

BERKELEY COUNTY, SOUTH CAROLINA

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2012



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BERKELEY COUNTY, SOUTH CAROLINA

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BERKELEY COUNTY, SOUTH CAROLINA

Established in 1942

LISTING OF ELECTED OFFICIALS

County Council

Daniel W. Davis, Supervisor and Chairman
Phillip Farley, District No. 1
Timothy J. Callanan, District No. 2
Robert O. Call, Jr., District No. 3
Cathy S. Davis, District No. 4
Dennis Fish, District No. 5
Jack H. Schurlknight, District No. 6
Caldwell Pinckney, Jr., District No. 7
Steve C. Davis, District No. 8

Other Elected Officials

Janet Brown Jurosko, Auditor
Mary P. Brown, Clerk of Court
William B. Salisbury, Coroner
Keith W. Kornahrens, Probate Judge
Cynthia B. Forte, Register of Deeds
Henry W. Dewitt, Sheriff
Scarlett A. Wilson, Solicitor
Carolyn M. Umphlett, Treasurer

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INDEPENDENT AUDITORS' REPORT

Members of County Council
Berkeley County, South Carolina
Moncks Corner, 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 of Berkeley County, South Carolina (the "County"), as of and for the year ended June 30, 2012, which collectively comprise the County's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these basic financial statements based on our audit.

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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the basic financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Berkeley County, South Carolina, as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 22, 2013 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 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 considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedule – General Fund, and schedules of employer contributions and funding status, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The supplementary information, as listed in the table of contents, and the schedule of expenditures of federal awards, as required by the U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section is presented for the purpose of additional analysis and is not a required part of the basic financial statements. 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.



Greene, Finney & Horton, LLP
Mauldin, South Carolina
January 22, 2013

**BERKELEY COUNTY, SOUTH CAROLINA
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2012

Our discussion and analysis of Berkeley County's annual financial report presents a narrative overview of the County's financial performance during the fiscal year ended June 30, 2012. This information should be read in conjunction with the basic financial statements and the accompanying notes.

FINANCIAL HIGHLIGHTS

- Berkeley County's assets exceeded its liabilities (net assets) at June 30, 2012 by approximately \$384 million as compared to approximately \$335 million at the prior fiscal year end. Unrestricted net assets may be used to meet the County's ongoing obligations to citizens and creditors; Berkeley County's unrestricted net assets at June 30, 2012 amounted to approximately \$32 million which was an increase of approximately \$3 million from the previous fiscal year.
- The County's total net assets this fiscal year increased approximately \$50 million over the previous year: approximately \$10 million of the increase is from business-type activities, approximately \$40 million from governmental activities.
- At June 30, 2012 the County's governmental funds reported combined ending fund balances of approximately \$109.6 million, an increase of approximately \$16.9 million over the previous fiscal year as revenues and other financing sources totaling approximately \$116.7 million exceeded expenditures and other financing uses of approximately \$99.8 million. Total fund balances include \$13.8 million for the General Fund, \$82.5 million for the Capital Projects Fund, and \$13.3 million for all other governmental funds.
- The General Fund reported an unassigned fund balance of approximately \$12.9 million compared to last year's unassigned amount of approximately \$12.4 million. This increase of approximately \$.5 million was primarily due to a portion of the total increase in fund balance of \$1.2 million being assigned for the elected officials' carryover funds.
- The County's total capital assets were approximately \$474 million at June 30, 2012, an increase of approximately \$24.9 million during fiscal 2012. Approximately \$19.3 million of this increase is the result of the County recording infrastructure contributed by developers for governmental activities, while business-type activities recorded approximately \$7.8 million in infrastructure contributed by developers.
- The County's total long-term indebtedness was approximately \$261 million at June 30, 2012, a decrease of approximately \$10 million from the previous year primarily due to principal payments during the year.
- The debt service coverage ratio for the Water, Sewer and Solid Waste revenue bonds (combined for this purpose as a result of the ordinances approved in August 2010) was 137%, which exceeded the 120% required by the bond covenants. However, excluding nonrecurring fees (impact and connection fees of \$4.1 million) the debt coverage ratio would be 112% for 2012. A rate and fee study was conducted in 2008, as required by the bond documents, which resulted in County Council passing a resolution to increase water and sewer rates and fees approximately 30% effective July 1, 2008.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Berkeley County's basic financial statements. The basic financial statements are comprised of three sections: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements.

Government-Wide Financial Statements

Government-wide financial statements provide a broad overview of the financial position of Berkeley County and are similar to private-sector financial statements. They include a Statement of Net Assets and a Statement of Activities.

**BERKELEY COUNTY, SOUTH CAROLINA
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2012

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

The Statement of Net Assets shows the County's assets less its liabilities at June 30, 2012. 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 condition.

The Statement of Activities follows the Statement of Net Assets and presents information showing how the net assets changed during the fiscal year. The statement presents all underlying events which give rise to the change, regardless of the timing of the related cash flows.

Both statements attempt to distinguish functions of Berkeley 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, airport, highways and streets, culture and recreation, health and welfare, and community development. The business-type activities are water and sewer, solid waste, parks and recreation, and emergency telephone.

Fund Financial Statements

Fund financial statements are groupings of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. Like other state and local governments, Berkeley County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of Berkeley County Government can be divided into three categories: governmental, proprietary, and fiduciary funds.

Governmental Funds – Governmental funds are used to account for essentially the same functions as reported under the governmental activities column of 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 balances 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 Berkeley 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 statements of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Proprietary Funds – Services for which the County charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long and short-term financial information. These funds are similar to the government-wide business-type activities, but provide more detail and additional information, such as a cash flow statement.

Fiduciary Funds – Berkeley County uses fiduciary funds to account for resources held for the benefit of parties outside county government. Although these funds are presented in the fund set of statements, they do not appear in the government-wide financial statements because the resources of fiduciary funds are not available to support Berkeley County Government's own programs. Berkeley County reports its fiduciary funds in a separate Statement of Fiduciary Net Assets.

Notes to the Basic Financial Statements – The notes provide required disclosures and other information that are essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes present information about the County's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies and subsequent events.

**BERKELEY COUNTY, SOUTH CAROLINA
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2012

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Other Information – In addition to the basic financial statements and the accompanying notes, this report also presents certain required supplementary information that includes this analysis and the General Fund budgetary comparison. Additionally, the combining statements, which include nonmajor governmental funds, are presented. As required by law, the County also presents a Schedule of Fines, Assessments, and Surcharges Collected.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Comparative data for net assets as of June 30, 2012 and 2011 are shown below.

**Berkeley County
Net Assets (In Thousands)**

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Assets:						
Current and Other Assets	\$ 157,521	140,223	81,072	87,143	238,593	\$ 227,366
Capital Assets, Net	144,791	125,487	328,998	323,377	473,789	448,864
Total Assets	302,312	265,710	410,070	410,520	712,382	676,230
Liabilities:						
Current Liabilities	51,932	52,035	14,741	15,084	66,673	67,119
Non-Current Liabilities	80,336	83,841	180,917	190,505	261,253	274,346
Total Liabilities	132,268	135,876	195,658	205,589	327,926	341,465
Net Assets:						
Invested in Capital Assets,						
Net of Related Debt	98,346	80,832	188,298	178,980	286,644	259,812
Restricted	64,623	44,488	731	1,187	65,354	45,675
Unrestricted	7,075	4,514	25,383	24,764	32,458	29,278
Total Net Assets	\$ 170,044	129,834	214,412	204,931	384,456	\$ 334,765

The County reported positive balances in all categories of net assets in both governmental and business-type activities for 2012. The County's total unrestricted net assets increased approximately \$3,180,000 as of June 30, 2012 with total restricted net assets increasing approximately \$19,679,000. Unrestricted net assets are County resources that may be used to meet the County's ongoing obligations to citizens and creditors while restricted assets are resources subject to external restriction.

The largest portion of the County's net assets (73%) reflects its investment in capital assets (e.g., land, buildings, infrastructure, software, machinery, and equipment). These assets are presented less any outstanding debt related to the acquisition and accumulated depreciation of those assets. The County uses capital assets to provide services to citizens and consequently these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, the capital assets themselves cannot be used to liquidate that liability and other resources will be needed to repay any associated debt.

**BERKELEY COUNTY, SOUTH CAROLINA
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2012

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Information about changes in net assets can identify sources of County revenue, and how the County uses its funds. Below is a summary of the change in net assets for the fiscal years ending June 30, 2012 and 2011.

**Berkeley County
Statement of Activities (In Thousands)**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Revenues:						
Program Revenues:						
Charges for Services	\$ 15,484	15,971	47,458	46,591	62,942	\$ 62,562
Operating Grants and Contributions	1,353	4,662	878	150	2,231	4,812
Capital Grants and Contributions	24,863	18,508	7,847	3,896	32,710	22,404
General Revenues:						
Property Taxes	25,314	25,436	652	601	25,966	26,037
Fee in Lieu of Taxes	10,039	9,694	28	30	10,067	9,724
Local Option Sales Tax	11,157	10,948	-	-	11,157	10,948
Transportation Sales Tax	18,562	17,718	-	-	18,562	17,718
Other Taxes	871	995	-	-	871	995
Unrestricted Grants	6,387	6,426	-	-	6,387	6,426
Interest Income	163	222	201	346	364	568
Gain on Sale of Assets	-	13	243	471	243	484
Miscellaneous	426	668	-	-	426	668
Total Revenues	<u>114,619</u>	<u>111,261</u>	<u>57,307</u>	<u>52,085</u>	<u>171,926</u>	<u>163,346</u>
Expenses:						
General Government	20,078	21,854	-	-	20,078	21,854
Public Safety	28,307	27,450	-	-	28,307	27,450
Airport, Highways and Streets	14,232	17,084	-	-	14,232	17,084
Culture and Recreation	2,953	2,778	-	-	2,953	2,778
Health and Welfare	2,080	1,935	-	-	2,080	1,935
Community Development	3,020	13,719	-	-	3,020	13,719
Interest and Fiscal Charges	3,239	3,316	-	-	3,239	3,316
Water and Sewer	-	-	37,069	34,577	37,069	34,577
Solid Waste	-	-	9,465	9,070	9,465	9,070
Parks and Recreation	-	-	1,142	1,062	1,142	1,062
Emergency Telephone	-	-	651	598	651	598
Total Expenses	<u>73,909</u>	<u>88,136</u>	<u>48,327</u>	<u>45,307</u>	<u>122,236</u>	<u>133,443</u>
Increase in Net Assets before Transfers	40,710	23,125	8,980	6,778	49,690	29,903
Transfers	(500)	(500)	500	500	-	-
Change in Net Assets	<u>40,210</u>	<u>22,625</u>	<u>9,480</u>	<u>7,278</u>	<u>49,690</u>	<u>29,903</u>
Net Assets, Beginning of Year	<u>129,834</u>	<u>107,209</u>	<u>204,931</u>	<u>197,653</u>	<u>334,765</u>	<u>304,862</u>
Net Assets, End of Year	<u>\$ 170,044</u>	<u>129,834</u>	<u>214,411</u>	<u>204,931</u>	<u>384,455</u>	<u>\$ 334,765</u>

**BERKELEY COUNTY, SOUTH CAROLINA
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2012

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Governmental Activities. The County recognized an overall increase in governmental activities revenues of approximately \$3.4 million (3%) in 2012 as compared to 2011 primarily due to the increase in capital grants and contributions as compared to the prior year.

Expenses decreased approximately \$14.0 million (16%) in 2012 compared to 2011 due to pass thru funds received which were used for local economic development in the prior year. In addition, the County expended funds in the prior year for significant airport improvements which include runway resurfacing, replacement of runway lights and drainage improvements.

Business-type Activities. Charges for services (sales and service charges) were up 1.9% for 2012, with an increase of approximately \$0.96 million in 2012. Capital grants and contributions increased approximately \$4.0 million due to an increase in infrastructure projects completed by developers and turned over to the County for maintenance in 2012.

Excluding interest, expenses increased approximately \$1.4 million primarily due to an increase in depreciation expense of approximately \$1.2 million due to increased depreciable assets in fiscal year 2012. Interest increased approximately \$1.6 million due to a lower amount capitalized and reflected in capital assets in 2012 compared to 2011.

FINANCIAL ANALYSIS OF BERKELEY COUNTY'S FUNDS

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

Governmental Funds. The following schedule presents a summary of all governmental fund revenues and other financing sources for the fiscal year ended June 30, 2012, and the amount and percentage of increases and decreases in relation to prior year amounts (in thousands):

	Amount	Percent of Total	Increase (Decrease) from 2011	Percent Increase (Decrease)
Revenues				
Property and Accommodations Taxes	\$ 25,822	22.1%	\$ (22)	-0.1%
Local Taxes (transportation and local option sales tax)	29,719	25.5%	1,054	3.7%
Fee in Lieu of Taxes	9,989	8.6%	310	3.2%
Licenses, Fees and Permits	1,126	1.0%	(31)	-2.7%
Fines, Forfeitures and Fees	13,543	11.6%	(741)	-5.2%
Interest Income	163	0.1%	(59)	-26.6%
Local Revenue	458	0.4%	7	1.6%
Intergovernmental - Federal	2,033	1.7%	(3,428)	-62.8%
Intergovernmental - State and Local	11,473	9.8%	1,564	15.8%
Miscellaneous	1,044	0.9%	(71)	-6.4%
Other Financing Sources				
Issuance of Intergovernmental Loan	-	0.0%	(3,495)	-100.0%
Premium on Issuance of Debt	679	0.6%	679	100.0%
Proceeds from Issuance of Refunding Debt	15,820	13.6%	15,820	100.0%
Proceeds from Disposal of Assets	67	0.1%	(46)	-40.7%
Transfers In	4,744	4.1%	(20)	-0.4%
Total	<u>\$ 116,680</u>	<u>100%</u>	<u>\$ 11,521</u>	<u>11.0%</u>

**BERKELEY COUNTY, SOUTH CAROLINA
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**

MANAGEMENT’S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2012

FINANCIAL ANALYSIS OF BERKELEY COUNTY’S FUNDS (CONTINUED)

Intergovernmental-Federal revenues decreased \$3.4 million due to the receipt of a large grant awarded for airport improvements in fiscal year 2011. The grant was mostly complete as of June 30, 2011 with much less activity in fiscal year 2012. Issuance of Intergovernmental Loan decreased \$3.5 million due to the County drawing down the final amounts on the loan from the South Carolina Transportation Infrastructure Bank in fiscal year 2011. Proceeds from Issuance of Refunding Debt and Premium on Issuance of Debt increased due to the County issuing \$15.8 million in Refunding General Obligation Bonds and receiving a premium of \$0.7 million in order to refund \$15.3 million of the outstanding Series 2003 General Obligation Bonds. See Note III. I. for more information.

The following schedule presents a summary of all governmental funds expenditures and other financing uses for the fiscal year ended June 30, 2012, and the percentage of increases and decreases in relation to prior year amounts (in thousands):

	Amount	Percent of Total	Increase (Decrease) from 2011	Percent Increase (Decrease)
Expenditures:				
General Government	\$ 20,905	20.9%	\$ 312	1.5%
Public Safety	27,418	27.5%	1,340	5.1%
Airport, Highways and Streets	6,001	6.0%	39	0.7%
Culture and Recreation	3,015	3.0%	143	5.0%
Health and Welfare	1,870	1.9%	84	4.7%
Community Development	2,397	2.4%	(9,226)	-79.4%
Capital Outlay	11,072	11.1%	(4,114)	-27.1%
Debt Service:				
Principal Retirement	1,809	1.8%	(360)	-16.6%
Interest and Fiscal Charges	3,584	3.6%	276	8.3%
Debt Issuance Costs	122	0.1%	122	100.0%
Other Financing Uses:				
Deposit to Debt Refunding Agent	16,362	16.4%	16,362	100.0%
Transfers Out	5,244	5.3%	(20)	-0.4%
Total	<u>\$ 99,799</u>	<u>100.0%</u>	<u>\$ 4,958</u>	<u>5.2%</u>

The largest increase in expenditures and other financing uses was in the Deposit to Debt Refunding Agent, which is a result of the County refunding a portion of the outstanding 2003 General Obligation Bonds as noted above. The Community Development expenditures decreased \$9.2 million due to pass thru funds received from state agencies that were used for local economic development in the prior fiscal year. Capital outlay decreased approximately \$4.1 million primarily due to the airport runway resurfacing and other airport improvements that were performed in the prior fiscal year.

Governmental Funds

The General Fund is the chief operating fund of the County. At the end of the fiscal year, the total fund balance in the General Funds was \$13.8 million of which \$12.9 million was unassigned. As a measure of the General Fund’s liquidity, it may be useful to compare total unassigned fund balance to total general fund expenditures and transfers to other funds. Total net unassigned fund balance of approximately \$12.9 million represents 22.6% of total general fund expenditures and transfers to other funds of approximately \$57.2 million, while total fund balance of \$13.8 million represents 24.1% of that same amount.

**BERKELEY COUNTY, SOUTH CAROLINA
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**

MANAGEMENT’S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2012

FINANCIAL ANALYSIS OF BERKELEY COUNTY’S FUNDS (CONTINUED)

Governmental Funds (Continued)

The Capital Projects fund has a total fund balance of approximately \$82.5 million, all of which is nonspendable due to prepaid assets, restricted for future transportation, or restricted for the assessment district capital projects. The net increase in fund balance during the current year was approximately \$15.1 million primarily due to the County utilizing its state C-Fund funding for more transportation projects in fiscal year 2012 versus using the one cent transportation sales tax funds.

Proprietary Funds

Proprietary fund statements provide the same information as in the business-type activities column of the government-wide statements, but in greater detail, and on a fund basis for enterprise funds. The four enterprise funds are Water and Sewer, Solid Waste, Parks and Recreation, and Emergency Telephone.

At June 30, 2012, total net assets amounted to approximately \$214.4 million for enterprise funds as compared to approximately \$204.9 million at June 30, 2011. Net asset changes are a result of operations, other non-operating revenues and expenses, capital contributions and donated assets, grants and transfers from other funds.

Income from operations is the result of operational revenues less operational expenses. The table below shows net income or losses from operations for all enterprise funds.

	Operating Income (Loss)	
	(In Thousands)	
	2012	2011
Water and Sewer	\$ 8,024	\$ 7,964
Solid Waste	1,023	1,555
Parks and Recreation	(613)	(546)
Emergency Telephone	(92)	(107)
Total	\$ 8,342	\$ 8,866

The Water and Sewer Fund experienced consistent operating income primarily due to a \$1.1 million increase in depreciation expense being offset by a \$1.0 million increase in operating revenues and other slight decreases in operating expenses. Operating income for Solid Waste decreased \$0.5 million primarily due to a \$0.2 million decrease in operating revenues and a \$0.3 million increase in operating expenses.

Cypress Gardens continues to incur significant operating losses, including approximately \$613,000 for fiscal 2012. However, this loss was more than offset by approximately \$681,000 in revenues from the 1 mill property tax that was assessed beginning in fiscal 2011. This fund owes the General Fund a total of approximately \$786,000 at June 30, 2012, which was a decrease from \$854,000 at June 30, 2011 as this fund was able to repay \$68,000 to the General Fund in fiscal 2012. The County plans to repay the remaining balance over time as cash from operations permit.

General Fund Budgetary Highlights: The County’s General Fund budget is the fiscal plan to provide services to the taxpayers and the resources required to provide those services. Budget to actual statements reporting these services and resources are provided in the financial statements for the General Fund.

Budget columns are provided for both the original budget adopted for fiscal year 2012 as well as the final budget. The difference between the original budget and the final budget is primarily related to the supplemental appropriations approved by Council in June 2012. The net change between the original budget and the final budget was approximately \$918,000.

**BERKELEY COUNTY, SOUTH CAROLINA
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2012

FINANCIAL ANALYSIS OF BERKELEY COUNTY'S FUNDS (CONTINUED)

A column for actual revenues and a column for differences between final budget and actual revenues follow the budgeted amounts columns. During fiscal year 2012, revenues were less than budgetary estimates by approximately \$2,257,000 as property taxes were approximately \$346,000 under budget, FILOTs were approximately \$355,000 under budget, Fines, Forfeitures and Fees were approximately \$932,000 under budget, including EMS Fees, which were approximately \$461,000 under budget, and Intergovernmental – State and Local revenues were \$313,000 under budget.

