to file any Voluntary Event Disclosure pursuant to Section 7(a) hereof or any Voluntary Financial Disclosure pursuant to Section 7(b) hereof.

(d) Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information through the Disclosure Dissemination Agent using the means of dissemination set forth in this Disclosure Agreement or including any other information in any Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure, in addition to that required by this Disclosure Agreement. If the Issuer chooses to include any information in any Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure.

SECTION 8. Termination of Reporting Obligation. The obligations of the Issuer and the Disclosure Dissemination Agent under this Disclosure Agreement shall terminate with respect to the Bonds upon the legal defeasance, prior redemption or payment in full of all of the Bonds, when the Issuer is no longer an obligated person with respect to the Bonds, or upon delivery by the Disclosure Representative to the Disclosure Dissemination Agent of an opinion of counsel expert in federal securities laws to the effect that continuing disclosure is no longer required.

SECTION 9. Disclosure Dissemination Agent. The Issuer has appointed Digital Assurance Certification, L.L.C. as exclusive Disclosure Dissemination Agent under this Disclosure Agreement. The Issuer may, upon thirty days written notice to the Disclosure Dissemination Agent and the Paying Agent, replace or appoint a successor Disclosure Dissemination Agent. Upon termination of DAC's services as Disclosure Dissemination Agent, whether by notice of the Issuer or DAC, the Issuer agrees to appoint a successor Disclosure Dissemination Agent or, alternately, agrees to assume all responsibilities of Disclosure

Dissemination Agent under this Disclosure Agreement for the benefit of the Holders of the Bonds. Notwithstanding any replacement or appointment of a successor, the Issuer shall remain liable until payment in full for any and all sums owed and payable to the Disclosure Dissemination Agent. The Disclosure Dissemination Agent may resign at any time by providing thirty days' prior written notice to the Issuer.

SECTION 10. Remedies in Event of Default. In the event of a failure of the Issuer or the Disclosure Dissemination Agent to comply with any provision of this Disclosure Agreement, the Holders' rights to enforce the provisions of this Agreement shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the parties' obligation under this Disclosure Agreement. Any failure by a party to perform in accordance with this Disclosure Agreement shall not constitute a default on the Bonds or under any other document relating to the Bonds, and all rights and remedies shall be limited to those expressly stated herein.

SECTION 11. Duties, Immunities and Liabilities of Disclosure Dissemination Agent.

(a) The Disclosure Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement. The Disclosure Dissemination Agent's obligation to deliver the information at the times and with the contents described herein shall be limited to the extent the Issuer has provided such information to the Disclosure Dissemination Agent as required by this Disclosure Agreement. The Disclosure Dissemination Agent shall have no duty with respect to the content of any disclosures or notice made pursuant to the terms hereof. The Disclosure Dissemination Agent shall have no duty or obligation to review or verify any Information or any other information, disclosures or notices provided to it by the Issuer and shall not be deemed to be acting in any fiduciary capacity for the Issuer, the Holders of the Bonds or any other party. The Disclosure Dissemination Agent shall have no responsibility for the Issuer's failure to report to the Disclosure Dissemination Agent a Notice Event or a duty to determine the materiality thereof. The Disclosure Dissemination Agent shall have no duty to determine, or liability for failing to determine, whether the Issuer has complied with this Disclosure Agreement. The Disclosure Dissemination Agent may conclusively rely upon Certifications of the Issuer at all times.

The obligations of the Issuer under this Section shall survive resignation or removal of the Disclosure Dissemination Agent and defeasance, redemption or payment of the Bonds.

(b) The Disclosure Dissemination Agent may, from time to time, consult with legal counsel (either in-house or external) of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or its respective duties hereunder, and shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel. The reasonable fees and expenses of such counsel shall be payable by the Issuer.

(c) All documents, reports, notices, statements, information and other materials provided to the MSRB under this Agreement shall be provided in an electronic format and accompanied by identifying information as prescribed by the MSRB.

SECTION 12. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Issuer and the Disclosure Dissemination Agent may amend this

Disclosure Agreement and any provision of this Disclosure Agreement may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws acceptable to both the Issuer and the Disclosure Dissemination Agent to the effect that such amendment or waiver does not materially impair the interests of Holders of the Bonds and would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule; provided neither the Issuer or the Disclosure Dissemination Agent shall be obligated to agree to any amendment modifying their respective duties or obligations without their consent thereto.