A column for actual expenditures and a column for differences between final budget and actual expenditures follow the budgeted amounts columns. During fiscal year 2012, expenditures were less than budgetary estimates by approximately \$2.2 million. Most of this savings is attributable to approximately \$1,367,000 and approximately \$607,000 realized in general government and airport, highways and streets, respectively.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. At the end of 2012, the County had approximately \$474 million invested in capital assets, net of depreciation. This was an increase of approximately \$25 million from the prior year end. The investment in capital assets, both purchased and donated, includes land, buildings and utility systems, improvements, machinery and equipment, parks, roads, bridges and major drainage structures. Notable activity includes additional utility systems, infrastructure, software, computer equipment, and vehicles. The table below reflects the capital asset balances as of June 30, 2012 and 2011, net of accumulated depreciation (in thousands).

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land	\$ 5,602	5,360	3,648	3,648	9,250	\$ 9,008
Construction in Progress	12,332	15,684	33,321	26,276	45,653	41,960
Buildings and Improvements	32,465	24,585	-	-	32,465	24,585
Furniture and Equipment	4,464	3,874	5,534	5,639	9,998	9,513
Utility Systems, Plants and Buildings	-	-	280,649	281,585	280,649	281,585
Infrastructure	84,460	70,238	-	-	84,460	70,238
Other	5,468	5,746	5,846	6,229	11,314	11,975
Total	\$ 144,791	125,487	328,998	323,377	473,789	\$ 448,864

The County also has total outstanding construction commitments at June 30, 2012 of approximately \$7.1 million and awarded an additional \$4.4 million in construction contracts subsequent to June 30, 2012. More detailed information about the County's capital assets is included in Note III. D. of the Notes to the Basic Financial Statements.

**BERKELEY COUNTY, SOUTH CAROLINA
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2012

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Long-Term Debt. At June 30, 2012, the County had approximately \$261 million in bonds, loans and notes payable outstanding versus approximately \$271 million at June 30, 2011, or a decrease of approximately \$10 million. The table below reflects the outstanding balances (in thousands) as of June 30, 2012 and 2011.

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
General Obligation Bonds	\$ 69,598	71,010	-	-	69,598	\$ 71,010
SC TIB Loan	6,010	6,211	-	-	6,010	6,211
Revenue Bonds	-	-	184,050	191,285	184,050	191,285
State Revolving Fund Loan	-	-	1,067	1,125	1,067	1,125
Notes Payable	-	528	377	748	377	1,276
Total	\$ 75,608	77,749	185,494	193,158	261,102	\$ 270,907

In 2010, the County received a loan from the SC Infrastructure Bank in the amount of \$6.4 million to fund the first phase of design and construction at the Jedburg Road Improvement District area; the County had drawn down a total of \$2.9 million as of June 30, 2010 and drew down the remainder of \$3.5 million during 2011.

On August 23, 2010, County Council enacted Ordinance Nos. 10-08-28 and 10-08-29 (together, the "Combining Ordinances"). Ordinance No. 10-08-29 amended General Bond Ordinance No. 91-4-10 and General Bond Ordinance No. 03-03-12, each of which authorized and provided for the issuance of Water and Sewer System Revenue Bonds of the County (collectively, the "Water and Sewer Bond Ordinances"), and Ordinance No. 10-08-28 amended General Bond Ordinance No. 96-7-33, which authorized and provided for the issuance of Solid Waste System Revenue Bonds of the County (the "Solid Waste Bond Ordinance" and, together with the Water and Sewer Bond Ordinances, the "Bond Ordinances"). The amendments effected by the Combining Ordinances became effective as of November 12, 2010 (the "Effective Date").

Pursuant to each of the Combining Ordinances, the County (1) combined its existing water and sewer system and its existing solid waste system for purposes of the Bond Ordinances and (2) expanded the definitions of "System" (as defined in each of the Bond Ordinances) thereunder to include the County's water, sewer and solid waste system. The pledge of and lien upon "Net Revenues" (as defined in each of the Bond Ordinances) of the System, which secures indebtedness issued by the County under the Bond Ordinances, is unaffected by the effectiveness of the Combining Ordinances; however, by consent of the holders of the bonds issued pursuant to the Solid Waste Bond Ordinance which remains outstanding as of the Effective Date (the "Solid Waste Bonds"), such pledge and lien is and shall be junior and subordinate to the pledge and lien on Net Revenues securing "Bonds" (as such term is defined in the Water and Sewer Bond Ordinances) issued pursuant to the Water and Sewer Bond Ordinances. The County has further covenanted in the Bond Ordinances that it would no longer issue debt under the authority of the Solid Waste Bond Ordinance and that the Solid Waste Bonds shall constitute "Junior Bonds" (as defined in the Water and Sewer Bond Ordinances) for all purposes of the Water and Sewer Bond Ordinances.

More detailed information about the County's debt and other long-term liabilities is presented in Note III. I. of the Notes to the Basic Financial Statements.

The County's current general obligation rating remained increased to AA and the County's revenue bond rating remained at AA- as assigned by Standard and Poor's. These ratings reflect the strength of Berkeley County and its management staff.

**BERKELEY COUNTY, SOUTH CAROLINA
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2012

ECONOMIC FACTORS AND THE 2012 BUDGET

Factors considered in preparing Berkeley County's budget for the 2013 fiscal year included:

- The County's unemployment rate was ranked 33rd in the state.
- The population of the County was approximately 178,000 in 2010, and is expected to reach 190,000 by 2018.

During the current fiscal year, unassigned fund balance in the general fund increased \$2,978,000 to approximately \$12,391,000.

OTHER POTENTIALLY SIGNIFICANT MATTERS

Waste Water Treatment

The County operates the Lower Berkeley Wastewater Treatment Plant which had a treatment capacity of 18 million gallons per day (MGD). The County expanded the plant in 2011 to 22.5 MGD. The County also operates the Central Berkeley Wastewater Treatment Plant which has a treatment capacity of 0.35 MGD. A new Central Berkeley Wastewater Treatment Plant is being constructed at a different location with a capacity of 3 MGD. Construction of the new Central Berkeley Wastewater Treatment Plant has been completed and the construction of the pump station that will convey wastewater to the new facility for treatment is projected to be complete before June 30, 2013.

Expansion of Water Systems

The Lake Marion WA was formed in the mid 1990's in order to provide safe reliable drinking water to the residents of central South Carolina and to help bring economic growth to the Interstate 95 corridor. Members include Calhoun, Clarendon, Dorchester, Orangeburg, and Berkeley Counties and the Town of Santee. In November 2007, the County entered into a contract with Lake Marion WA. The County has committed to purchase up to 2.5 million gallons a day, or 29.4% of the total capacity of the plant. The initial term of the agreement is for twenty years, which shall be extended for subsequent twenty-year terms unless the County notifies Lake Marion WA in writing of its intent to terminate not less than thirty months prior to the expiration of the initial term or the expiration date of any renewal. Provisions of the agreement require the County to pay its share of the funds required to operate and maintain Lake Marion WA and to defray its capital costs, in addition to monthly demand (fixed) and volumetric (variable) charges based upon the amount of water purchased.

The 8 MGD water treatment plant for the Lake Marion WA came on line in May of 2008. The Town of Santee is now supplied by the Lake Marion WA and lines are being designed to connect Berkeley County next, along with other areas. Clarendon County has recently opted out of the Lake Marion WA, which will require the remaining members to refund membership fees back to Clarendon County. Clarendon County's allotted capacity has been redistributed to the remaining members, which allows the County to purchase up to 3.0 million gallons a day. Due to the lack of special appropriations through the Federal Budget, further expansion of the system may require the Lake Marion WA to borrow money. Rate scenarios have proven that borrowing the remaining funds is not feasible. It is now projected that Berkeley County could be connected to the Lake Marion WA by 2014 or as late as 2016.

This is problematic in that the County reached the single day maximum peak and the County needs to decide whether to supplement the water system relying on Lake Marion or expand the Lake Moultrie system.

**BERKELEY COUNTY, SOUTH CAROLINA
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2012

OTHER POTENTIALLY SIGNIFICANT MATTERS (CONTINUED)

Expansion of Water Systems (Continued)

The Lake Moultrie WA recently conducted a Preliminary Engineering Report to determine the ability for the Lake Moultrie WA water plant to meet current and future water demands by its members. The County exceeded its allocation once during 2011 on a peak day and average flows are projected to exceed the County's allocation by 2014. The preliminary review of the flow projections indicates that the plant will require expansion soon. The expansion project has been divided into three phases: Phase 1 is estimated to cost approximately \$17.7 million to increase the safe yield of the plant from 24 million gallons a day to 28 million gallons a day; Phase 2 is estimated to cost approximately \$21.5 million to increase the safe yield of the plant from 28 million gallons a day to 34 million gallons a day; Phase 3 has been discussed, but not formally studied; however, it is estimated to cost approximately \$8.0 million and increase the safe yield of the plant from 34 million gallons a day to 40 million gallons a day. With the uncertainty of the connection to the Lake Marion WA and concern over the ability of the Lake Moultrie Water Agency to meet peak demands, the County may be forced to choose which agency to support.

The County received notification from SC DHEC several years ago regarding additional Total Maximum Daily Load ("TDML") requirements for dissolved oxygen in the Cooper and the Ashley Rivers. TMDL refers to the allowable pollutants that can be discharged into a body of water without degradation to the quality of the natural environment. It is measured by the total dissolved oxygen concentrations from effluent discharge, or ultimate oxygen demand ("UOD"). SC DHEC's Phase I TMDL for UOD is currently in effect, and the County's treatment facilities are meeting the current UOD limit. The point dischargers on the Cooper and Ashley River are undergoing evaluation for a revised TMDL for UOD. The new model indicates modest reductions in allocated capacity. The Environmental Protection Agency has approved the TMDL and new wastewater permits for all dischargers into the Cooper River should be forthcoming in fiscal year 2013.

Beneficial Use Of Waste

The Lower Berkeley Wastewater Treatment Facility is currently the only treatment facility in the region that will accept grease trap waste consisting of fat, oil and grease (FOG) from food preparation facilities. Sewer use ordinances throughout the region require food preparation facilities to install and maintain grease traps to prevent FOG from entering the wastewater collection system. FOG in the sewer collection system is the major cause of sewer backups and sewer system overflows (SSO). Maintenance of grease traps requires pumping the FOG from the trap and transporting it to a disposal facility. Currently this waste stream is approximately 3,000,000 gallons annually. At our current disposal and treatment rate this represents \$375,000 of revenues annually.

As enforcement of sewer use regulations becomes more stringent due to raising regulation pressure from EPA's CMOM structure and the growth of the area, this waste stream is expected to increase. The revenue received for the disposal and treatment covers the cost of handling and treatment but does not cover collateral effects of operating problems with equipment and impedance to the treatment efficiency. These problems will increase considerably as the waste stream volume increases. This waste has potential for beneficial use including Biodiesel fuel methane gas and soil augmentation.

In addition to FOG, the County manages wastewater bio-solids (sludge) and yard debris which also have potential for beneficial use.

The County has evaluated alternatives to the current disposal of FOG, bio-solids and yard waste that will be economically viable for creating beneficial uses that reduce the carbon footprint and protect the environment. With viable alternatives evaluated, the County has entered into 20+ year agreements with two companies that wish to use FOG and sludge.

Bio-Energy Technologies (now doing business as "GenEarth") is in the final stages of constructing an anaerobic digester on our landfill property to create methane gas to fuel the generation of electricity. Startup of this plant is planned for early 2013. McGill Environmental Systems of NC is a commercial compost production facility that will use wood waste together with FOG and sludge. They are in the permitting process now and anticipate plant construction to be completed by the end of 2013.

**BERKELEY COUNTY, SOUTH CAROLINA
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2012

OTHER POTENTIALLY SIGNIFICANT MATTERS (CONTINUED)

Beneficial Use Of Waste (Continued)

Berkeley County Council has recently approved a contract with Rational Energies, Inc. who will construct and operate a plant that will remove plastics and metal from the household waste stream. The metal will be sold for recycling and the plastics will be processed on site into a petroleum additive. As metal and plastics currently comprise about 25% of the household waste stream, a significant savings of air space at the landfill will be realized, thus reducing the need of landfill expansion.

The County is reviewing a proposal to enter into a contract with a company to grow algae for livestock feed or convert into a petroleum additive. The growing of algae uses a number of waste products: CO2 and heat from generator exhaust, leachate from the landfill, treated and untreated waste water. An initial review of the possibilities of algae farming at the County landfill is promising.

All of the beneficial use of waste projects is expected to be revenue neutral, or slightly positive, with low risk to the County.

SUBSEQUENT EVENTS

In November 2012, the County signed an intergovernmental agreement with the South Carolina Transportation Infrastructure Bank ("SCTIB") whereby the SCTIB agreed to provide up to \$6,500,000 in grant funds related to the Sheep Island interchange project and up to \$15,000,000 in grant funds related to the Interstate 26 widening project.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general financial overview of Berkeley County Government's finances for all those with an interest in our government. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed by mail to the Berkeley County Finance Department at Post Office Box 6122, Moncks Corner, SC, 29461-6120.

BERKELEY COUNTY, SOUTH CAROLINA

STATEMENT OF NET ASSETS

JUNE 30, 2012

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	\$ 19,478,246	39,716,609	\$ 59,194,855
Receivables, Net of Allowances:			
Property Taxes	40,507,300	642,492	41,149,792
Transportation Sales Tax	5,033,792	-	5,033,792
Accounts Receivable	986,595	4,101,430	5,088,025
Federal, State and Local Governments	1,972,515	578,690	2,551,205
Internal Balances	605,023	(605,023)	-
Inventories, at Cost	178,565	26,622	205,187
Prepaid Items	1,091,777	9,461	1,101,238
Restricted Cash and Cash Equivalents	87,667,996	33,623,202	121,291,198
TOTAL CURRENT ASSETS	157,521,809	78,093,483	235,615,292
NON-CURRENT ASSETS			
CAPITAL ASSETS			
Non-Depreciable	17,933,635	36,969,506	54,903,141
Depreciable, Net of Accumulated Depreciation	126,856,996	292,028,803	418,885,799
TOTAL CAPITAL ASSETS	144,790,631	328,998,309	473,788,940
OTHER NON-CURRENT ASSETS			
Accounts Receivable, Due in More Than One Year	-	308,673	308,673
Bond Issuance Costs, Net of Accumulated Amortization	-	2,669,036	2,669,036
TOTAL OTHER NON-CURRENT ASSETS	-	2,977,709	2,977,709
TOTAL NON-CURRENT ASSETS	144,790,631	331,976,018	476,766,649
TOTAL ASSETS	\$ 302,312,440	410,069,501	\$ 712,381,941

(Continued)

BERKELEY COUNTY, SOUTH CAROLINA

STATEMENT OF NET ASSETS

JUNE 30, 2012

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
LIABILITIES			
CURRENT LIABILITIES			
Accounts Payable and Accrued Liabilities	\$ 7,763,769	2,441,977	\$ 10,205,746
Accrued Interest Payable	1,030,257	710,469	1,740,726
Accrued Compensated Absences	2,512,098	360,116	2,872,214
Landfill Closure and Postclosure Cost Liability	-	2,230,820	2,230,820
Deferred Revenue	39,232,583	1,018,659	40,251,242
Bonds, Loans and Notes Payable	1,393,040	7,979,215	9,372,255
TOTAL CURRENT LIABILITIES	51,931,747	14,741,256	66,673,003
NON-CURRENT LIABILITIES			
Accrued Compensated Absences	4,148,269	972,745	5,121,014
Unfunded OPEB Liability	1,972,352	282,752	2,255,104
Landfill Closure and Postclosure Cost Liability	-	2,147,342	2,147,342
Bonds, Loans and Notes Payable	74,215,635	177,514,354	251,729,989
TOTAL NON-CURRENT LIABILITIES	80,336,256	180,917,193	261,253,449
TOTAL LIABILITIES	132,268,003	195,658,449	327,926,452
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	98,345,956	188,298,399	286,644,355
Restricted For:			
Capital Projects	53,851,013	-	53,851,013
Debt Service	1,853,573	730,335	2,583,908
Impact Fees	5,860,077	-	5,860,077
Economic Development	1,914,488	-	1,914,488
Other	1,144,746	-	1,144,746
Unrestricted	7,074,584	25,382,318	32,456,902
TOTAL NET ASSETS	\$ 170,044,437	214,411,052	\$ 384,455,489

The notes to the basic financial statements are an integral part of this statement.
See accompanying independent auditors' report.

BERKELEY COUNTY, SOUTH CAROLINA

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2012

PRIMARY GOVERNMENT:	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	PRIMARY GOVERNMENT		TOTAL
					GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	
Governmental Activities:							
General Government	\$ 20,078,292	6,435,632	332,099	25,622	(13,284,939)	-	\$ (13,284,939)
Public Safety	28,306,487	6,405,229	740,722	32,960	(21,127,576)	-	(21,127,576)
Airport, Highways and Streets	14,232,457	2,329,980	-	24,804,577	12,902,100	-	12,902,100
Culture and Recreation	2,952,810	90,690	133,092	-	(2,729,028)	-	(2,729,028)
Health and Welfare	2,079,633	27,080	147,257	-	(1,905,296)	-	(1,905,296)
Community Development	3,020,220	195,875	-	-	(2,824,345)	-	(2,824,345)
Interest and Fiscal Charges	3,239,029	-	-	-	(3,239,029)	-	(3,239,029)
Total Governmental Activities	73,908,928	15,484,486	1,353,170	24,863,159	(32,208,113)	-	(32,208,113)
Business-Type Activities:							
Water and Sewer	37,069,130	36,294,738	642,305	7,846,885	-	7,714,798	7,714,798
Solid Waste	9,465,202	10,075,243	234,138	-	-	844,179	844,179
Parks and Recreation	1,142,203	528,726	500	-	-	(612,977)	(612,977)
Emergency Telephone	650,926	559,306	680	-	-	(90,940)	(90,940)
Total Business-Type Activities	48,327,461	47,458,013	877,623	7,846,885	-	7,855,060	7,855,060
Total Primary Government	\$ 122,236,389	62,942,499	2,230,793	32,710,044	(32,208,113)	7,855,060	(24,353,053)
General Revenues:							
Taxes:							
Property Taxes					25,314,112	652,338	25,966,450
Fee in Lieu of Taxes					10,039,411	28,924	10,068,335
Local Option Sales Tax					11,156,975	-	11,156,975
Transportation Sales Tax					18,561,989	-	18,561,989
County Accommodations					399,553	-	399,553
Franchise Taxes					471,028	-	471,028
Grants and Contributions not Restricted to Specific Programs					6,386,787	-	6,386,787
Interest Income					162,820	200,759	363,579
Gain on Sale of Assets					-	243,011	243,011
Miscellaneous					425,842	-	425,842
Transfers					(500,000)	500,000	-
Total General Revenues and Transfers					72,418,517	1,625,032	74,043,549
CHANGE IN NET ASSETS					40,210,404	9,480,092	49,690,496
NET ASSETS - Beginning of Year					129,834,033	204,930,960	334,764,993
NET ASSETS - End of Year					170,044,437	214,411,052	\$ 384,455,489

The notes to the basic financial statements are an integral part of this statement.
See accompanying independent auditors' report.

BERKELEY COUNTY, SOUTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2012

	GENERAL FUND	CAPITAL PROJECTS FUND	NONMAJOR FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS				
Cash and Cash Equivalents	\$ 14,330,334	-	5,147,912	\$ 19,478,246
Receivables, Net of Allowances:				
Property Taxes	32,024,847	850,781	7,631,672	40,507,300
Transportation Sales Tax	-	5,033,792	-	5,033,792
Accounts Receivable	932,884	807	52,904	986,595
Federal, State and Local Governments	1,569,410	47,466	355,639	1,972,515
Due from Other Funds	1,167,693	-	-	1,167,693
Inventories, at Cost	178,565	-	-	178,565
Prepaid Items	90,583	1,001,194	-	1,091,777
Restricted Cash and Cash Equivalents	-	78,036,678	9,631,318	87,667,996
TOTAL ASSETS	\$ 50,294,316	84,970,718	22,819,445	\$ 158,084,479
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable and Accrued Liabilities	\$ 4,595,108	1,590,922	1,577,739	\$ 7,763,769
Due to Other Funds	270,323	-	292,347	562,670
Deferred Revenue	31,618,203	850,781	7,666,326	40,135,310
TOTAL LIABILITIES	36,483,634	2,441,703	9,536,412	48,461,749
FUND BALANCES				
Nonspendable:				
Inventory	178,565	-	-	178,565
Prepaid Items	90,583	1,001,194	-	1,091,777
Restricted for:				
Debt Service	-	-	1,853,574	1,853,574
Impact Fees	-	-	5,860,077	5,860,077
Assessment District Projects	-	7,084,084	-	7,084,084
Transportation Projects	-	69,767,663	-	69,767,663
Economic Development	-	-	1,914,488	1,914,488
Victims' Assistance	-	-	67,761	67,761
Clerk of Court	-	-	452,504	452,504
Grants	-	-	86,835	86,835
Other	-	4,676,074	537,646	5,213,720
Committed for:				
Special Tax Districts	-	-	661,483	661,483
Economic Development	-	-	2,033,884	2,033,884
Geographic Information Systems	-	-	79,977	79,977
Assigned for:				
Elected Officials' Carryover	604,138	-	-	604,138
Unassigned	12,937,396	-	(265,196)	12,672,200
TOTAL FUND BALANCES	13,810,682	82,529,015	13,283,033	109,622,730
TOTAL LIABILITIES AND FUND BALANCES	\$ 50,294,316	84,970,718	22,819,445	\$ 158,084,479

The notes to the basic financial statements are an integral part of this statement.
See accompanying independent auditors' report.

BERKELEY COUNTY, SOUTH CAROLINA

**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS**

JUNE 30, 2012

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS	\$ 109,622,730
Amounts reported for the governmental activities in the Statement of Net Assets are different because of the following:	
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets were \$256,538,115 and the accumulated depreciation was \$111,747,484.	144,790,631
Other long-term assets are not available to pay for current period expenditures and therefore are not reported or are deferred in the funds:	
Property Taxes	902,727
OPEB costs reported in the statement of activities does not require the use of current financial resources and therefore is not reported as a liability in the governmental funds	(1,972,352)
Long-term liabilities, including bonds and notes payable, are not due or payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consisted of the following:	
General Obligation Bonds	(67,865,000)
Deferred Refunding Costs	825,671
Bond Premium	(2,558,929)
SC Transportation Infrastructure Bank Loan	(6,010,417)
Accrued Compensated Absences	(6,660,367)
Accrued Interest	(1,030,257)
	<u>(83,299,299)</u>
TOTAL NET ASSETS - GOVERNMENTAL ACTIVITIES	<u>\$ 170,044,437</u>

The notes to the basic financial statements are an integral part of this statement.
See accompanying independent auditors' report.

BERKELEY COUNTY, SOUTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2012

	GENERAL FUND	CAPITAL PROJECTS FUND	NONMAJOR FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES				
Taxes:				
Property	\$ 22,250,435	-	3,176,001	\$ 25,426,436
Accommodations	-	-	399,553	399,553
Fee in Lieu of Taxes	5,305,934	-	4,678,344	9,984,278
Local Option Sales Tax	8,422,321	2,734,654	-	11,156,975
Transportation Sales Tax	-	18,561,989	-	18,561,989
Licenses, Fees and Permits	1,126,109	-	-	1,126,109
Fines, Forfeitures and Fees	7,244,818	959,468	5,338,941	13,543,227
Interest Income	16,633	142,161	4,026	162,820
Local Revenue	-	-	458,029	458,029
Intergovernmental - Federal	186,087	-	1,847,029	2,033,116
Intergovernmental - State and Local	6,056,571	47,466	5,369,028	11,473,065
Miscellaneous	662,384	-	381,669	1,044,053
TOTAL REVENUES	51,271,292	22,445,738	21,652,620	95,369,650
EXPENDITURES				
Current:				
General Government	19,459,216	69,815	1,375,591	20,904,622
Public Safety	22,085,419	-	5,332,683	27,418,102
Airport, Highways and Streets	5,690,607	-	521,071	6,211,678
Culture and Recreation	2,789,803	-	13,647	2,803,450
Health and Welfare	1,869,843	-	-	1,869,843
Community Development	439,518	-	1,957,379	2,396,897
Capital Outlay	477,942	4,800,812	5,793,726	11,072,480
Debt Service:				
Principal Retirement	528,267	200,980	1,080,000	1,809,247
Interest and Fiscal Charges	19,214	1,729,117	1,835,821	3,584,152
Debt Issuance Costs	-	-	121,983	121,983
TOTAL EXPENDITURES	53,359,829	6,800,724	18,031,901	78,192,454
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,088,537)	15,645,014	3,620,719	17,177,196
OTHER FINANCING SOURCES (USES)				
Premium on Issuance of Debt	-	-	679,156	679,156
Proceeds from Issuance of Refunding Debt	-	-	15,820,000	15,820,000
Deposits to Debt Refunding Agent	-	-	(16,362,080)	(16,362,080)
Proceeds from Disposal of Assets	24,438	42,104	-	66,542
Transfers In	3,827,029	220,791	696,435	4,744,255
Transfers Out	(593,120)	(842,588)	(3,808,547)	(5,244,255)
TOTAL OTHER FINANCING SOURCES (USES)	3,258,347	(579,693)	(2,975,036)	(296,382)
NET CHANGE IN FUND BALANCES	1,169,810	15,065,321	645,683	16,880,814
FUND BALANCE - Beginning of Year	12,640,872	67,463,694	12,637,350	92,741,916
FUND BALANCE - End of Year	\$ 13,810,682	82,529,015	13,283,033	\$ 109,622,730

The notes to the basic financial statements are an integral part of this statement.
See accompanying independent auditors' report.

BERKELEY COUNTY, SOUTH CAROLINA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2012

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	\$ 16,880,814
Amounts reported for the governmental activities in the Statement of Activities are different because of the following:	
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. This amount represents the change in deferred revenues for the year.	(44,538)
Repayment of bond and note payable principal is an expenditure or other financing use in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.	1,809,247
Payment to refunding debt escrow agent is an expenditure in the governmental funds, but the payment reduces long-term liabilities in the statement of net assets. This amount takes into consideration a portion of the deferred charges and the new bond issuance costs and premiums associated with the refunding.	16,362,080
Proceeds from the issuance of debt provide current financial resources to governmental funds, but entering into debt increases long-term liabilities in the Statement of Net Assets. This amount represents the proceeds received in the current year.	(15,820,000)
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. This amount represents the difference in treatment for the year.	134,918
Bond premiums are other financing sources in the year they are received in governmental funds; they are amortized over the lives of the bonds in the Statement of Activities. This amount represents the amount that the premium received in the current year exceeded the amortization for the year.	(159,274)
Deferred refunding charges are not recognized by the governmental funds but are amortized over the life of the refunded debt in the Statement of Activities. This amount represents the unamortized deferred refunding charges written off in the current year as a result of the refunding as well as the amortization for the year.	(51,605)
Some compensated absences and other expenses reported in the Statement of Activities do not require the use of current financial resources and are not reported as expenditures in the governmental funds.	208,647
The County's Net Pension Obligation (Liability) resulting from the unfunded annual required contribution to the OPEB plan is not reported as a liability in the governmental funds. This amount represents the net change in this liability for the year.	1,586,887
In the Statement of Activities, infrastructure and equipment contributed by developers and others are reported as revenues. Since such contributions result in neither the receipt nor the use of current financial resources, they are not reflected in the fund statements.	19,282,621
Governmental funds report capital asset additions 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 asset additions of \$9,483,099, excluding donated infrastructure and equipment of \$19,282,621 exceeded depreciation expense of \$9,394,094 and net disposals of \$68,398.	20,607
TOTAL CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$ <u>40,210,404</u>

The notes to the basic financial statements are an integral part of this statement.
See accompanying independent auditors' report.

BERKELEY COUNTY, SOUTH CAROLINA

STATEMENT OF NET ASSETS - PROPRIETARY FUNDS

JUNE 30, 2012

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			
	WATER AND SEWER	SOLID WASTE	NONMAJOR FUNDS	TOTALS
ASSETS				
CURRENT ASSETS:				
Cash and Cash Equivalents	\$ 29,559,384	10,025,406	131,819	\$ 39,716,609
Cash and Cash Equivalents-Restricted	30,499,318	3,123,884	-	33,623,202
Property Taxes Receivable, Net of Allowance	-	-	642,492	642,492
Accounts Receivable, Net of Allowance	3,237,464	683,852	180,114	4,101,430
Due from Federal, State and Local Governments, Net of Allowance	560,352	18,338	-	578,690
Inventories, at Cost	-	-	26,622	26,622
Prepaid Items	-	-	9,461	9,461
Due from Other Funds	-	590,455	-	590,455
TOTAL CURRENT ASSETS	63,856,518	14,441,935	990,508	79,288,961
NON-CURRENT ASSETS:				
CAPITAL ASSETS:				
Non-Depreciable	33,569,659	3,314,847	85,000	36,969,506
Depreciable, Net of Accumulated Depreciation	269,421,304	20,784,294	1,823,205	292,028,803
TOTAL CAPITAL ASSETS	302,990,963	24,099,141	1,908,205	328,998,309
OTHER NON-CURRENT ASSETS:				
Accounts Receivable, Due in More Than One Year	308,673	-	-	308,673
Bond Issuance Costs, Net	2,669,036	-	-	2,669,036
TOTAL OTHER NON-CURRENT ASSETS	2,977,709	-	-	2,977,709
TOTAL NON-CURRENT ASSETS	305,968,672	24,099,141	1,908,205	331,976,018
TOTAL ASSETS	\$ 369,825,190	38,541,076	2,898,713	\$ 411,264,979
LIABILITIES				
CURRENT LIABILITIES:				
Accounts Payable and Accrued Liabilities	\$ 2,187,051	146,415	108,511	\$ 2,441,977
Landfill Closure and Postclosure Cost Liability	-	2,230,820	-	2,230,820
Accrued Interest Payable	690,084	20,385	-	710,469
Accrued Compensated Absences	201,467	100,734	57,915	360,116
Due to Other Funds	367,078	-	828,400	1,195,478
Deferred Revenue	384,006	-	634,653	1,018,659
Current Portion of Bonds and Notes Payable	6,622,485	1,356,730	-	7,979,215
TOTAL CURRENT LIABILITIES	10,452,171	3,855,084	1,629,479	15,936,734
NON-CURRENT LIABILITIES:				
Unfunded OPEB Liability	203,582	79,170	-	282,752
Accrued Compensated Absences	604,402	302,201	66,142	972,745
Landfill Closure and Postclosure Cost Liability	-	2,147,342	-	2,147,342
Bonds and Notes Payable	168,907,926	8,606,428	-	177,514,354
TOTAL NON-CURRENT LIABILITIES	169,715,910	11,135,141	66,142	180,917,193
TOTAL LIABILITIES	180,168,081	14,990,225	1,695,621	196,853,927
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	169,797,986	16,592,208	1,908,205	188,298,399
Restricted for Debt Service	71,678	658,657	-	730,335
Unrestricted Assets	19,787,445	6,299,986	(705,113)	25,382,318
TOTAL NET ASSETS	189,657,109	23,550,851	1,203,092	214,411,052
TOTAL LIABILITIES AND NET ASSETS	\$ 369,825,190	38,541,076	2,898,713	\$ 411,264,979

The notes to the basic financial statements are an integral part of this statement.
See accompanying independent auditors' report.

BERKELEY COUNTY, SOUTH CAROLINA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS - PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2012

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			
	WATER AND SEWER	SOLID WASTE	NONMAJOR FUNDS	TOTALS
OPERATING REVENUES				
Sales and Services	\$ 31,179,494	9,660,676	1,079,179	\$ 41,919,349
Impact and Connection Fees	4,119,222	-	-	4,119,222
Other Operating Revenue	996,022	414,567	8,853	1,419,442
TOTAL OPERATING REVENUES	36,294,738	10,075,243	1,088,032	47,458,013
OPERATING EXPENSES				
Personnel Services	8,438,821	3,704,763	881,183	13,024,767
Advertising	-	-	49,196	49,196
Utilities	2,686,476	173,439	361,189	3,221,104
Office Expenses	705,899	68,912	34,385	809,196
Maintenance and Repairs	3,015,330	1,801,785	26,001	4,843,116
Contractual Services	953,301	575,483	88,943	1,617,727
Other Services and Charges	1,178,406	437,055	157,074	1,772,535
Depreciation	11,291,965	2,252,720	195,158	13,739,843
Landfill Closure and Postclosure Costs	-	38,097	-	38,097
TOTAL OPERATING EXPENSES	28,270,198	9,052,254	1,793,129	39,115,581
OPERATING INCOME (LOSS)	8,024,540	1,022,989	(705,097)	8,342,432
NON-OPERATING REVENUES (EXPENSES)				
Property Taxes	-	-	652,338	652,338
Fee in Lieu of Taxes	-	-	28,924	28,924
Interest Income	167,971	32,788	-	200,759
Grant Revenue	642,305	234,138	1,180	877,623
Gain on Disposition of Assets	157,782	85,229	-	243,011
Interest Expense	(8,798,932)	(412,948)	-	(9,211,880)
TOTAL NON-OPERATING REVENUES (EXPENSES)	(7,830,874)	(60,793)	682,442	(7,209,225)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	193,666	962,196	(22,655)	1,133,207
CAPITAL CONTRIBUTIONS AND TRANSFERS				
Capital Contributions	7,846,885	-	-	7,846,885
Transfers In	500,000	-	-	500,000
TOTAL CAPITAL CONTRIBUTIONS AND TRANSFERS	8,346,885	-	-	8,346,885
CHANGE IN NET ASSETS	8,540,551	962,196	(22,655)	9,480,092
NET ASSETS, Beginning of Year	181,116,558	22,588,655	1,225,747	204,930,960
NET ASSETS, End of Year	\$ 189,657,109	23,550,851	1,203,092	\$ 214,411,052

The notes to the basic financial statements are an integral part of this statement.
See accompanying independent auditors' report.

BERKELEY COUNTY, SOUTH CAROLINA

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2012

BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS

	WATER AND SEWER	SOLID WASTE	NONMAJOR FUNDS	TOTALS
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Customers and Users	\$ 36,418,878	10,194,969	999,859	\$ 47,613,706
Cash Received from Property Taxes and Fee in Lieu of Taxes	-	-	671,953	671,953
Cash Paid to Suppliers	(9,005,941)	(3,141,943)	(717,128)	(12,865,012)
Cash Paid to Employees	(8,415,806)	(3,717,163)	(871,792)	(13,004,761)
NET CASH PROVIDED BY OPERATING ACTIVITIES	18,997,131	3,335,863	82,892	22,415,886
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Non-Capital Grant Contributions	327,404	223,347	1,180	551,931
Transfers and Advances Between Funds	12,167,688	(11,900,685)	(25,962)	241,041
NET CASH PROVIDED BY (USED IN) NON-CAPITAL FINANCING ACTIVITIES	12,495,092	(11,677,338)	(24,782)	792,972
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from Issuance of Debt	63,000	27,000	-	90,000
Proceeds from the Sale of Assets	199,332	241,967	-	441,299
Acquisition and Construction of Capital Assets	(12,584,037)	(1,034,701)	(37,786)	(13,656,524)
Principal Paid - Bonds and Notes Payable	(6,612,771)	(1,466,531)	-	(8,079,302)
Interest Paid - Bonds and Notes Payable	(8,329,779)	(422,435)	-	(8,752,214)
NET CASH (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	(27,264,255)	(2,654,700)	(37,786)	(29,956,741)
CASH FLOWS FROM INVESTING ACTIVITIES				
Sale of Investments	674,645	-	-	674,645
Interest Income on Investments	167,971	32,788	-	200,759
NET CASH PROVIDED BY INVESTING ACTIVITIES	842,616	32,788	-	875,404
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	5,070,584	(10,963,387)	20,324	(5,872,479)
CASH AND CASH EQUIVALENTS, Beginning of Year	54,988,118	24,112,677	111,495	79,212,290
CASH AND CASH EQUIVALENTS, End of Year	\$ 60,058,702	13,149,290	131,819	\$ 73,339,811
Reconciliation of Cash and Cash Equivalents to the Statement of Net Assets				
Cash and Cash Equivalents - Current Assets	\$ 29,559,384	10,025,406	131,819	\$ 39,716,609
Restricted Cash and Cash Equivalents - Current Assets	30,499,318	3,123,884	-	33,623,202
	\$ 60,058,702	13,149,290	131,819	\$ 73,339,811

The notes to the basic financial statements are an integral part of this statement.
See accompanying independent auditors' report.

(Continued)

BERKELEY COUNTY, SOUTH CAROLINA

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2012

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			
	WATER AND SEWER	SOLID WASTE	NONMAJOR FUNDS	TOTALS
Reconciliation of Operating Income (Loss) to Net Cash Provided By Operating Activities:				
Operating Income (Loss)	\$ 8,024,540	1,022,989	(705,097)	\$ 8,342,432
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided By Operating Activities:				
Depreciation and Amortization	11,291,965	2,252,720	195,158	13,739,843
Property Taxes and Fee in Lieu of Taxes	-	-	681,262	681,262
(Increase) Decrease in Assets:				
Property Taxes Receivable	-	-	(9,309)	(9,309)
Accounts Receivable	(49,366)	119,726	(99,815)	(29,455)
Inventories	-	-	(1,829)	(1,829)
Prepaid Items and Deposits	-	-	(9,461)	(9,461)
Increase (Decrease) in Liabilities:				
Accounts Payable and Accrued Liabilities	(340,919)	37,848	19,186	(283,885)
Landfill Closure and Postclosure Cost Liability	-	(64,090)	-	(64,090)
Compensated Absences Payable	59,121	29,560	1,155	89,836
Due to Other Funds	-	-	-	-
Deferred Revenue	173,506	-	11,642	185,148
Unfunded OPEB Liability	(161,716)	(62,890)	-	(224,606)
Total Adjustments	10,972,591	2,312,874	787,989	14,073,454
Net Cash Provided by Operating Activities	\$ 18,997,131	3,335,863	82,892	\$ 22,415,886

Schedule of Noncash Investing, Capital and Financing Activities:

Acquisition of Capital Assets Through Developer Contributions	\$ 7,846,885	-	-	\$ 7,846,885
Change in Capital Acquisition Included in Accounts Payable	1,934,570	9,418	-	1,943,988
Amortization of Bond Premium, Deferred Refunding Costs and Issuance Costs	306,217	-	-	306,217
Increase in Debt Due to Accretion of Interest	\$ 178,590	-	-	\$ 178,590

The notes to the basic financial statements are an integral part of this statement.
See accompanying independent auditors' report.

BERKELEY COUNTY, SOUTH CAROLINA

**STATEMENT OF FIDUCIARY NET ASSETS -
FIDUCIARY FUNDS**

JUNE 30, 2012

	<u>AGENCY FUNDS</u>
ASSETS	
Cash and Cash Equivalents	\$ 17,952,378
Accounts Receivable	368,568
TOTAL ASSETS	<u>\$ 18,320,946</u>
LIABILITIES	
Due to School District	\$ 5,021,796
Due to Other Designated Recipients	13,299,150
TOTAL LIABILITIES	<u>\$ 18,320,946</u>

The notes to the basic financial statements are an integral part of this statement.
See accompanying independent auditors' report.

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Berkeley County, South Carolina (the “County”) was established under the provisions of Act 681 of the 1942 South Carolina Legislature. The County is governed by an eight member County Council under the Council-Supervisor form of government. Members are elected from single member districts. The supervisor, elected at large, serves as the chief administrative officer executing the policies and legislative actions of County Council. The County provides the following services: public safety (EMS, sheriff, and fire), airport, highways and streets, sanitation, health and social services, cultural and recreational programs, public improvements, planning and zoning, courts, and general administrative services.

The basic financial statements of the County have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”) as applied to governmental agencies. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the County’s accounting policies are described below.