Notwithstanding the preceding paragraph, the Disclosure Dissemination Agent shall have the right to adopt amendments to this Disclosure Agreement necessary to comply with modifications to and interpretations of the provisions of the Rule as announced by the Securities and Exchange Commission from time to time by giving not less than 20 days written notice of the intent to do so together with a copy of the proposed amendment to the Issuer. No such amendment shall become effective if the Issuer shall, within 10 days following the giving of such notice, send a notice to the Disclosure Dissemination Agent in writing that it objects to such amendment.

SECTION 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Paying Agent of the Bonds, the Disclosure Dissemination Agent, the underwriter, and the Holders from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 14. Governing Law. This Disclosure Agreement shall be governed by the laws of the State of South Carolina (other than with respect to conflicts of laws).

SECTION 15. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

[Remainder of page intentionally left blank.]

The Disclosure Dissemination Agent and the Issuer have caused this Continuing Disclosure Agreement to be executed, on the date first written above, by their respective officers duly authorized.

DIGITAL ASSURANCE CERTIFICATION, L.L.C.,
as Disclosure Dissemination Agent

By: _____
Name: _____
Title: _____

CHARLESTON COUNTY, SOUTH CAROLINA,
as Issuer

By: _____
Name: _____
Title: _____

EXHIBIT A

NAME AND CUSIP NUMBERS OF BONDS

Name of Issuer Charleston County, South Carolina
Obligated Person(s) Charleston County, South Carolina
Name of Bond Issue: Charleston County, South Carolina General Obligation
Transportation Sales Tax Refunding Bonds of 2012
Date of Issuance: March __, 2012
Date of Official Statement March __, 2012

CUSIP Number
CUSIP Number
CUSIP Number
CUSIP Number
CUSIP Number
CUSIP Number
CUSIP Number
CUSIP Number
CUSIP Number
CUSIP Number

EXHIBIT B

NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Issuer: Charleston County, South Carolina

Obligated Person: Charleston County, South Carolina

Name(s) of Bond Issue(s): Charleston County, South Carolina General Obligation
Transportation Sales Tax Refunding Bonds of 2012

Date(s) of Issuance: March __, 2012

Date(s) of Disclosure Agreement: March __, 2012

CUSIP Number:

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by the Disclosure Agreement between the Issuer and Digital Assurance Certification, L.L.C., as Disclosure Dissemination Agent. [The Issuer has notified the Disclosure Dissemination Agent that it anticipates that the Annual Report will be filed by _____].

Dated: _____

Digital Assurance Certification, L.L.C., as
Disclosure Dissemination Agent, on behalf of the
Issuer

cc: _____

**EXHIBIT C-1
EVENT NOTICE COVER SHEET**

This cover sheet and accompanying "event notice" will be sent to the MSRB, pursuant to Securities and Exchange Commission Rule 15c2-12(b)(5)(i)(C) and (D).

Issuer's and/or Other Obligated Person's Name:

Charleston County, South Carolina

Issuer's Six-Digit CUSIP Number:

or Nine-Digit CUSIP Number(s) of the bonds to which this event notice relates:

Number of pages attached: _____

_____ Description of Notice Events (Check One):

1. _____ "Principal and interest payment delinquencies;"
2. _____ "Non-Payment related defaults, if material;"
3. _____ "Unscheduled draws on debt service reserves reflecting financial difficulties;"
4. _____ "Unscheduled draws on credit enhancements reflecting financial difficulties;"
5. _____ "Substitution of credit or liquidity providers, or their failure to perform;"
6. _____ "Adverse tax opinions, IRS notices or events affecting the tax status of the security;"
7. _____ "Modifications to rights of securities holders, if material;"
8. _____ "Bond calls, if material;"
9. _____ "Defeasances;"
10. _____ "Release, substitution, or sale of property securing repayment of the securities, if material;"
11. _____ "Rating changes;"
12. _____ "Tender offers;"
13. _____ "Bankruptcy, insolvency, receivership or similar event of the obligated person;"
14. _____ "Merger, consolidation, or acquisition of the obligated person, if material;" and
15. _____ "Appointment of a successor or additional trustee, or the change of name of a trustee, if material."