The County has no blended or discretely presented component units. The primary criterion for determining inclusion or exclusion of a legally separate entity (component unit) is financial accountability, which is presumed to exist if the County both appoints a voting majority of the entity’s governing body, and either 1) the County is able to impose its will on the entity or, 2) there is a potential for the entity to provide specific financial benefits to, or impose specific financial burdens on the County. If either or both of the foregoing conditions are not met, the entity could still be considered a component unit if it is fiscally dependent on the County. In order to be considered fiscally independent, an entity must have the authority to do all of the following: (a) determine its budget without the County having the authority to approve or modify that budget; (b) levy taxes or set rates or charges without approval by the County; and (c) issue bonded debt without approval by the County. Finally, an entity could be a component unit even if it met all of the exclusions described above if excluding it would render the County’s financial statements to be incomplete or misleading. Blended component units, although legally separate entities, are in substance part of the government’s operations, and 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 they are legally separate from the County.

Related Organizations

The County is a member of the Lake Moultrie Water Agency (“Lake Moultrie WA”), a Municipal Water System. It appoints one representative to the four member board of Lake Moultrie WA. Lake Moultrie WA is not owned by nor is it fiscally dependent upon the County.

During 2008 the County executed an agreement with the Lake Marion Regional Water Agency (“Lake Marion WA”), a joint municipal water system. The County has a 29% voting representation on this system’s board, representing its proportionate commitment to purchase water to the system’s total capacity. Lake Marion WA is not owned by nor is it fiscally dependent upon the County.

B. Government-wide and Fund Financial Statements

The basic financial statements consist of the government-wide financial statements and fund financial statements. Both sets of statements distinguish between the governmental and business-type activities of the County.

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-wide and Fund Financial Statements (Continued)

1. Government-Wide Statements:

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the County.

2. Fund Financial Statements:

The County uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain County functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

Fund financial statements report detailed information about the County. The focus of governmental and proprietary (enterprise) fund financial statements is on major funds rather than reporting funds by type. Each major fund is reported in a single column in the fund financial statements. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are presented by fund type and are excluded from the government-wide financial statements.

3. Major and Nonmajor Funds:

The County reports the following major and nonmajor governmental funds:

The **General Fund, a major fund**, is the general operating fund of the County and accounts for all revenues and expenditures of the County except those required to be accounted for in other funds. All general tax revenues and other receipts that (a) are not allocated by law or contractual agreement to other funds or (b) that have not been restricted, committed, or assigned to other funds are accounted for in the General Fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Fund.

The **Capital Projects Fund, a major fund**, is used to account for and report financial resources that are restricted, committed, or assigned for expenditures of capital outlay related to equipment, site acquisitions, construction, renovation of capital facilities, and other capital assets for the County that are not being financed by proprietary or nonexpendable trust funds.

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources (that are expected to continue to comprise a substantial portion of the inflows of the fund) that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-wide and Fund Financial Statements (Continued)

3. Major and Nonmajor Funds (Continued):

The County reports the following nonmajor special revenue funds:

Nonmajor special revenue funds: Economic Development Fund, National Forest, Emergency Preparedness, GIS, Storm Water Management, Highway “C” Funds, Clerk of Court, State Accommodations Tax, Impact Fees, Sheriff’s Grants, Miscellaneous Special Revenue, Victim’s Assistance, County Accommodations Tax, PARD Grant, Local Economic Development, Airport Improvements, Sangaree Special Tax District, Pimlico Special Tax District, Tall Pines Special Tax District, Devon Forest Special Tax District, Special County Tax District, Lake Moultrie Park and Legal Forfeiture Proceeds.

The *Debt Service Fund, a nonmajor fund*, is used to account for and report the accumulation of financial resources that are restricted, committed, or assigned for the payment of all long-term debt principal, interest, and related costs of the County that are not being financed by proprietary or nonexpendable trust funds.

The County reports the following major and nonmajor proprietary funds:

The *Water and Sewer Fund, a major fund*, accounts for the sale and distribution of potable water, and for the operation of sewage treatment plants, pumping stations and systems for the collection and treatment of sewage.

The *Solid Waste Fund, a major fund*, accounts for the operation and maintenance of the County landfill and collection sites.

The *Parks and Recreation Fund, a nonmajor fund*, accounts for the operation and maintenance of the County’s parks, including Cypress Gardens.

The *Emergency Telephone Fund, a nonmajor fund*, accounts for the operation of the County’s 911 services.

The *Fiduciary Funds* are used to account for assets held by the government in a trustee capacity or as an agent on behalf of others. The *Agency Fund* is custodial in nature and does not present results of operations.

C. Measurement Focus and Basis of Accounting

“Measurement focus” is a term used to describe which transactions are recorded within the various financial statements. “Basis of accounting” refers to when transactions are recorded, regardless of the measurement focus applied.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (Continued)

Governmental funds are reported using the current financial resources focus and the modified accrual basis of accounting in the Fund Financial Statements. Under the modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter to pay current liabilities. Expenditures (including capital outlay) are recorded when the related fund liability is incurred.

Revenue Recognition

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available (i.e., collectible within the current year or within sixty days of year-end and available to pay obligations of the current period): investment earnings, fines and forfeitures, certain charges for services, and state-levied locally shared taxes. Reimbursements due for federally funded projects are accrued as revenue at the time the expenditures are incurred.

Property taxes and special assessments, though measurable, are not available soon enough in the subsequent year to finance current period obligations. Therefore, property tax and special assessment receivables are recorded and deferred until they become available.

Other revenues, including permits, licenses, franchise fees and miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received.

Expenditure Recognition

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989 generally are followed in the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The County has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government’s water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing goods and services, in connection with a proprietary fund’s principal ongoing operations. The County’s business-type activities accounted for in proprietary funds are chiefly administering water and sanitation, recreation, and emergency telephone. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities and Net Assets or Equity

1. Cash and Cash Equivalents and Deposits

The “deposits” classification is used only in the notes, not on the face of the statement of net assets, balance sheet or statement of cash flows. Deposits include only cash on hand, demand deposits, pooled money market funds, and/or certificates of deposit. For purposes of the statement of cash flows for the Enterprise Funds, the County considers all highly liquid investments (including restricted assets) with original maturities of three months or less when purchased to be cash and cash equivalents.

2. Investments

The County’s investment policy is designed to operate within existing statutes (which are identical for all funds and activities, fund types, and component units within the State of South Carolina) that authorize the County to invest in the following:

- (a) Obligations of the United States and its agencies, the principal and interest of which is fully guaranteed by the United States.
- (b) Obligations issued by the Federal Financing Bank, Federal Farm Credit Bank, the Bank of Cooperatives, the Federal Intermediate Credit Bank, the Federal Land Banks, the Federal Home Loan Banks, the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Housing Administration, and the Farmers Home Administration, if, at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations.
- (c) (i) General obligations of the State of South Carolina or any of its political units; or (ii) revenue obligations of the State of South Carolina or its political units, if at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations.
- (d) Savings and Loan Associations to the extent that the same are insured by an agency of the federal government.
- (e) Certificates of deposit where the certificates are collaterally secured by securities of the type described in (a) and (b) above held by a third party as escrow agent or custodian, of a market value not less than the amount of the certificates of deposit so secured, including interest; provided, however, such collateral shall not be required to the extent the same are insured by an agency of the federal government.
- (f) Repurchase agreements when collateralized by securities as set forth in this section.

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities and Net Assets or Equity (Continued)

2. Investments (Continued)

- (g) No load open-end or closed-end management type investment companies or investment trusts registered under the Investment Company Act of 1940, as amended, where the investment is made by a bank or trust company or savings and loan association or other financial institution when acting as trustee or agent for a bond or other debt issue of that local government unit, political subdivision, or county treasurer if the particular portfolio of the investment company or investment trust in which the investment is made (i) is limited to obligations described in items (a), (b), (c), and (f) of this subsection, and (ii) has among its objectives the attempt to maintain a constant net asset value of one dollar a share and to that end, value its assets by the amortized cost method.

In addition, South Carolina State statutes authorize the County to invest in the South Carolina Local Government Investment Pool ("SCLGIP"). The SCLGIP was created by state legislation which restricts the types of securities the pool can purchase. Specifically, the pool is permitted to purchase obligations of the United States, its agencies and instrumentalities, and any corporation within the United States if such obligations bear any of the three highest ratings of at least two nationally recognized rating services. The SCLGIP is 2a7-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 2a7 of the Investment Company Act of 1940. The reported value of the County's position in the pool, if any, is the same as the fair value of the pool shares. 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.

The County's cash investment objectives are preservation of capital, liquidity, and yield. Investments are reported at fair value, which is normally determined on quoted market prices. For additional information related to deposits and investments, see Note III.A.

The County currently or in the past year has used the following investments:

- Open-end mutual funds which are primarily invested in money market funds which invest in short term obligations of the United States and related agencies.
- General obligations of political units of the State of South Carolina.

3. Restricted Assets

The County established certain accounts for assets restricted for specific purposes, typically by outside parties or legal agreement. Certain bond indentures require the establishment of (i) maximum annual principal and interest payments, unless a surety bond was provided; (ii) the next succeeding principal and accrued interest payment; and (iii) bond or notes payable proceeds to be used for construction purposes as required in the bond or note agreement.

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities and Net Assets or Equity (Continued)

4. Receivables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “interfund receivables/payables” (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 financial statements as “internal balances.”

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 all years’ collections applied 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. The County recognizes property taxes in the period for which they are levied and available for financing current expenditures. Property taxes receivable represent delinquent real and personal taxes for the past ten years, less an allowance for amounts estimated to be uncollectible, plus taxes levied on the assessed value of real and personal property, excluding vehicles, as of January 1, 2011. 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 October 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 - three percent, February 2 - an additional seven percent, March 16 - an additional five percent. If not paid by the first Monday of November, the property is subject to sale by the delinquent tax office. Taxes on licensed motor vehicles are levied during the month when the taxpayer’s license registration is due for renewal. The taxpayer must provide proof of payment to the Highway Department before that agency will renew the vehicle license.

The County charges a user fee to real property owners and certain commercial and governmental entities representing revenues for a portion of the County’s solid waste collection and disposal effort (e.g., incineration and landfill). The County also charges fees on real property in the various special tax districts for the specific services provided in such districts. 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. For additional information related to receivables, see Note III.B.

5. Inventories and Prepaid Assets

Inventories are valued at cost for the General Fund and for the Proprietary Funds, using the first-in, first-out method. Inventory in the General Fund consists of expendable supplies held for consumption. General Fund inventories have been charged as expenditures when consumed. Inventory in the Proprietary Funds consists of items for resale. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid assets.

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities and Net Assets or Equity (Continued)

6. Capital Assets

Capital assets, which include property, plant, equipment, software, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets other than infrastructure are defined by the government as assets with an initial individual cost of more than \$5,000 and an estimated useful life of two years or more. The County has various minimum capitalization thresholds for infrastructure assets based on the type of infrastructure. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Donated capital assets are recorded at estimated fair market value at the date of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Interest incurred during construction of capital assets for governmental activities is not capitalized. However, interest incurred during the construction phase of business-type activity capital assets is included in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period. Interest capitalized on assets not acquired with tax exempt debt is the product of the average accumulated expenditures during the year for such assets and the weighted average interest rate on debt. Interest is not capitalized on assets acquired or constructed with gifts and grants. Interest costs are not capitalized when immaterial in amount, or for small projects under \$200,000, or those for which the construction period is less than six months.

All reported capital assets, except land and construction in progress, are depreciated. Useful lives for infrastructure were estimated based on the County's historical records of necessary improvements and replacements. Depreciation is provided using the straight-line method over the following estimated useful lives:

Buildings and Other Improvements	15-40 years
Equipment and Furniture	2-15 years
Software	5-15 years
Vehicles	5-10 years
Infrastructure	12-50 years
Utility Systems, Treatment Plants and Buildings	15-50 years
Library Materials	5-10 years
Water Agreements	35 years

7. Compensated Absences

It is the County's policy to permit employees to accumulate earned but unused personal leave benefits. Accumulated personal leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability is recorded in the governmental fund financial statements only if they have matured, for example, as a result of employee resignations and retirements.

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities and Net Assets or Equity (Continued)

8. Long-term Obligations

In the government-wide financial statements and proprietary 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, as well as bond issuance costs, are deferred, if material, and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Gains or losses on debt refundings are deferred and amortized over the life of the bonds. Amortization of premiums, discounts, bond issuance costs, and deferred advance refunding costs are included in interest expense. Bonds payable are reported net of the applicable bond premiums or discount and deferred advance refunding amounts. Bond issuance costs are included in other assets when significant.

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 issuances of long-term debt 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.

9. Net Assets and Fund Balances

Government-Wide and Proprietary Fund Statements

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

- A. *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.
- B. *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 other governments; or (2) law through constitutional provisions or enabling legislation.
- C. *Unrestricted net assets.* All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

During 2008 the County adopted a net asset policy stating that the Water and Sewer Fund will maintain unrestricted net assets equal to 50-75% of the operating and maintenance expenses for that fiscal year.

Governmental Fund Statements

The County implemented GASB Statement No. 54 “*Fund Balance Reporting and Governmental Fund Type Definitions*” (“GASB 54”) in fiscal year 2011. The objective of GASB 54 was to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarify the existing governmental fund type definitions. GASB 54 established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in the governmental funds.

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities and Net Assets or Equity (Continued)

9. Net Assets and Fund Balances (Continued)

Governmental Fund Statements (Continued)

The County classifies governmental fund balances as follows:

Nonspendable – includes amounts that inherently cannot be spent either because it is not in spendable form (i.e., prepaids, inventories, etc.) or because of legal or contractual requirements (i.e., principal on an endowment, etc.).

Restricted – includes amounts that are constrained by specific purposes which are externally imposed by (a) other governments through laws and regulations, (b) grantors or contributions through agreements, (c) creditors through debt covenants or other contracts, or (d) imposed by law through constitutional provisions or enabling legislation.

Committed – includes amounts that are constrained for specific purposes that are internally imposed by the government through formal action made by the County Council, which is the highest level of decision making authority, before the end of the reporting period. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

Assigned – includes amounts that are intended to be used for specific purposes that are neither considered restricted or committed and that such assignments are made before the report issuance date. County Council is the only party that has the right to make assignments of fund balance for the County at this time.

Unassigned – includes amounts that do not qualify to be accounted for and reported in any of the other fund balance categories. This classification represents the amount of fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount.

The County generally uses restricted amounts first when both restricted and unrestricted (committed, assigned, and unassigned) fund balance is available to be expended unless there are legal documents, contracts, or agreements that prohibit doing such. Additionally, the County generally would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The County has adopted a fund balance policy for the General Fund, with the goal of 15% of the next year's budget be available as unassigned fund balance. The minimum fund balance amount that is available under the policy is \$8,457,884 as of June 30, 2012 which represents 15% of the original budget of \$56,385,890 for the General Fund for fiscal year 2013.

As of June 30, 2012, the Storm Water Management Fund, a non-major Special Revenue Fund, has a deficit fund balance of \$236,699, the Sheriff's Grants Fund, a non-major Special Revenue Fund has a deficit fund balance of \$28,497, and the Parks and Recreation Fund has deficit unrestricted net assets of \$809,851. The County is investigating possible funding sources for the Storm Water Management Fund to eliminate the deficit. The deficit fund balance in the Sheriff's Grants Fund is expected to be funded through future operations. As discussed in Note III. C., the County has allocated 1.0 mills of property taxes for funding the Cypress Gardens operations, and the deficit unrestricted net assets balance is expected to be reduced over the next several years.

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities and Net Assets or Equity (Continued)

10. Contributed Capital

The County has received federal and state grants to pay a portion of the construction costs of the water and wastewater infrastructure. The County also receives contributions from contracting municipalities to finance water and sewer systems constructed by the County, as well as roads, water, and sewer systems that are constructed by developers and transferred to the County upon completion and acceptance by the County for its subsequent operation and maintenance.

11. Accounting Estimates

The preparation of financial statements in accordance with generally accepted accounting principles 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/expenditures during the reporting period. Actual results could differ from those estimates.

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 for all of the Special Revenue Funds except the following: Special Revenue - Clerk of Court, Special Revenue - Sheriff Funds, Planning Grant, Highway "C" Funds, PARD Grant, Impact Fees, Economic Development, National Forest Fund, Legal Forfeiture Proceeds, and various miscellaneous special revenue funds. The excluded 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 Fund because effective budgetary control is alternatively achieved through General Obligation Bond indenture provisions.

All agencies of the County must submit requests for appropriations to the Supervisor by March along with revenue estimates so that a budget may be prepared. By May the proposed budget is presented to County Council for review. The Council holds public hearings and adopts the final budget in July through passage of an ordinance.

The level of budgetary control is determined by County Council at the County's total appropriations level. Expenditures by fund, department, and category (i.e., personnel, operating and capital outlay), are further defined in the budget document. The County Supervisor is authorized to make transfers of up to \$25,000 per occurrence between departments and funds as long as total appropriations are not exceeded. The budget ordinance must be amended by Council to effect changes in total appropriations. Budgets, as reported in the financial statements, are as originally passed by ordinance and subsequently amended. During the year ending June 30, 2012, net amendments totaling approximately \$918,000 were made to the General Fund budget.

Encumbrances lapse at the end of the fiscal year.

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2012

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES

A. Deposits and Investments

Deposits

Custodial Credit Risk for Deposits: Custodial credit risk for deposits is the risk that, in the event of a bank failure, the County's deposits might not be recovered. The County does not have a deposit policy for custodial credit risk but follows the investment policy statutes of the State of South Carolina. As of June 30, 2012, none of the County's bank balances of \$178,400,036 (which had a recorded value of \$177,054,527) were exposed to custodial credit risk.

Investments

As of June 30, 2012, the County had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Moody's</u>	<u>Credit Ratings S & P</u>	<u>Fitch</u>	<u>Weighted Average Maturity</u>
First American Treasury Obligations Fund - Class Y	\$ 663,007	AAAm	Aaa-nf	AAAmmf	< 1 year
First American Treasury Obligations Fund - Class D	167,719	AAAm	Aaa-nf	AAAmmf	< 1 year
First American Government Obligations Fund - Class Y	71,678	AAAm	Aaa-nf	Unrated	< 1 year
Morgan Stanley Institutional Liquidity Fund	20,481,500	AAAm	Aaa-nf	Unrated	< 1 year
Total Investments	<u>\$ 21,383,904</u>				

Interest Rate Risk: The County does not have a formal policy limiting investment maturities that would help manage its exposure to fair value losses from increasing interest rates.

Credit Risk for Investments: Credit risk for investments is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The County does not have an investment policy for credit risk, but follows the investment policy statutes of the State of South Carolina.

Custodial Credit Risk for Investments: Custodial credit risk for investments is the risk that, in the event of a counterparty failure, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County does not have an investment policy for custodial credit risk but follows the investment policy statutes of the State of South Carolina. As of June 30, 2012, none of the County's investments of \$21,383,904 were exposed to custodial credit risk for investments.

Concentration of Credit Risk for Investments: The County places no limit on the amount it may invest in any one issuer. Investments issued by or explicitly guaranteed by the U.S. Government and investments in mutual funds, external investment pools, and other pooled investments are exempt from concentration of credit risk disclosures.

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2012

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

A. Deposits and Investments (Continued)

Reconciliation to the Financial Statements

A reconciliation of cash and investments as shown in the Statements of Net Assets and the Statement of Fiduciary Net Assets is as follows:

Description:	<u>Amount</u>
Carrying Amount of Deposits	\$ 177,054,527
Fair Value of Investments	21,383,904
Total	<u>\$ 198,438,431</u>
Statement of Net Assets:	
Cash and Cash Equivalents	\$ 59,194,855
Restricted Cash and Cash Equivalents	121,291,198
Statement of Fiduciary Net Assets:	
Cash and Cash Equivalents	17,952,378
Total	<u>\$ 198,438,431</u>

Additional disclosure regarding the County's deposits and investments is located at Note I.D.1 and D.2.

B. Receivables

Receivables as of year end, including the applicable allowances for uncollectible accounts, are as follows, which includes \$308,673 in non-current receivables for the Water and Sewer Fund:

Receivables:	General	Debt Service	Capital Projects Fund	Special Revenue Funds	Water and Sewer	Solid Waste	Parks & Recreation	Emergency Telephone	Totals
Property Taxes	\$ 34,047,533	2,217,537	886,230	5,880,132	-	-	685,834	-	\$ 43,717,266
Transportation Sales Tax Accounts	-	-	5,033,792	-	-	-	-	-	5,033,792
	2,411,104	-	807	52,904	3,797,373	683,852	-	180,114	7,126,154
Federal, State and Local Governments	1,569,410	-	47,466	355,639	560,352	18,338	-	-	2,551,205
Total	<u>38,028,047</u>	<u>2,217,537</u>	<u>5,968,295</u>	<u>6,288,675</u>	<u>4,357,725</u>	<u>702,190</u>	<u>685,834</u>	<u>180,114</u>	<u>58,428,417</u>
Less Allowance for Uncollectibles:									
Taxes	(2,022,686)	(134,713)	(35,449)	(331,284)	-	-	(43,342)	-	(2,567,474)
Accounts	(1,478,220)	-	-	-	(251,236)	-	-	-	(1,729,456)
Total	<u>(3,500,906)</u>	<u>(134,713)</u>	<u>(35,449)</u>	<u>(331,284)</u>	<u>(251,236)</u>	<u>-</u>	<u>(43,342)</u>	<u>-</u>	<u>(4,296,930)</u>
Net Receivables	<u>\$ 34,527,141</u>	<u>2,082,824</u>	<u>5,932,846</u>	<u>5,957,391</u>	<u>4,106,489</u>	<u>702,190</u>	<u>642,492</u>	<u>180,114</u>	<u>\$ 54,131,487</u>

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2012

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

C. Interfund Receivables and Payables

The composition of interfund balances at June 30, 2012 is as follows:

	Receivable Fund	Payable Fund
	<u> </u>	<u> </u>
General Fund	\$ 1,167,693	\$ 270,323
Special Revenue Funds:		
National Forest Fund	-	47,079
Emergency Preparedness	-	30,981
Storm Water Management	-	188,489
State Accommodations Tax	-	2,366
County Accommodations Tax	-	23,432
Enterprise Funds:		
Water and Sewer	-	367,078
Solid Waste	590,455	-
Parks and Recreation	-	786,077
Emergency Telephone	-	42,323
Total	<u>\$ 1,758,148</u>	<u>\$ 1,758,148</u>

Interfund balances largely result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

All of the balances are expected to be paid or received within one year except for the Storm Water Management and the Parks and Recreation balances as noted below.

The operations of the County's Storm Water Management programs are accounted for in a non-major Special Revenue Fund. As noted in the table above, the balance owed by the Storm Water Management Fund to the General Fund as of June 30, 2012 is \$188,489. This balance is reflected as a current asset and liability as it is currently due, although it is not expected to be fully repaid within one year.

The operations of Cypress Gardens are accounted for in the Parks and Recreation Fund. In prior years, Cypress Gardens incurred significant operating losses, and the General Fund transferred funds to Cypress Gardens to assist in the funding of operations. During 2012, Cypress Gardens was able to repay approximately \$68,000 to the General Fund, as the County is using the proceeds from 1.0 mills of property taxes that are being assessed to provide funding for Cypress Gardens, which began in fiscal 2011. As noted in the table above, the current balance owed by Cypress Gardens to the General Fund at June 30, 2012 is approximately \$786,000. This balance is reflected as a current asset and liability as it is currently due, although it is not expected to be fully repaid within one year.

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2012

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

D. Capital Assets

Governmental capital asset activity for the year ended June 30, 2012, is as follows:

	Balance 6/30/2011	Additions	Disposals	Transfers	Balance 6/30/2012
Capital Assets, Not Being Depreciated:					
Land	\$ 5,359,511	242,014	-	-	\$ 5,601,525
Construction in Progress	15,684,209	7,002,152	-	(10,354,251)	12,332,110
Total Capital Assets, Not Being Depreciated	<u>21,043,720</u>	<u>7,244,166</u>	<u>-</u>	<u>(10,354,251)</u>	<u>17,933,635</u>
Capital Assets, Being Depreciated:					
Buildings	28,607,266	-	-	9,325,810	37,933,076
Furniture	1,379,453	86,875	-	72,616	1,538,944
Equipment	11,337,489	895,074	(172,254)	528,979	12,589,288
Software	1,953,127	11,609	-	-	1,964,736
Vehicles	10,329,241	925,791	(494,921)	-	10,760,111
Improvements	12,757,284	95,768	-	-	12,853,052
Library Materials	2,125,664	250,816	(186,213)	-	2,190,267
Infrastructure	139,092,539	19,255,621	-	426,846	158,775,006
Total Capital Assets, Being Depreciated	<u>207,582,063</u>	<u>21,521,554</u>	<u>(853,388)</u>	<u>10,354,251</u>	<u>238,604,480</u>
Less: Accumulated Depreciation For:					
Buildings	10,569,551	831,754	-	-	11,401,305
Furniture	777,212	136,052	-	-	913,264
Equipment	8,064,144	839,683	(153,209)	-	8,750,618
Software	1,060,690	139,873	-	-	1,200,563
Vehicles	6,793,581	1,041,746	(445,568)	-	7,389,759
Improvements	6,210,446	709,066	-	-	6,919,512
Library Materials	807,898	235,949	(186,213)	-	857,634
Infrastructure	68,854,858	5,459,971	-	-	74,314,829
Total Accumulated Depreciation	<u>103,138,380</u>	<u>9,394,094</u>	<u>(784,990)</u>	<u>-</u>	<u>111,747,484</u>
Total Capital Assets, Being Depreciated, Net	<u>104,443,683</u>	<u>12,127,460</u>	<u>(68,398)</u>	<u>10,354,251</u>	<u>126,856,996</u>
Governmental Activities Capital Assets, Net	<u>\$ 125,487,403</u>	<u>19,371,626</u>	<u>(68,398)</u>	<u>-</u>	<u>\$ 144,790,631</u>

During the year ended June 30, 2012, the County recorded approximately \$19,256,000 in infrastructure contributed from developers and \$27,000 in donated equipment for its governmental activities.

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2012

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

D. Capital Assets (Continued)

Business-Type capital asset activity for the year ended June 30, 2012, is as follows:

	Balance 6/30/2011	Additions	Disposals	Transfers	Balance 6/30/2012
Capital Assets, Not Being Depreciated:					
Land	\$ 3,648,403	-	-	-	\$ 3,648,403
Construction in Progress	26,276,288	9,655,510	-	(2,610,695)	33,321,103
Total Capital Assets, Not Being Depreciated	<u>29,924,691</u>	<u>9,655,510</u>	<u>-</u>	<u>(2,610,695)</u>	<u>36,969,506</u>
Capital Assets, Being Depreciated:					
Utility Systems, Treatment Plants and Buildings	390,018,703	7,853,298	-	2,570,554	400,442,555
Equipment, Vehicles and Furniture	18,503,950	2,088,099	(1,383,841)	40,141	19,248,349
Lake Moultrie Water Agency	11,086,345	-	-	-	11,086,345
Total Capital Assets, Being Depreciated	<u>419,608,998</u>	<u>9,941,397</u>	<u>(1,383,841)</u>	<u>2,610,695</u>	<u>430,777,249</u>
Less: Accumulated Depreciation For:					
Utility Systems, Treatment Plants and Buildings	108,434,314	11,359,314	-	-	119,793,628
Equipment, Vehicles and Furniture	12,865,074	1,997,202	(1,148,065)	-	13,714,211
Lake Moultrie Water Agency	4,857,280	383,327	-	-	5,240,607
Total Accumulated Depreciation	<u>126,156,668</u>	<u>13,739,843</u>	<u>(1,148,065)</u>	<u>-</u>	<u>138,748,446</u>
Total Capital Assets, Being Depreciated, Net	<u>293,452,330</u>	<u>(3,798,446)</u>	<u>(235,776)</u>	<u>2,610,695</u>	<u>292,028,803</u>
Business-Type Activities Capital Assets, Net	<u>\$ 323,377,021</u>	<u>5,857,064</u>	<u>(235,776)</u>	<u>-</u>	<u>\$ 328,998,309</u>

During the year ended June 30, 2012, the County recorded approximately \$7,847,000 in utility systems contributed by developers and others. No interest was capitalized for the business-type activities during the year ended June 30, 2012.

Depreciation expense for the year ended June 30, 2012 was charged to County functions as follows:

Governmental Activities:	
General Government	\$ 1,194,004
Public Safety	1,180,130
Airport, Highways and Streets	6,377,040
Culture and Recreation	378,640
Health and Welfare	199,758
Community Development	64,522
Total Governmental Activity Depreciation	<u>\$ 9,394,094</u>
Business-Type Activities:	
Water and Sewer	\$ 11,291,965
Solid Waste	2,252,720
Parks and Recreation	92,837
Emergency Telephone	102,321
Total Business-Type Activity Depreciation	<u>\$ 13,739,843</u>

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2012

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

D. Capital Assets (Continued)

Construction Commitments

At June 30, 2012, the Capital Projects Fund had commitments under contracts for construction of various projects not completed of approximately \$7,113,000. In addition, the County awarded an additional \$4,397,000 in construction contracts subsequent to June 30, 2012 to be paid out of the Capital Projects Fund. There were no significant construction commitments related to the Enterprise Funds as of June 30, 2012.

Joint Municipal Water Systems

In prior years, the County entered into a contract with the Lake Moultrie WA to purchase 24% of the finished water produced by Lake Moultrie WA. The contract expires on October 2, 2027. Provisions of the contract require a deposit to reserve the capacity and to pay monthly demand (fixed) and volumetric (variable) charges. The original deposit was recognized as a deferred charge and is being amortized over the life of the contract; the remaining unamortized amount is included in other non-current assets. The County paid \$8,921,929 to Lake Moultrie WA to reserve the desired capacity. In June 2007, Segment 7 was sold to the City of Goose Creek for \$44,451, reducing the residual purchase price to \$8,877,478. During 2008, the construction to upgrade the transmission portion of the plant was completed; the County's portion of these charges totaled \$2,208,867, which increased the purchase price to \$11,086,345. Accumulated amortization at June 30, 2012 was \$5,240,607 and amortization recognized during the year was \$383,327, which is included in depreciation expense for the Water and Sewer Fund.

The estimated demand charges, excluding amortization of deferred charges for the next five years, are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2013	\$ 510,676
2014	548,542
2015	580,095
2016	604,541
2017	\$ 627,093

The Lake Marion WA was formed in the mid 1990's in order to provide safe reliable drinking water to the residents of central South Carolina and to help bring economic growth to the Interstate 95 corridor. Members include Calhoun, Clarendon, Dorchester, Orangeburg, and Berkeley Counties and the Town of Santee. In November 2007, the County entered into a contract with Lake Marion WA. The County has committed to purchase up to 2.5 million gallons a day, or 29.4% of the total capacity of the plant. The initial term of the agreement is for twenty years, which shall be extended for subsequent twenty-year terms unless the County notifies Lake Marion WA in writing of its intent to terminate not less than thirty months prior to the expiration of the initial term or the expiration date of any renewal. Provisions of the agreement require the County to pay its share of the funds required to operate and maintain Lake Marion WA and to defray its capital costs, in addition to monthly demand (fixed) and volumetric (variable) charges based upon the amount of water purchased.

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2012

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

D. Capital Assets (Continued)

Joint Municipal Water Systems (Continued)

The 8 MGD water treatment plant for the Lake Marion WA came on line in May of 2008. The Town of Santee is now supplied by the Lake Marion WA and lines are being designed to connect Berkeley County next, along with other areas. Clarendon County has recently opted out of the Lake Marion WA, which will require the remaining members to refund membership fees back to Clarendon County. Clarendon County’s allotted capacity has been redistributed to the remaining members, which allows the County to purchase up to 3.0 million gallons a day. Due to the lack of special appropriations through the Federal Budget, further expansion of the system may require the Lake Marion WA to borrow money. Rate scenarios have proven that borrowing the remaining funds is not feasible. It is now projected that Berkeley County could be connected to the Lake Marion WA by 2014 or as late as 2016.

This is problematic in that the County reached the single day maximum peak and the County needs to decide whether to supplement the water system relying on Lake Marion or expand the Lake Moultrie system.

The Lake Moultrie WA recently conducted a Preliminary Engineering Report to determine the ability for the Lake Moultrie WA water plant to meet current and future water demands by its members. The County exceeded its allocation once during 2011 on a peak day and average flows are projected to exceed the County’s allocation by 2014. The preliminary review of the flow projections indicates that the plant will require expansion soon. The expansion project has been divided into three phases: Phase 1 is estimated to cost approximately \$17.7 million to increase the safe yield of the plant from 24 million gallons a day to 28 million gallons a day; Phase 2 is estimated to cost approximately \$21.5 million to increase the safe yield of the plant from 28 million gallons a day to 34 million gallons a day; Phase 3 has been discussed, but not formally studied; however, it is estimated to cost approximately \$8.0 million and increase the safe yield of the plan from 34 million gallons a day to 40 million gallons a day. With the uncertainty of the connection to the Lake Marion WA and concern over the ability of the Lake Moultrie Water Agency to meet peak demands, the County may be forced to choose which agency to support.

E. Interfund Transfers

Interfund transfers for the year ended June 30, 2012, consisted of the following:

	Transfer In	Transfer Out
General Fund	\$ 3,827,029	\$ 593,120
Capital Projects Fund	220,791	842,588
Nonmajor Special Revenue Funds:		
National Forest Fund	-	405,997
Emergency Preparedness Fund	301,323	-
GIS Fund	289,641	-
Local Economic Development Fund	-	382,073
EMS Equipment Fund	808	-
State Accommodations Tax Fund	-	28,266
Impact Fees Fund	-	220,791
County Accommodations Tax Fund	-	79,906
Economic Development Fund	-	98,361
Airport Improvements Fund	103,314	-
Miscellaneous Special Revenue Funds	1,349	2,593,153
Enterprise Funds:		
Water and Sewer	500,000	-
Total	\$ 5,244,255	\$ 5,244,255

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2012

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

E. Interfund Transfers (Continued)

Transfers are used (1) to move revenues from the fund that a statute or budget requires to collect them to the fund that a statute or budget requires to expend them, and (2) to use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

In July 2009, County Council passed a resolution regarding tax revenues received from the Mt. Holly Commerce Park, stating that the General Fund will annually transfer \$500,000 in revenues collected to the Water and Sewer Fund until a total of approximately \$4,800,000 has been transferred out. As of June 30, 2012, the County had transferred a total of \$2,295,486 to the Water and Sewer Fund.

F. Deferred Revenues

The government-wide financial statements and the governmental funds defer revenue recognition in connection with resources that have been received, but not yet earned. In addition, governmental funds report deferred revenue in the fund financial statements in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. As of June 30, 2012, the various components of deferred and unearned revenue reported in the financial statements for governmental activities were as follows:

Unearned:	
Property Taxes	\$ 38,397,779
Other	834,804
Deferred Revenue - Governmental Activities	<u>39,232,583</u>
Unavailable:	
Property Taxes	902,727
Deferred Revenue - Governmental Funds	<u>\$ 40,135,310</u>

G. Operating Leases

The County leases various properties under several operating lease agreements expiring through 2015. Total costs charged to operations were approximately \$198,000 for the year ended June 30, 2012, including approximately \$140,000 in the General Fund and approximately \$58,000 in the Special Revenue Funds. Future minimum payments for these leases are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2013	\$ 62,103
2014	50,283
2015	51,289
Total	<u>\$ 163,675</u>

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2012

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

H. Long-term Obligations

Presented below is a summary of changes in long-term obligations for the year ended June 30, 2012:

Long-Term Obligations	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
General Obligation Bonds:					
Series 2003 Refunding and Improvement Bond	\$ 20,935,000	-	16,000,000	4,935,000	\$ 735,000
Series 2006 Bond	7,980,000	-	-	7,980,000	-
Series 2009A Bond	10,000,000	-	-	10,000,000	-
Series 2009B Refunding and Improvement Bond	1,805,000	-	385,000	1,420,000	445,000
Series 2010 Bond	27,710,000	-	-	27,710,000	-
Series 2012 Bond	-	15,820,000	-	15,820,000	-
Subtotal	<u>68,430,000</u>	<u>15,820,000</u>	<u>16,385,000</u>	<u>67,865,000</u>	<u>1,180,000</u>
Premium - Series 2003 Bond	223,883	-	223,883	-	-
Premium - Series 2010 Bond	2,399,654	-	479,931	1,919,723	-
Premium - Series 2012 Bond	-	679,156	39,950	639,206	-
Deferred Refunding Costs - Series 2003 Bond	(44,078)	-	(44,078)	-	-
Deferred Refunding Costs - Series 2012 Bond	-	(877,275)	(51,604)	(825,671)	-
Total - General Obligation Bonds	<u>71,009,459</u>	<u>15,621,881</u>	<u>17,033,082</u>	<u>69,598,258</u>	<u>1,180,000</u>
SC Transportation Infrastructure Bank Loan	6,211,397	-	200,980	6,010,417	213,040
Notes Payable	528,268	-	528,268	-	-
Compensated Absences	6,869,014	2,195,790	2,404,437	6,660,367	2,512,098
Total Governmental Activities	<u>\$ 84,618,138</u>	<u>17,817,671</u>	<u>20,166,767</u>	<u>82,269,042</u>	<u>\$ 3,905,138</u>
Business-Type Activities:					
Revenue Bonds:					
Capital Appreciation Bonds - Water & Sewer	\$ 1,115,888	-	1,115,888	-	\$ -
Series 2000 Revenue Bonds - Water & Sewer	3,067,841	-	150,667	2,917,174	157,981
Series 2003 Revenue Bond - Water & Sewer	34,790,000	-	2,215,000	32,575,000	5,545,000
Series 2005A Revenue Bond - Combined Utilities	105,000,000	-	250,000	104,750,000	250,000
Series 2008A Refunding Bond - Water & Sewer	36,845,000	-	480,000	36,365,000	525,000
Series 2002 Revenue Bond - Solid Waste	1,400,000	-	200,000	1,200,000	200,000
Series 2003 Revenue Bond - Solid Waste	4,810,000	-	725,000	4,085,000	755,000
Series 2005 Refunding Bond - Solid Waste	1,365,000	-	300,000	1,065,000	365,000
Subtotal	<u>188,393,729</u>	<u>-</u>	<u>5,436,555</u>	<u>182,957,174</u>	<u>7,797,981</u>
Accretion of Interest - Capital Appreciation Bonds	1,945,522	178,590	2,124,112	-	-
Premium - Series 2003 Revenue Bond - Water & Sewer	2,375,153	-	139,715	2,235,438	-
Premium - Series 2005A Revenue Bond - Combined Utilities	2,608,563	-	137,292	2,471,271	-
Premium - Series 2008A Revenue Bond - Water & Sewer	397,945	-	23,526	374,419	-
Deferred Refunding Costs - Series 2003 - Water & Sewer	(969,459)	-	(242,365)	(727,094)	-
Deferred Refunding Costs - Series 2008A - Water & Sewer	(3,466,467)	-	(204,914)	(3,261,553)	-
Total Revenue Bonds	<u>191,284,986</u>	<u>178,590</u>	<u>7,413,921</u>	<u>184,049,655</u>	<u>7,797,981</u>
State Revolving Fund Loan - AD Hare Rehab. - Water & Sewer	1,124,935	-	58,215	1,066,720	58,799
Notes Payable	747,614	90,000	460,420	377,194	122,435
Landfill Closure and Postclosure Care Cost	4,442,252	38,097	102,187	4,378,162	2,230,820
Compensated Absences	1,243,025	904,194	814,358	1,332,861	360,116
Total Business-Type Activities	<u>\$ 198,842,812</u>	<u>1,210,881</u>	<u>8,849,101</u>	<u>191,204,592</u>	<u>\$ 10,570,151</u>

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2012

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

H. Long-term Obligations (Continued)

For the Governmental Activities obligations, General Fund resources typically have been used in prior years to liquidate compensated absences payable and notes payable; the Capital Projects Fund has been used to liquidate the Series 2010 General Obligation Fund; the Debt Service Fund has been used to liquidate all other long-term obligations.

General Obligation Bonds

The County issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the County. The primary source of revenue for repayment of bonds reported in the governmental activities is property taxes; the Series 2010 General Obligation Bond is repaid using transportation sales tax revenues.