_____ Failure to provide annual financial information as required.

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

Signature:

Name: _____ Title: _____

Digital Assurance Certification, L.L.C.
390 N. Orange Avenue
Suite 1750
Orlando, FL 32801
407-515-1100

Date: _____

EXHIBIT C-2
VOLUNTARY EVENT DISCLOSURE COVER SHEET

This cover sheet and accompanying "voluntary event disclosure" will be sent to the MSRB, pursuant to the Disclosure Dissemination Agent Agreement dated as of January 30, 2012 between the Issuer and DAC.

Issuer's and/or Other Obligated Person's Name:

Charleston County, South Carolina

Issuer's Six-Digit CUSIP Number:

or Nine-Digit CUSIP Number(s) of the bonds to which this notice relates:

Number of pages attached: _____

____ Description of Voluntary Event Disclosure (Check One):

1. _____ "amendment to continuing disclosure undertaking;"
2. _____ "change in obligated person;"
3. _____ "notice to investors pursuant to bond documents;"
4. _____ "certain communications from the Internal Revenue Service;"
5. _____ "secondary market purchases;"
6. _____ "bid for auction rate or other securities;"
7. _____ "capital or other financing plan;"
8. _____ "litigation/enforcement action;"
9. _____ "change of tender agent, remarketing agent, or other on-going party;"
10. _____ "derivative or other similar transaction;" and
11. _____ "other event-based disclosures."

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

Signature:

Name: _____ Title: _____

Digital Assurance Certification, L.L.C.
390 N. Orange Avenue
Suite 1750
Orlando, FL 32801
407-515-1100

Date: _____

EXHIBIT C-3
VOLUNTARY FINANCIAL DISCLOSURE COVER SHEET

This cover sheet and accompanying "voluntary financial disclosure" will be sent to the MSRB, pursuant to the Disclosure Dissemination Agent Agreement dated as of January 30, 2012 between the Issuer and DAC.

Issuer's and/or Other Obligated Person's Name:

Charleston County, South Carolina

Issuer's Six-Digit CUSIP Number:

or Nine-Digit CUSIP Number(s) of the bonds to which this notice relates:

Number of pages attached: _____

____ Description of Voluntary Financial Disclosure (Check One):

1. _____ "quarterly/monthly financial information;"
2. _____ "change in fiscal year/timing of annual disclosure;"
3. _____ "change in accounting standard;"
4. _____ "interim/additional financial information/operating data;"
5. _____ "budget;"
6. _____ "investment/debt/financial policy;"
7. _____ "information provided to rating agency, credit/liquidity provider or other third party;"
8. _____ "consultant reports;" and
9. _____ "other financial/operating data."

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

Signature:

Name: _____ Title: _____

Digital Assurance Certification, L.L.C.
390 N. Orange Avenue
Suite 1750
Orlando, FL 32801
407-515-1100

Date: _____

DTC AND BOOK-ENTRY ONLY SYSTEM

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APPENDIX E

THE FOLLOWING INFORMATION CONCERNING THE DEPOSITORY TRUST COMPANY (“DTC”) AND DTC’S BOOK-ENTRY ONLY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT THE COUNTY BELIEVES TO BE RELIABLE, BUT THE COUNTY TAKES NO RESPONSIBILITY FOR THE ACCURACY THEREOF.

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorised representative of DTC. One fully-registered bond will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organised under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerised book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organisations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners are, however, expected to receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorised representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond Ordinance. For example, the Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial

Owners may wish to provide their names and addresses to the Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the County as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption payments and principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the County or the Paying Agent on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption payments and principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the County or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the County and the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, bond certificates are required to be printed and delivered.

The County may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, bond certificates will be printed and delivered to DTC.

NEITHER THE COUNTY NOR THE PAYING AGENT IS RESPONSIBLE OR LIABLE FOR THE FAILURE OF ANY DIRECT PARTICIPANTS OR ANY INDIRECT PARTICIPANTS TO MAKE ANY PAYMENT OR GIVE ANY NOTICE TO A BENEFICIAL OWNER WITH RESPECT TO THE BONDS OR ANY ERROR OR DELAY RELATING THERETO.

Neither the County nor the Paying Agent gives any assurances that DTC, DTC Participants, or Indirect Participants will distribute to the Beneficial Owners of the Bonds (i) payments of principal, premium, if any, and interest, with respect to the Bonds, (ii) confirmation of beneficial ownership interests in the Bonds, or (iii) redemption or other notices sent to DTC or Cede & Co., its nominee, as registered owner of the Bonds, or that they will do so on a timely basis, or that DTC, DTC Participants, or Indirect Participants will serve or act in the manner described in this Official Statement.