General obligation bonds payable at June 30, 2012 are comprised of the following issues:

Title of Issues	Principal Amount Outstanding
Series 2003 General Obligation Refunding and Improvement Bonds, with interest ranging from 2.00% to 5.00%, matures 2028	\$ 4,935,000
Series 2006 General Obligation Bonds, with interest ranging from 4.00% to 6.00%, matures 2031	7,980,000
Series 2009A General Obligation Bonds, with interest ranging from 3.55% to 4.75%, matures 2029	10,000,000
Series 2009B General Obligation Refunding Bonds, with interest ranging from 2.20% to 3.00%, matures 2015	1,420,000
Series 2010 General Obligation Bonds, with interest at 5.00%; matures 2016	27,710,000
Series 2012 General Obligation Bonds, with interest ranging from 2.0% to 4.0%, matures 2026.	15,820,000
Total	<u>\$ 67,865,000</u>

In March 2012, the County issued \$15,820,000 in Series 2012 General Obligation Refunding Bonds, receiving a net premium of \$679,156, and incurring bond issuance costs of \$137,076. The County placed \$16,362,080 in an irrevocable trust, which will be used to redeem \$20,240,000 of the outstanding balance on the Series 2003A General Obligation Bonds maturing on March 1, 2015 through March 1, 2029. The proceeds in the trust will be used to make future debt service payments related to these bonds and redeem the bonds on September 1, 2013, the date the bonds are first callable, at a redemption price of par. The reacquisition price exceeded the net carrying amount of the old debt by \$877,275. This amount is being amortized over the life of the new debt, which has the same life as the old debt. This refunding was undertaken to increase cash flow savings by \$2,652,834 and resulted in an economic gain of \$1,979,124. The portion of the bonds that has been refunded is considered to be defeased until redemption in fiscal year 2014 and the liability has been removed from the governmental activities column of the Statement of Net Assets.

Notes Payable

The County has entered into a note agreement to finance the acquisition of computer software. The interest rate on this note is 7.53% and matures in October 2015. The total outstanding principal at June 30, 2012 was \$377,194 for the County's business-type activities.

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2012

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

H. Long-term Obligations (Continued)

South Carolina State Drinking Water Revolving Fund Loan

The County entered into an agreement with the South Carolina State Budget and Control Board for a State Drinking Water Revolving Fund Loan in 2009 for a revised amount of \$1,253,812. The proceeds of this loan are being used to partially fund the costs to rehabilitate the AD Hare Water System. As of June 30, 2012, the outstanding balance of the loan was \$1,066,720 and is being repaid through quarterly payments of \$17,312 through June 2029, including interest at 1%.

Revenue Bonds

The County issues revenue bonds to provide funds for the acquisition and construction of major capital facilities. The government pledges income derived from the acquired or constructed assets to pay debt service. The Water and Sewer Revenue Bonds are payable from revenues derived by the County from the operation of its system and monies on deposit established pursuant to the bond ordinance. Similarly, the debt service on the solid waste bonds is payable from revenues derived from the operation of the landfill and monies on deposit established pursuant to the bond ordinance.

In February 2006, the County issued its Series 2006A Water and Sewer System Refunding Revenue Bonds in the amount of \$36,120,000 to provide resources to purchase securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments for \$32,310,000 of the outstanding Series 2003 Revenue Bonds. As a result, the refunded Series 2003 Revenue Bonds are considered to be defeased until called for redemption, which is expected to occur in June 2013. In May 2008, the County issued its Series 2008A Water and Sewer System Refunding Revenue Bonds in the amount of \$38,070,000 to provide resources to currently refund its Series 2006A Water and Sewer System Refunding Revenue Bonds.

On August 23, 2010, County Council enacted Ordinance Nos. 10-08-28 and 10-08-29 (together, the "Combining Ordinances"). Ordinance No. 10-08-29 amended General Bond Ordinance No. 91-4-10 and General Bond Ordinance No. 03-03-12, each of which authorized and provided for the issuance of Water and Sewer System Revenue Bonds of the County (collectively, the "Water and Sewer Bond Ordinances"), and Ordinance No. 10-08-28 amended General Bond Ordinance No. 96-7-33, which authorized and provided for the issuance of Solid Waste System Revenue Bonds of the County (the "Solid Waste Bond Ordinance" and, together with the Water and Sewer Bond Ordinances, the "Bond Ordinances"). The amendments effected by the Combining Ordinances became effective as of November 12, 2010 (the "Effective Date"). As of June 30, 2012, the County has allocated \$3,500,000 of the total \$104,750,000 in outstanding principal to the Solid Waste Fund.

Pursuant to each of the Combining Ordinances, the County (1) combined its existing water and sewer system and its existing solid waste system for purposes of the Bond Ordinances and (2) expanded the definitions of "System" (as defined in each of the Bond Ordinances) thereunder to include the County's water, sewer and solid waste system. The pledge of and lien upon "Net Revenues" (as defined in each of the Bond Ordinances) of the System, which secures indebtedness issued by the County under the Bond Ordinances, is unaffected by the effectiveness of the Combining Ordinances; however, by consent of the holders of the bonds issued pursuant to the Solid Waste Bond Ordinance which remains outstanding as of the Effective Date (the "Solid Waste Bonds"), such pledge and lien is and shall be junior and subordinate to the pledge and lien on Net Revenues securing "Bonds" (as such term is defined in the Water and Sewer Bond Ordinances) issued pursuant to the Water and Sewer Bond Ordinances. The County has further covenanted in the Bond Ordinances that it would no longer issue debt under the authority of the Solid Waste Bond Ordinance and that the Solid Waste Bonds shall constitute "Junior Bonds" (as defined in the Water and Sewer Bond Ordinances) for all purposes of the Water and Sewer Bond Ordinances.

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2012

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

H. Long-term Obligations (Continued)

Revenue Bonds (Continued)

There are numerous limitations, restrictions, and covenants contained in the various revenue bond indentures and ordinances. As of June 30, 2012, the County is in compliance with all significant restrictions and covenants, including its debt service coverage ratios for its Revenue Bonds. In 2008, County Council passed a resolution to increase the rates and fees approximately 30% for water and sewer customers, effective July 1, 2008. In addition, per the rate study that the County had conducted in the spring of 2008, additional 4% increases will be needed for each of the next three years in order for the County to continue to meet its debt coverage ratios in future years. However, County Council has not increased its rates since July 2008.

Revenue bonds payable at June 30, 2012, are comprised of the following issues:	<u>Outstanding Principal</u>
Water and Sewer System, Series 2000 – Hanahan Project, due December 2025, with annual payments totaling \$296,053, which includes interest at 4.855%.	\$ 2,917,174
Water and Sewer System Revenue Bond, Series 2003, due June 2028, with annual payments ranging from \$480,000 to \$6,360,000 and interest ranging from 2.0% - 5.25%. These bonds have an issuance premium of \$2,375,153 and deferred refunding costs of \$969,459, both of which are net of amortization.	32,575,000
Combined Utilities System Revenue Bond, Series 2005A, due June 2030, with annual principal payments ranging from \$250,000 to \$14,025,000 and interest ranging from 3.5% - 5.0%. These bonds have an issuance premium of \$2,608,563, which is net of amortization.	104,750,000
Water and Sewer System Refunding Bond, Series 2008A, due June 2028, with annual principal payments ranging from \$480,000 to \$3,445,000 and interest ranging from 3.0% to 5.0%. These bonds were issued to currently redeem the outstanding Series 2006A Refunding Revenue Bonds. These bonds have an issuance premium of \$397,945 and deferred refunding costs of \$3,466,468, both of which are net of amortization.	36,365,000
Solid Waste System, Series 2002, due December 2017, with annual principal payments of \$200,000 and interest at 4.66%.	1,200,000
Solid Waste System, Refunding Revenue Bond, Series 2003, due December 2016, with annual principal payments ranging from \$300,000 to 345,000 and an interest rate of 3.95%.	4,085,000
Solid Waste System, Refunding Revenue Bond, Series 2005, due December 2014, with annual principal payments ranging from \$725,000 to \$880,000 and an interest rate of 3.56%.	<u>1,065,000</u>
Total Revenue Bonds	<u><u>\$ 182,957,174</u></u>

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2012

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

H. Long-term Obligations (Continued)

South Carolina Transportation Infrastructure Bank Loan

During fiscal 2010, the County obtained a loan from the South Carolina Transportation Infrastructure Bank (“SCTIB”) in the amount of \$6,401,000 with interest at 5.60%. The loan was obtained in order to finance Phase I infrastructure improvements of the Jedburg Road Improvement District (“Improvement District”). As of June 30, 2012, the County had drawn down the full amount available under this loan. Principal and interest on the loan is due in quarterly installments beginning in July 2010 through April 2029. The principal and interest on the loan is expected to be repaid with assessments from the properties located in the Improvement District as described in further detail in Note IV. J. below.

Debt Service Requirements to Maturity

Presented below is a summary of debt service requirements to maturity by year for the governmental and business-type activities.

Year Ending June 30	Bonded Indebtedness		Loans and Notes Payable		Total
	Principal	Interest	Principal	Interest	
<u>Governmental Activities</u>					
2012	\$ 1,080,000	3,218,597	729,246	362,832	\$ 5,390,675
2013	1,180,000	3,170,802	213,040	332,109	4,895,951
2014	10,065,000	3,119,487	225,820	319,911	13,730,218
2015	10,640,000	2,625,649	239,368	306,980	13,811,997
2016	10,625,000	2,105,299	253,732	293,274	13,277,305
2017-2021	9,135,000	6,945,290	1,516,132	1,230,202	18,826,624
2022-2026	13,045,000	4,452,514	2,028,924	740,826	20,267,264
2027-2031	11,980,000	1,342,079	1,533,403	142,877	14,998,359
2032	680,000	14,960	-	-	694,960
Total Governmental Activities	<u>\$ 68,430,000</u>	<u>26,994,677</u>	<u>6,739,665</u>	<u>3,729,011</u>	<u>\$ 105,893,353</u>
<u>Business-Type Activities</u>					
2013	\$ 7,797,981	8,508,973	181,234	39,913	\$ 16,528,101
2014	8,130,652	8,142,342	191,372	29,775	16,494,141
2015	8,483,693	7,759,771	182,763	15,538	16,441,765
2016	8,457,126	7,424,291	60,588	8,659	15,950,664
2017	8,865,967	7,003,280	61,196	8,051	15,938,494
2018-2022	44,883,240	29,116,686	315,318	30,915	74,346,159
2023-2027	56,128,515	17,496,705	331,464	14,769	73,971,453
2028-2030	40,210,000	3,713,407	119,979	1,203	44,044,589
Total Business-Type Activities	<u>\$ 182,957,174</u>	<u>89,165,455</u>	<u>1,443,914</u>	<u>148,821</u>	<u>\$ 273,715,364</u>

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2012

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

H. Long-term Obligations (Continued)

Landfill Closure and Postclosure Care Costs

State and federal laws and regulations require the County to place a final cover on its landfill sites when each site stops accepting waste and to perform certain maintenance and monitoring functions at the sites for thirty years after closure. Although closure and postclosure 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 postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date.

The \$4,378,162 reported as an accrual for landfill closure and postclosure care at June 30, 2012, includes the estimated remaining liability of \$256,000 for postclosure care of the previously closed landfill site for another twenty and a half years plus the estimated total liability less amounts paid to date for the open site, based on the following information:

Landfill	Estimated Remaining Landfill Life	Percentage Balance of Capacity Used	Estimated Total Costs			Remaining To Be Recognized
			Closure	Postclosure	Total	
Subtitle D (# 081001-1102)	6.5	86.0%	\$ 4,437,640	367,200	4,804,840	\$ 672,678
DPW-105 (# 081001-1101)	None	100%	-	246,000	246,000	-
			<u>\$ 4,437,640</u>	<u>613,200</u>	<u>5,050,840</u>	<u>\$ 672,678</u>

These amounts are based on what it would cost to perform all closure and postclosure care in fiscal year 2012. Actual costs may be higher due to inflation, changes in technology or changes in regulations. The County provides financial assurance for closure and postclosure care costs through its ability to meet the requirements of the local government financial test as contained in SC DHEC regulations. The Subtitle D landfill site began accepting waste in July 2000.

IV. OTHER INFORMATION

A. Risk Management

The County is 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 is a member of the State of South Carolina Insurance Reserve Fund, a public entity risk trust currently operating as a common risk management and insurance program for local governments. The County pays 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 state accumulates assets to cover risks that its members incur in their normal operations. Specifically, the state assumes substantially all of the risk of the above.

The County is also subject to risks of loss from providing health, life, accident, dental and other medical benefits to employees, retirees and their dependents. The County enrolled substantially all of its employees in the South Carolina Employee Insurance Program administered by the South Carolina Budget and Control Board. The County pays a portion of the premiums and collects from employees and retirees the remaining premiums which are remitted to the state. In addition, the County insures the risk of job related injury or illness to its employees through South Carolina Counties Workers' Compensation Trust, a self-insured trust operating for the benefit of local governments. The County pays an annual premium to the Workers' Compensation Trust for its insurance coverage.

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2012

IV. OTHER INFORMATION (CONTINUED)

A. Risk Management (Continued)

For all of the above risk management programs, the County has not significantly reduced insurance coverage from the previous year and settled claims in excess of insurance coverage for the past three years were immaterial. For each of the insurance programs and public entity risk pools in which they participate, the County has effectively transferred all risk with no liability for unfunded claims.

B. Contingent Liabilities

Litigation

The County, its officers, and its employees are defendants in various claims and lawsuits. It is the opinion of the County's attorney and external counsel that resolution of these matters, either individually or in the aggregate, will not have a material adverse effect on the financial condition of the County.

Sewer Pollutants

The County received notification from SC DHEC several years ago regarding additional Total Maximum Daily Load ("TMDL") requirements for dissolved oxygen in the Cooper and the Ashley Rivers. TMDL refers to the allowable pollutants that can be discharged into a body of water without degradation to the quality of the natural environment. It is measured by the total dissolved oxygen concentrations from effluent discharge, or ultimate oxygen demand ("UOD"). SC DHEC's Phase I TMDL for UOD is currently in effect, and the County's treatment facilities are meeting the current UOD limit. The point dischargers on the Cooper and Ashley River are undergoing evaluation for a revised TMDL for UOD. The new model indicates modest reductions in allocated capacity. The Environmental Protection Agency has approved the TMDL and new wastewater permits for all dischargers into the Cooper River should be forthcoming in fiscal year 2013.

Grants

Amounts received or receivable from grant agencies 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. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial. Management has not been informed of any significant matters of noncompliance with grant provisions or planned grantor audits.

C. Deferred Compensation Plan

The County offers its employees a deferred compensation plan, offered through the State of South Carolina, created in accordance with Internal Revenue Code Section 457. The plan, available to all regular full-time employees, permits participants to defer a portion of their salaries until future years. The deferred compensation is not available to the employee or his beneficiaries until termination, retirement, death, disability, or an approved hardship. All amounts of compensation deferred under the plan are held in trust for the contributing employee and are not subject to claims of the employer's general creditors. The plan is administered by the State of South Carolina.

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2012

IV. OTHER INFORMATION (CONTINUED)

D. Employee Retirement Systems and Plans

Plan Description The County contributes to both the South Carolina Retirement System (SCRS) and to the South Carolina Police Officers' Retirement System (SCPORS), which are cost-sharing, multiple-employer defined benefit pension plans administered by the South Carolina Retirement Systems, a Division of the State Budget and Control Board. Both the South Carolina Retirement System and Police Officers Retirement System offer retirement and disability benefits, life insurance benefits, cost of living adjustments on an ad-hoc basis, group life insurance benefits and survivor benefits. The Plan's provisions are established under Title 9 of the SC Code of Laws. Only the South Carolina State Budget and Control Board has the authority to establish and amend benefits. A Comprehensive Annual Financial Report containing financial statements and required supplementary information for the South Carolina Retirement System and Police Officers Retirement System is issued and publicly available by writing the South Carolina Retirement Systems, PO Box 11960, Columbia, SC 29211-1960.

Benefits vest after five years of service, and vested members who retire at age sixty-five or with twenty eight years of service at any age, receive an annual benefit, payable monthly for life. The benefit is based on the length of service and on average final compensation, an annualized average of the employee's highest twelve consecutive quarters' compensation. Reduced benefits are payable as early as age sixty.

Funding Policy SCRS Plan members are required to contribute 6.5% of their annual covered salary and the County is required to contribute at an actuarially determined rate. The rate at June 30, 2012 was 9.385% of annual covered payroll. Additionally, participating employers of the SCRS contribute 0.15% of payroll to provide a group life insurance benefit for their participants. The County's total contributions to SCRS for the years ending June 30, 2012, 2011, and 2010 were \$2,924,918, \$2,866,617, and \$2,940,099, respectively, equal to the required contributions for each year.

SCPORS Plan members are required to contribute 6.5% of their annual covered salary and the County is required to contribute at an actuarially determined rate. The rate at June 30, 2012 was 11.363% of annual covered payroll. Additionally, participating employers of the SCPORS contribute 0.4% of payroll to provide a group life insurance benefit and an accidental death benefit for their participants. The County's total contributions to SCPORS for the years ending June 30, 2012, 2011, and 2010 were \$1,038,485, \$965,866, and \$922,114, respectively, equal to the required contributions for each year.

E. Pending Implementation of GASB Statement on Pensions

GASB Statement No. 68, "*Accounting and Financial Reporting for Pensions*" ("Statement"), was issued by the Governmental Accounting Standards Board ("GASB") in June 2012. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local government employers about financial support for pensions that are provided by other entities. In addition, state and local governments who participate in a cost-sharing multiple employer plan will now be required to recognize a liability for its proportionate share of the net pension liability of that plan. It is GASB's intention that this new Statement will provide citizens and other users of the financial statements with a clearer picture of the size and nature of the County's financial obligations to current and former employees for past services rendered.

In particular, the County will be required to report a net pension liability for its participation in the SCRS and PORS on financial statements prepared on the economic resources measurement focus and accrual basis of accounting (i.e., the Statement of Net Assets) and present more extensive note disclosures. In general, it should not have a significant impact on the County's governmental funds.

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2012

IV. OTHER INFORMATION (CONTINUED)

E. Pending Implementation of GASB Statement on Pensions (Continued)

The effect of implementation of this Statement has not been determined at this time, but it is anticipated that it will materially decrease the County's unrestricted net assets. This Statement is required to be implemented by the County no later than the fiscal year ending June 30, 2015.

F. Other Post-employment Benefits

Plan Description

The County sponsors a single-employer defined benefit healthcare plan (the "Plan") that provides medical and dental insurance for retirees for the duration of their lives with the exception of Water & Sanitation, which provides medical and dental insurance for retirees under the Medicare eligible age of 65. Effective July 25, 2011, the Berkeley County government approved changes to the eligibility requirements of the Plan. As of June 30, 2012, employees who: (1) were hired prior to October 1, 2011, (2) retire having worked full-time with Berkeley County or Berkeley County Water & Sanitation for 10 consecutive years, (3) are SRCS or PORS retirement eligible with at least 20 years of service in that program are eligible for post-employment benefits. Information regarding SCRS and PORS eligibility may be found in Note [IV.E]. The amount the County contributes to the retirees' health insurance is approved in the annual budget. These contributions are neither guaranteed nor mandatory. The County has retained the right to unilaterally modify its payments toward retiree health care benefits at any time. The Plan does not issue a stand-alone financial report.

The County obtained an updated actuarial valuation for the year ended June 30, 2012 with a change to the Plan that was effective October 1, 2011; however, the valuation used the data from the June 30, 2011 valuation; thus, the measurement date is considered to be June 30, 2011. As of June 30, 2011, the measurement date, there were 1,059 covered participants, including 225 covered participants from the Water and Sanitation department, and 100 retired participants receiving benefits (11 from Water and Sanitation).

Funding Policy

The County contributes a fixed dollar amount each year. In fiscal year 2012, the County contributed, on a monthly basis, up to \$175 for retiree only and retiree family healthcare coverage. For the OPEB Plan, the retiree contributes the balance between the actuarially calculated costs less the fixed dollar amount. The retiree pays 100% of the actuarially calculated dental costs.

The County's annual other post-employment benefits ("OPEB") cost (expense) is calculated based on the annual required contribution ("ARC") of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2012

IV. OTHER INFORMATION (CONTINUED)

F. Other Post-employment Benefits (Continued)

Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the OPEB Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive OPEB Plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point.

The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The following table summarizes the key actuarial assumptions and cost method:

Actuarial Valuation Date:	June 30, 2012
Actuarial Cost Method:	Projected Unit Credit
Amortization Method:	Level Dollar Method
Amortization Period:	30 Years
Actuarial Assumptions:	
Investment Rate of Return:	Discount rate of 4.0% annual return, net of both administrative and investment related expenses
Health Cost Trend:	7.41% to 4.50% in 0.25% annual steps
Coverage Elections:	80% of eligible retirees and 30% of spouses will elect to receive coverage upon retirement
Active Participant Marriage Assumption:	80% of all active employees are assumed to be married with female spouses assumed to be 3 years younger.
Mortality Table:	RP 2000 Employee Mortality Table
Implicit Rate Subsidy:	Total cost of coverage for pre-65 retirees is 50% higher than the average premium rate to account for the implicitly subsidized costs.
Changes in Actuarial Assumptions/Cost Method:	Changes in the mortality table to RP2000 Employee Mortality Table and the cost method to Projected Unit Credit

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2012

IV. OTHER INFORMATION (CONTINUED)

F. Other Post-employment Benefits (Continued)

Annual OPEB Cost, Net OPEB Obligation, Funded Status and Funding Progress

Annual OPEB Costs and Rollforward of Net OPEB Obligation

The County implemented GASB Statement No. 45 in fiscal 2009. For 2012, the annual OPEB cost (expense) and the progression of the net OPEB obligation in the OPEB Plan for the most recent plan year (fiscal year 2012) was as follows:

1.	Net OPEB Obligation, Beginning of the Plan Year	\$ 4,066,597
2.	One Year's Interest on the Net OPEB Obligation	162,664
3.	ARC (Normal Cost Plus Any Amortization Payments)	495,699
4.	Adjustment to Annual Required Contribution	(226,127)
5.	Annual OPEB Cost	432,236
6.	Contributions Made for the Plan Year	(224,922)
7.	One-time adjustment at 6/30/12 for Plan Change	(2,018,807)
8.	Increase (Decrease) in Net OPEB Obligation	(1,811,493)
9.	Net OPEB Obligation, End of the Plan Year	\$ 2,255,104

Schedule of Employer Contributions

The County did not make contributions to the Plan in 2012 to pre-fund benefits; therefore, contributions only include \$224,922 made by the County through payment of covered participants' explicit and implicit subsidized benefits.

Annual OPEB cost, annual OPEB cost contributed, percentage of annual OPEB cost contributed to the OPEB Plan, and the Net OPEB Obligation for the past three years were as follows:

Schedule of Employer Contributions				
Applicable to Fiscal Year Ending	Annual OPEB Cost	Annual OPEB Cost Contributed	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
June 30, 2012	\$ 432,236	224,922	52.04%	\$ 2,255,104
June 30, 2011	1,009,667	231,359	22.91%	4,066,597
June 30, 2010	\$ 1,840,992	139,047	7.55%	\$ 3,288,289

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2012

IV. OTHER INFORMATION (CONTINUED)

F. Other Post-employment Benefits (Continued)

Annual OPEB Cost, Net OPEB Obligation, Funded Status and Funding Progress (Continued)

Funding Progress

Funding progress for the OPEB Plan as of June 30, 2012 is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Aggregate (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)
June 30, 2012	\$ -	5,157,766	\$ 5,157,766	0.00%

The schedule of funding progress following the Notes to the Basic Financial Statements presents multiyear trend information regarding the actuarial value of plan assets relative to the actuarial accrued liability for benefits.

G. Concentrations of Credit Risk

The Water and Sewer and the Solid Waste Enterprise Funds grant credit to customers in Berkeley County, South Carolina. Accounts receivable and financed impact fees are financial instruments that potentially subject the Funds to credit risk. No collateral is required for credit granted to customers.

The County terminates services for accounts unpaid after 60 days. Additionally, the County participates in the State of South Carolina debt collection program, whereby delinquent customer balances may be withheld from customers' state income tax refunds.

H. Conduit Debt

From time to time, the County issues Special Source Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the County, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of June 30, 2012, there were twenty-four series of Special Source Revenue Bonds with an outstanding aggregate principal amount of approximately \$1.2 billion.

I. Reciprocal Interfund Transactions

During the year ended June 30, 2012, the County's General Fund charged the Water and Sewer and the Solid Waste Funds approximately \$189,000 for administrative services and security charges.

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2012

IV. OTHER INFORMATION (CONTINUED)

J. Property Taxes

The County is permitted under South Carolina law to levy property taxes for general governmental services and for the principal and interest on long-term debt. The County tax rate to finance general governmental services payments for the year ended June 30, 2012 was set by County Council in June 2011 for fiscal 2012 at 46.0 mills (\$4.60 per \$100 assessed valuation) for general uses and purposes of the County. Additional tax rates were applied in fiscal year 2012 as follows: 50.0 mills for the Sangaree Special Tax District, 3.0 mills for debt retirement, and 1.0 mills for Cypress Gardens. The assessed valuation of properties within the County's boundaries for the 2011 tax levy year was approximately \$688.7 million, exclusive of vehicles valued at approximately \$65.7 million, according to the records of the County Auditor and Assessor.

K. Jedburg Road Improvement District

On February 9, 2009, County Council adopted Ordinance No. 09-02-05 authorizing the creation of the Jedburg Road Improvement District ("JRID"), approving and authorizing the implementation of the Jedburg Road Improvement Plan (the "Plan"), providing for the financing of improvements within the JRID by assessment, and ordering the preparation of an assessment roll with a notice of the assessment sent to the property owners in the JRID. The JRID is located in the vicinity of the I-26/Jedburg Road interchange and consists of approximately 2,672 acres of mixed used development consisting of proposed industrial and commercial land uses by multiple owners. The Plan outlines various infrastructure improvements within the JRID that will be developed in two phases. The improvements as outlined in the Plan are expected to cost approximately \$30,500,000, which will be financed through the proceeds of two loans (Phase I and Phase II), obtained from the South Carolina Transportation Infrastructure Bank ("SCTIB"), with the total amount borrowed not to exceed \$28,964,000. The County obtained its Phase I loan in the amount of \$6,401,000 during fiscal year 2010 to finance certain improvements outlined in the Plan; the County drew down \$2,906,000 in loan proceeds during fiscal year 2010 and drew down the remaining \$3,495,000 during fiscal year 2011. The Phase II loan will be used to finance the remainder of the improvements as outlined in the Plan. Phase II of the Plan is anticipated to begin once 5,000,000 square feet of new business space in the JRID have been permitted.

Principal and interest on the loans is expected to be repaid primarily with the assessments charged to the property owners in the JRID, with a portion to be financed by the County. The assessments on the properties in the JRID will be charged for a period of 20 years, beginning in fiscal 2010 through fiscal 2029, in an amount necessary to pay debt service, including principal and interest, on the loan and administrative expenses related to the JRID. The County will contribute up to \$10,000,000 to partially pay the costs of acquiring and constructing the improvements outlined in the Plan and/or to provide funds for the payment of debt service on the loan, with \$500,000 to be contributed each year for twenty years. The County used funds collected from local option sales taxes to make this contribution for fiscal 2012 and anticipates using subsequent collections of these taxes in future years to fund its annual contribution. Beginning in tax year 2009, and each following tax year through the 2028 tax year, County Council will confirm the annual payment to be collected from each parcel of assessed property in the JRID.

Upon completion of Phase I of the improvements, the County expects to transfer the infrastructure improvements into the State highway system, to be owned and maintained by the State. The existing I-26/Jedburg Road area is owned and maintained by the State. Improvements by the County to infrastructure owned and maintained by the state are not capitalized but are expensed as incurred.

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2012

IV. OTHER INFORMATION (CONTINUED)

L. Local Option Sales Tax

The County has a one percent local option sales tax (“LOST”) that was approved via voter referendum in November of 1996. The South Carolina Department of Revenue (“SC DOR”) collects the tax and disburses it to the County, who holds it in an agency fund. Twenty-nine percent (29%) is disbursed from the agency fund for capital expenditures. Pursuant to State law, seventy-one percent (71%) is used to offset a taxpayer’s County property tax liability; the credit is recognized as revenue throughout the year as tax bills are paid.

M. Transportation Sales Tax

The County has a special one percent transportation sales tax that was approved via voter referendum in November of 2008. The tax is to be imposed for not more than seven years to fund the construction and maintenance of highways, roads, streets, bridges, and road amenities such as sidewalks, curbs, gutter repairs, and repairs to drainage facilities relating to highways, roads, streets and bridges and other transportation-related projects in the County. The SC DOR collects the tax and disburses it to the County. Transportation Sales Tax revenues for fiscal year 2012 totaled approximately \$18,600,000.

N. Subsequent Events

In November 2012, the County signed an intergovernmental agreement with the South Carolina Transportation Infrastructure Bank (“SCTIB”) whereby the SCTIB agreed to provide up to \$6,500,000 in grant funds related to the Sheep Island interchange project and up to \$15,000,000 in grant funds related to the Interstate 26 widening project.

BERKELEY COUNTY, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGETS AND ACTUAL - GENERAL FUND**

YEAR ENDED JUNE 30, 2012

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL		
REVENUES				
Property Taxes	\$ 22,596,069	22,596,069	22,250,435	\$ (345,634)
Fee in Lieu of Taxes	5,661,000	5,661,000	5,305,934	(355,066)
Local Options Sales Tax	8,553,736	8,553,736	8,422,321	(131,415)
Licenses, Fees and Permits	1,328,900	1,328,900	1,126,109	(202,791)
Fines, Forfeitures and Fees	8,171,829	8,177,248	7,244,818	(932,430)
Interest Income	20,400	20,400	16,633	(3,767)
Intergovernmental - Federal	186,000	246,827	186,087	(60,740)
Intergovernmental - State and Local	6,339,479	6,369,998	6,056,571	(313,427)
Miscellaneous	503,477	573,669	662,384	88,715
TOTAL REVENUES	53,360,890	53,527,847	51,271,292	(2,256,555)
EXPENDITURES				
Current:				
General Government				
Legislative	505,813	511,485	402,516	108,969
Judicial	5,899,083	6,126,594	5,902,550	224,044
Executive	306,445	306,445	289,340	17,105
Finance and Administration	12,920,544	13,362,487	12,493,027	869,460
Elections	506,909	519,409	371,783	147,626
Total General Government	20,138,794	20,826,420	19,459,216	1,367,204
Public Safety				
Sheriff	11,093,696	11,130,511	11,354,807	(224,296)
Crime Stoppers	2,850	2,850	2,850	-
Corrections	3,606,190	3,606,190	3,576,940	29,250
Fire	272,267	272,267	272,267	-
Communications	1,233,605	1,233,605	1,259,625	(26,020)
Emergency Medical Services	5,364,839	5,378,833	5,259,216	119,617
Coroner	354,141	476,292	359,714	116,578
Total Public Safety	21,927,588	22,100,548	22,085,419	15,129
Airport, Highways and Streets				
Airport	446,035	446,035	346,624	99,411
Highways and Streets	4,485,308	4,520,015	4,262,284	257,731
Fleet Management	622,207	622,207	526,763	95,444
Engineering	709,771	709,771	554,936	154,835
Total Airport, Highways and Streets	6,263,321	6,298,028	5,690,607	607,421
Culture and Recreation				
Berkeley Museum	47,500	47,500	47,500	-
Library	2,727,595	2,840,299	2,742,303	97,996
Total Culture and Recreation	\$ 2,775,095	2,887,799	2,789,803	\$ 97,996

(Continued)

BERKELEY COUNTY, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGETS AND ACTUAL - GENERAL FUND

YEAR ENDED JUNE 30, 2012

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL		
EXPENDITURES (CONTINUED)				
Current (Continued):				
Health and Welfare				
Health State	\$ 112,670	112,670	111,144	\$ 1,526
Mosquito Abatement	686,422	733,797	688,242	45,555
Veterans Services	165,081	165,081	165,243	(162)
Other Programs Assistance	943,831	943,831	905,214	38,617
Total Health and Welfare	<u>1,908,004</u>	<u>1,955,379</u>	<u>1,869,843</u>	<u>85,536</u>
Community Development				
Santee Cooper Country	4,750	4,750	4,750	-
Regional Development Alliance	299,250	299,250	299,250	-
BCD Council of Governments	135,518	135,518	135,518	-
Total Community Development	<u>439,518</u>	<u>439,518</u>	<u>439,518</u>	<u>-</u>
Capital Outlay	-	475,817	477,942	(2,125)
Debt Service:				
Principal Retirement	528,271	528,271	528,267	4
Interest and Fiscal Charges	19,220	19,219	19,214	5
Total Debt Service	<u>547,491</u>	<u>547,490</u>	<u>547,481</u>	<u>9</u>
TOTAL EXPENDITURES	<u>53,999,811</u>	<u>55,530,999</u>	<u>53,359,829</u>	<u>2,171,170</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(638,921)</u>	<u>(2,003,152)</u>	<u>(2,088,537)</u>	<u>(85,385)</u>
OTHER FINANCING SOURCES (USES)				
Reserved for Contingency	(250,000)	(101,458)	-	101,458
Proceeds from Disposal of Assets	5,200	5,200	24,438	19,238
Transfers In	1,471,064	1,771,064	3,827,029	2,055,965
Transfers Out	(587,343)	(589,532)	(593,120)	(3,588)
Total Other Financing Sources (Uses)	<u>638,921</u>	<u>1,085,274</u>	<u>3,258,347</u>	<u>2,173,073</u>
NET CHANGE IN FUND BALANCES	<u>-</u>	<u>(917,878)</u>	<u>1,169,810</u>	<u>2,087,688</u>
FUND BALANCE - Beginning of Year	12,640,872	12,640,872	12,640,872	-
FUND BALANCE - End of Year	<u>\$ 12,640,872</u>	<u>11,722,994</u>	<u>13,810,682</u>	<u>\$ 2,087,688</u>

Note: This schedule has been presented on the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States of America.

BERKELEY COUNTY, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION

**OTHER POST-EMPLOYMENT BENEFIT PLAN – DEFINED BENEFIT HEALTHCARE PLAN
SCHEDULES OF EMPLOYER CONTRIBUTIONS AND FUNDING STATUS**

YEAR ENDED JUNE 30, 2012

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Applicable to Fiscal Year Ending	Annual OPEB Cost	Contribution for Calendar Year	Annual Percentage Contributed	Net OPEB Obligation (Asset)
June 30, 2012	\$ 432,236	224,922	52.04%	\$ 2,255,104
June 30, 2011	1,009,667	231,359	22.91%	4,066,597
June 30, 2010	\$ 1,840,992	139,047	7.55%	\$ 3,288,289

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Aggregate (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)
June 30, 2012	\$ -	5,157,766	\$ 5,157,766	0.00%
June 30, 2011	-	8,840,823	8,840,823	0.00%
July 1, 2008	\$ -	11,710,927	\$ 11,710,927	0.00%

The Actuarial Accrued Liability decreased from July 1, 2008 to June 30, 2011 due primarily to a decrease in the number of covered participants and a change in the actuarial cost method from unprojected unit credit to projected unit credit and changes in the mortality assumptions used in the latest valuation. The Actuarial Accrued Liability decreased from June 30, 2011 to June 30, 2012 due primarily to changes in the eligibility requirements of the Plan, which were effective July 25, 2011.

BERKELEY COUNTY, SOUTH CAROLINA

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2012

	<u>DEBT SERVICE FUND</u>	<u>NONMAJOR SPECIAL REVENUE FUNDS</u>	<u>TOTAL NONMAJOR GOVERNMENTAL FUNDS</u>
ASSETS			
Cash and Cash Equivalents	\$ -	5,147,912	\$ 5,147,912
Receivables, Net of Allowances:			
Property Taxes	2,082,824	5,548,848	7,631,672
Accounts Receivable	-	52,904	52,904
Federal, State and Local Governments	-	355,639	355,639
Restricted Cash and Cash Equivalents	1,822,655	7,808,663	9,631,318
TOTAL ASSETS	<u>\$ 3,905,479</u>	<u>18,913,966</u>	<u>\$ 22,819,445</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable and Accrued Liabilities	\$ -	1,577,739	\$ 1,577,739
Due to Other Funds	-	292,347	292,347
Deferred Revenue	2,051,905	5,614,421	7,666,326
TOTAL LIABILITIES	<u>2,051,905</u>	<u>7,484,507</u>	<u>9,536,412</u>
FUND BALANCES			
Restricted for:			
Debt Service	1,853,574	-	1,853,574
Impact Fees	-	5,860,077	5,860,077
Economic Development	-	1,914,488	1,914,488
Victims' Assistance	-	67,761	67,761
Clerk of Court	-	452,504	452,504
Grants	-	86,835	86,835
Other	-	537,646	537,646
Committed For:			
Special Tax Districts	-	661,483	661,483
Economic Development	-	2,033,884	2,033,884
Geographic Information Systems	-	79,977	79,977
Unassigned	-	(265,196)	(265,196)
TOTAL FUND BALANCES	<u>1,853,574</u>	<u>11,429,459</u>	<u>13,283,033</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 3,905,479</u>	<u>18,913,966</u>	<u>\$ 22,819,445</u>

The notes to the basic financial statements are an integral part of this statement.
See accompanying independent auditors' report.

BERKELEY COUNTY, SOUTH CAROLINA

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2012

	DEBT SERVICE FUND	NONMAJOR SPECIAL REVENUE FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
REVENUES			
Taxes:			
Property	\$ 2,033,926	1,142,075	\$ 3,176,001
Accommodations	-	399,553	399,553
Fee in Lieu of Taxes	398,910	4,279,434	4,678,344
Fines, Forfeitures and Fees	-	5,338,941	5,338,941
Interest Income	1,923	2,103	4,026
Local Revenue	-	458,029	458,029
Intergovernmental - Federal	-	1,847,029	1,847,029
Intergovernmental - State and Local	-	5,369,028	5,369,028
Miscellaneous	-	381,669	381,669
TOTAL REVENUES	<u>2,434,759</u>	<u>19,217,861</u>	<u>21,652,620</u>
EXPENDITURES			
Current:			
General Government	-	1,375,591	1,375,591
Public Safety	-	5,332,683	5,332,683
Airport, Highways and Streets	-	521,071	521,071
Culture and Recreation	-	13,647	13,647
Community Development	-	1,957,379	1,957,379
Capital Outlay	-	5,793,726	5,793,726
Debt Service:			
Principal Retirement	1,080,000	-	1,080,000
Interest and Fiscal Charges	1,835,821	-	1,835,821
Debt Issuance Costs	121,983	-	121,983
TOTAL EXPENDITURES	<u>3,037,804</u>	<u>14,994,097</u>	<u>18,031,901</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(603,045)</u>	<u>4,223,764</u>	<u>3,620,719</u>
OTHER FINANCING SOURCES (USES)			
Premium on Issuance of Debt	679,156	-	679,156
Proceeds from Issuance of Refunding Debt	15,820,000	-	15,820,000
Deposits to Debt Refunding Agent	(16,362,080)	-	(16,362,080)
Transfers In	-	696,435	696,435
Transfers Out	-	(3,808,547)	(3,808,547)
TOTAL OTHER FINANCING SOURCES (USES)	<u>137,076</u>	<u>(3,112,112)</u>	<u>(2,975,036)</u>
NET CHANGE IN FUND BALANCES	<u>(465,969)</u>	<u>1,111,652</u>	<u>645,683</u>
FUND BALANCE - Beginning of Year	2,319,543	10,317,807	12,637,350
FUND BALANCE - End of Year	<u>\$ 1,853,574</u>	<u>11,429,459</u>	<u>\$ 13,283,033</u>

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BERKELEY COUNTY, SOUTH CAROLINA

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2012

	ECONOMIC DEVELOPMENT SPECIAL REVENUE FUND	NATIONAL FOREST	EMERGENCY PREPAREDNESS
ASSETS			
Cash and Cash Equivalents	\$ -	-	-
Receivables, Net of Allowances:			
Property Taxes	-	-	-
Accounts Receivable	-	-	400
Federal, State and Local Governments	-	85,196	70,953
Restricted Cash and Cash Equivalents	1,914,488	-	-
TOTAL ASSETS	<u>1,914,488</u>	<u>85,196</u>	<u>71,353</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable and Accrued Liabilities	-	9,638	40,372
Due to Other Funds	-	47,079	30,981
Deferred Revenue	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>56,717</u>	<u>71,353</u>
FUND BALANCES			
Restricted For:			
Impact Fees	-	-	-
Economic Development	1,914,488	-	-
Victims' Assistance	-	-	-
Clerk of Court	-	-	-
Grants	-	28,479	-
Other	-	-	-
Committed For:			
Special Tax Districts	-	-	-
Economic Development	-	-	-
Geographic Information Systems	-	-	-
Unassigned	-	-	-
TOTAL FUND BALANCES	<u>1,914,488</u>	<u>28,479</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,914,488</u>	<u>85,196</u>	<u>71,353</u>

GIS	STORM WATER MANAGEMENT	HIGHWAY "C" FUNDS	EMS EQUIPMENT	CLERK OF COURT
103,053	-	815,486	-	\$ 434,489
-	-	-	-	-
-	-	-	-	-
-	-	-	-	42,680
-	-	-	-	-
103,053	-	815,486	-	477,169
23,076	48,210	815,486	-	24,665
-	188,489	-	-	-
-	-	-	-	-
23,076	236,699	815,486	-	24,665
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	452,504
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
79,977	-	-	-	-
-	(236,699)	-	-	-
79,977	(236,699)	-	-	452,504
103,053	-	815,486	-	\$ 477,169

(Continued)

BERKELEY COUNTY, SOUTH CAROLINA

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2012

	STATE ACCOMMODATIONS TAX	IMPACT FEES	SHERIFF'S GRANTS
ASSETS			
Cash and Cash Equivalents	\$ -	-	155,022
Receivables, Net of Allowances:			
Property Taxes	-	-	-
Accounts Receivable	-	-	4,948
Federal, State and Local Governments	47,319	-	1,039
Restricted Cash and Cash Equivalents	-	5,861,425	-
TOTAL ASSETS	47,319	5,861,425	161,009
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable and Accrued Liabilities	44,953	1,348	50,473
Due to Other Funds	2,366	-	-
Deferred Revenue	-	-	139,033
TOTAL LIABILITIES	47,319	1,348	189,506
FUND BALANCES			
Restricted For:			
Impact Fees	-	5,860,077	-
Economic Development	-	-	-
Victims' Assistance	-	-	-
Clerk of Court	-	-	-
Grants	-	-	-
Other	-	-	-
Committed For:			
Special Tax Districts	-	-	-
Economic Development	-	-	-
Geographic Information Systems	-	-	-
Unassigned	-	-	(28,497)
TOTAL FUND BALANCES	-	5,860,077	(28,497)
TOTAL LIABILITIES AND FUND BALANCES	\$ 47,319	5,861,425	161,009

MISCELLANEOUS SPECIAL REVENUE	VICTIM'S ASSISTANCE	COUNTY ACCOMMODATIONS TAX	LOCAL ECONOMIC DEVELOPMENT	AIRPORT IMPROVEMENTS
478,161	75,448	82,234	2,050,035	\$ 55,414
-	-	-	731,101	-
7,150	5,031	34,925	11	-
-	-	-	-	108,452
32,750	-	-	-	-
518,061	80,479	117,159	2,781,147	163,866
-	12,718	93,727	20,132	163,866
-	-	23,432	-	-
-	-	-	727,131	-
-	12,718	117,159	747,263	163,866
-	-	-	-	-
-	-	-	-	-
-	67,761	-	-	-
-	-	-	-	-
518,061	-	-	-	-
-	-	-	-	-
-	-	-	2,033,884	-
-	-	-	-	-
-	-	-	-	-
518,061	67,761	-	2,033,884	-
518,061	80,479	117,159	2,781,147	\$ 163,866

(Continued)

BERKELEY COUNTY, SOUTH CAROLINA

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2012

	REGIONAL DISASTER PLANNING GRANT	SANGAREE SPECIAL TAX DISTRICT	PIMLICO SPECIAL TAX DISTRICT
ASSETS			
Cash and Cash Equivalents	\$ -	713,510	-
Receivables, Net of Allowances:			
Property Taxes	-	906,982	28,157
Accounts Receivable	-	-	-
Federal, State and Local Governments	-	-	-
Restricted Cash and Cash Equivalents	-	-	-
TOTAL ASSETS	-	1,620,492	28,157
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable and Accrued Liabilities	-	61,468	175
Due to Other Funds	-	-	-
Deferred Revenue	-	897,541	27,982
TOTAL LIABILITIES	-	959,009	28,157
FUND BALANCES			
Restricted For:			
Impact Fees	-	-	-
Economic Development	-	-	-
Victims' Assistance	-	-	-
Clerk of Court	-	-	-
Grants	-	-	-
Other	-	-	-
Committed For:			
Special Tax Districts	-	661,483	-
Economic Development	-	-	-
Geographic Information Systems	-	-	-
Unassigned	-	-	-
TOTAL FUND BALANCES	-	661,483	-
TOTAL LIABILITIES AND FUND BALANCES	\$ -	1,620,492	28,157

<u>TALL PINES SPECIAL TAX DISTRICT</u>	<u>DEVON FOREST SPECIAL TAX DISTRICT</u>	<u>SPECIAL COUNTY TAX DISTRICT</u>	<u>LAKE MOULTRIE PARK</u>	<u>LEGAL FORFEITURE PROCEEDS</u>	<u>TOTAL SPECIAL REVENUE FUNDS</u>
-	-	107,558	58,356	19,146	\$ 5,147,912
76,219	41,825	3,764,564	-	-	5,548,848
-	-	-	-	439	52,904
-	-	-	-	-	355,639
-	-	-	-	-	7,808,663
<u>76,219</u>	<u>41,825</u>	<u>3,872,122</u>	<u>58,356</u>	<u>19,585</u>	<u>18,913,966</u>
500	140	166,792	-	-	1,577,739
-	-	-	-	-	292,347
75,719	41,685	3,705,330	-	-	5,614,421
<u>76,219</u>	<u>41,825</u>	<u>3,872,122</u>	<u>-</u>	<u>-</u>	<u>7,484,507</u>
-	-	-	-	-	5,860,077
-	-	-	-	-	1,914,488
-	-	-	-	-	67,761
-	-	-	-	-	452,504
-	-	-	58,356	-	86,835
-	-	-	-	19,585	537,646
-	-	-	-	-	661,483
-	-	-	-	-	2,033,884
-	-	-	-	-	79,977
-	-	-	-	-	(265,196)
-	-	-	58,356	19,585	11,429,459
<u>76,219</u>	<u>41,825</u>	<u>3,872,122</u>	<u>58,356</u>	<u>19,585</u>	<u>\$ 18,913,966</u>

BERKELEY COUNTY, SOUTH CAROLINA

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
NONMAJOR SPECIAL REVENUE FUNDS**

YEAR ENDED JUNE 30, 2012

	ECONOMIC DEVELOPMENT SPECIAL REVENUE FUND	NATIONAL FOREST	EMERGENCY PREPAREDNESS
REVENUES			
Taxes:			
Property	\$ -	-	-
Accommodations	-	-	-
Fee in Lieu of Taxes	-	-	-
Fines, Forfeitures and Fees	-	-	-
Interest Income	-	-	-
Local Revenue	-	-	-
Intergovernmental - Federal	-	617,164	128,559
Intergovernmental - State and Local	-	-	638
Miscellaneous	150,000	-	-
TOTAL REVENUES	150,000	617,164	129,197
EXPENDITURES			
Current:			
General Government	-	-	-
Public Safety	-	-	430,520
Airport, Highways and Streets	-	211,167	-
Culture and Recreation	-	13,647	-
Community Development	90,000	-	-
Capital Outlay	-	-	-
TOTAL EXPENDITURES	90,000	224,814	430,520
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	60,000	392,350	(301,323)
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	301,323
Transfers Out	(98,361)	(405,997)	-
TOTAL OTHER FINANCING SOURCES (USES)	(98,361)	(405,997)	301,323
NET CHANGE IN FUND BALANCES	(38,361)	(13,647)	-
FUND BALANCE - Beginning of Year	1,952,849	42,126	-
FUND BALANCE - End of Year	\$ 1,914,488	28,479	-

GIS	STORM WATER MANAGEMENT	HIGHWAY "C" FUNDS	EMS EQUIPMENT	CLERK OF COURT
-	-	-	-	\$ -
-	-	-	-	-
-	-	-	-	-
8,116	60,040	-	-	-
-	-	-	-	-
110,404	-	-	-	-
-	-	-	-	521,150
-	-	5,261,255	13,880	-
-	-	1,199	-	-
118,520	60,040	5,262,454	13,880	521,150
426,905	-	-	-	399,934
-	-	-	2,228	-
-	296,739	12,800	-	-
-	-	-	-	-
-	-	-	-	-
23,115	-	5,249,654	12,460	-
450,020	296,739	5,262,454	14,688	399,934
(331,500)	(236,699)	-	(808)	121,216
289,641	-	-	808	-
-	-	-	-	-
289,641	-	-	808	-
(41,859)	(236,699)	-	-	121,216
121,836	-	-	-	331,288
79,977	(236,699)	-	-	\$ 452,504

(Continued)

BERKELEY COUNTY, SOUTH CAROLINA

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
NONMAJOR SPECIAL REVENUE FUNDS**

YEAR ENDED JUNE 30, 2012

	STATE ACCOMMODATIONS TAX	IMPACT FEES	SHERIFF'S GRANTS
REVENUES			
Taxes:			
Property	\$ -	-	-
Accommodations	-	-	-
Fee in Lieu of Taxes	-	-	-
Fines, Forfeitures and Fees	-	961,743	15,614
Interest Income	-	1,973	-
Local Revenue	-	-	318,725
Intergovernmental - Federal	-	-	203,900
Intergovernmental - State and Local	90,318	-	-
Miscellaneous	-	-	-
TOTAL REVENUES	90,318	963,716	538,239
EXPENDITURES			
Current:			
General Government	-	-	-
Public Safety	-	-	605,174
Airport, Highways and Streets	-	-	-
Culture and Recreation	-	-	-
Community Development	62,052	-	-
Capital Outlay	-	-	9,271
TOTAL EXPENDITURES	62,052	-	614,445
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	28,266	963,716	(76,206)
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	(28,266)	(220,791)	-
TOTAL OTHER FINANCING SOURCES (USES)	(28,266)	(220,791)	-
NET CHANGE IN FUND BALANCES	-	742,925	(76,206)
FUND BALANCE - Beginning of Year	-	5,117,152	47,709
FUND BALANCE - End of Year	\$ -	5,860,077	(28,497)

MISCELLANEOUS SPECIAL REVENUE	VICTIMS' ASSISTANCE	COUNTY ACCOMMODATIONS TAX	LOCAL ECONOMIC DEVELOPMENT	AIRPORT IMPROVEMENTS
6,369	-	-	106,446	\$ -
-	-	399,553	-	-
3,132,782	-	-	1,146,652	-
379,663	189,060	-	19,815	-
130	-	-	-	-
28,900	-	-	-	-
25,622	-	-	-	284,764
-	-	-	-	2,937
226,680	-	-	-	-
3,800,146	189,060	399,553	1,272,913	287,701
548,437	-	-	-	-
454,709	221,665	-	-	-
-	-	-	-	365
-	-	-	-	-
-	-	319,647	281,243	-
59,404	-	-	-	390,650
1,062,550	221,665	319,647	281,243	391,015
2,737,596	(32,605)	79,906	991,670	(103,314)
1,349	-	-	-	103,314
(2,593,153)	-	(79,906)	(382,073)	-
(2,591,804)	-	(79,906)	(382,073)	103,314
145,792	(32,605)	-	609,597	-
372,269	100,366	-	1,424,287	-
518,061	67,761	-	2,033,884	\$ -

(Continued)

BERKELEY COUNTY, SOUTH CAROLINA

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
NONMAJOR SPECIAL REVENUE FUNDS**

YEAR ENDED JUNE 30, 2012

	REGIONAL DISASTER PLANNING GRANT	SANGAREE SPECIAL TAX DISTRICT	PIMLICO SPECIAL TAX DISTRICT
REVENUES			
Taxes:			
Property	\$ -	1,029,260	-
Accommodations	-	-	-
Fee in Lieu of Taxes	-	-	-
Fines, Forfeitures and Fees	-	-	28,000
Interest Income	-	-	-
Local Revenue	-	-	-
Intergovernmental - Federal	65,870	-	-
Intergovernmental - State and Local	-	-	-
Miscellaneous	-	3,790	-
TOTAL REVENUES	65,870	1,033,050	28,000
EXPENDITURES			
Current:			
General Government	-	-	-
Public Safety	65,870	-	-
Airport, Highways and Streets	-	-	-
Culture and Recreation	-	-	-
Community Development	-	1,057,277	28,000
Capital Outlay	-	49,172	-
TOTAL EXPENDITURES	65,870	1,106,449	28,000
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	(73,399)	-
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-
NET CHANGE IN FUND BALANCES	-	(73,399)	-
FUND BALANCE - Beginning of Year	-	734,882	-
FUND BALANCE - End of Year	\$ -	661,483	-

TALL PINES SPECIAL TAX DISTRICT	DEVON FOREST SPECIAL TAX DISTRICT	SPECIAL COUNTY TAX DISTRICT	LAKE MOULTRIE PARK	LEGAL FORFEITURE PROCEEDS	TOTAL SPECIAL REVENUE FUNDS
-	-	-	-	-	\$ 1,142,075
-	-	-	-	-	399,553
-	-	-	-	-	4,279,434
76,850	42,310	3,552,517	-	5,213	5,338,941
-	-	-	-	-	2,103
-	-	-	-	-	458,029
-	-	-	-	-	1,847,029
-	-	-	-	-	5,369,028
-	-	-	-	-	381,669
76,850	42,310	3,552,517	-	5,213	19,217,861
-	-	-	-	315	1,375,591
-	-	3,552,517	-	-	5,332,683
-	-	-	-	-	521,071
-	-	-	-	-	13,647
76,850	42,310	-	-	-	1,957,379
-	-	-	-	-	5,793,726
76,850	42,310	3,552,517	-	315	14,994,097
-	-	-	-	4,898	4,223,764
-	-	-	-	-	696,435
-	-	-	-	-	(3,808,547)
-	-	-	-	-	(3,112,112)
-	-	-	-	4,898	1,111,652
-	-	-	58,356	14,687	10,317,807
-	-	-	58,356	19,585	\$ 11,429,459

BERKELEY COUNTY, SOUTH CAROLINA

COMBINING SCHEDULE OF NET ASSETS -
NONMAJOR PROPRIETARY FUNDS

JUNE 30, 2012

	<u>PARKS AND RECREATION</u>	<u>EMERGENCY TELEPHONE</u>	<u>TOTALS</u>
ASSETS			
CURRENT ASSETS:			
Cash and Cash Equivalents	\$ 131,819	-	\$ 131,819
Property Taxes Receivable, Net of Allowance	642,492	-	642,492
Accounts Receivable, Net of Allowance	-	180,114	180,114
Inventories, at Cost	26,622	-	26,622
Prepaid Items and Deposits	-	9,461	9,461
TOTAL CURRENT ASSETS	<u>800,933</u>	<u>189,575</u>	<u>990,508</u>
NON-CURRENT ASSETS:			
CAPITAL ASSETS:			
Non-Depreciable	85,000	-	85,000
Depreciable, Net of Accumulated Depreciation	1,547,660	275,545	1,823,205
TOTAL CAPITAL ASSETS	<u>1,632,660</u>	<u>275,545</u>	<u>1,908,205</u>
TOTAL NON-CURRENT ASSETS	<u>1,632,660</u>	<u>275,545</u>	<u>1,908,205</u>
TOTAL ASSETS	<u>\$ 2,433,593</u>	<u>465,120</u>	<u>\$ 2,898,713</u>
LIABILITIES			
CURRENT LIABILITIES:			
Accounts Payable and Accrued Liabilities	\$ 74,907	33,604	\$ 108,511
Accrued Compensated Absences	51,146	6,769	57,915
Due to Other Funds	786,077	42,323	828,400
Deferred Revenue	634,653	-	634,653
TOTAL CURRENT LIABILITIES	<u>1,546,783</u>	<u>82,696</u>	<u>1,629,479</u>
NON-CURRENT LIABILITIES:			
Accrued Compensated Absences	64,001	2,141	66,142
TOTAL NON-CURRENT LIABILITIES	<u>64,001</u>	<u>2,141</u>	<u>66,142</u>
TOTAL LIABILITIES	<u>1,610,784</u>	<u>84,837</u>	<u>1,695,621</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	1,632,660	275,545	1,908,205
Unrestricted Assets	(809,851)	104,738	(705,113)
TOTAL NET ASSETS	<u>822,809</u>	<u>380,283</u>	<u>1,203,092</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,433,593</u>	<u>465,120</u>	<u>\$ 2,898,713</u>

BERKELEY COUNTY, SOUTH CAROLINA

COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS -
NONMAJOR PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2012

	PARKS AND RECREATION	EMERGENCY TELEPHONE	TOTALS
OPERATING REVENUES			
Sales and Services	\$ 525,766	553,413	\$ 1,079,179
Other Operating Revenue	2,960	5,893	8,853
TOTAL OPERATING REVENUES	528,726	559,306	1,088,032
OPERATING EXPENSES			
Personnel Services	728,049	153,134	881,183
Advertising	47,864	1,332	49,196
Utilities	76,592	284,597	361,189
Office Expenses	17,182	17,203	34,385
Maintenance and Repairs	19,721	6,280	26,001
Contractual Services	8,465	80,478	88,943
Other Services and Charges	151,493	5,581	157,074
Depreciation	92,837	102,321	195,158
TOTAL OPERATING EXPENSES	1,142,203	650,926	1,793,129
OPERATING INCOME (LOSS)	(613,477)	(91,620)	(705,097)
NON-OPERATING REVENUES (EXPENSES)			
Property Taxes	652,338	-	652,338
Fee in Lieu of Taxes	28,924	-	28,924
State Grant Revenue	500	680	1,180
TOTAL NON-OPERATING REVENUES (EXPENSES)	681,762	680	682,442
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	68,285	(90,940)	(22,655)
CHANGE IN NET ASSETS	68,285	(90,940)	(22,655)
NET ASSETS, Beginning of Year	754,524	471,223	1,225,747
NET ASSETS, End of Year	\$ 822,809	380,283	\$ 1,203,092

BERKELEY COUNTY, SOUTH CAROLINA

**COMBINING SCHEDULE OF CASH FLOWS - NONMAJOR
PROPRIETARY FUNDS**

YEAR ENDED JUNE 30, 2012

	<u>PARKS AND RECREATION</u>	<u>EMERGENCY TELEPHONE</u>	<u>TOTALS</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Customers and Users	\$ 540,368	459,491	\$ 999,859
Cash Received from Property Taxes and Fee In Lieu of Taxes	671,953	-	671,953
Cash Paid to Suppliers	(316,107)	(401,021)	(717,128)
Cash Paid to Employees	(718,994)	(152,798)	(871,792)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>177,220</u>	<u>(94,328)</u>	<u>82,892</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Non-Capital Grant Contributions	500	680	1,180
Transfers and Advances Between Funds	(68,285)	42,323	(25,962)
NET CASH PROVIDED BY (USED IN) NON-CAPITAL FINANCING ACTIVITIES	<u>(67,785)</u>	<u>43,003</u>	<u>(24,782)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and Construction of Capital Assets	(37,786)	-	(37,786)
NET CASH PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(37,786)</u>	<u>-</u>	<u>(37,786)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENT	71,649	(51,325)	20,324
CASH AND CASH EQUIVALENTS, Beginning of Year	<u>60,170</u>	<u>51,325</u>	<u>111,495</u>
CASH AND CASH EQUIVALENTS, End of Year	<u>\$ 131,819</u>	<u>-</u>	<u>\$ 131,819</u>
Reconciliation of Cash and Cash Equivalents to the Statement of Net Assets			
Cash and Cash Equivalents - Current Assets	\$ 131,819	-	\$ 131,819
	<u>\$ 131,819</u>	<u>-</u>	<u>\$ 131,819</u>

(Continued)

BERKELEY COUNTY, SOUTH CAROLINA

**COMBINING SCHEDULE OF CASH FLOWS - NONMAJOR
PROPRIETARY FUNDS**

YEAR ENDED JUNE 30, 2012

	<u>PARKS AND RECREATION</u>	<u>EMERGENCY TELEPHONE</u>	<u>TOTALS</u>
Reconciliation of Operating Loss to Net Cash Provided By (Used In) Operating Activities:			
Operating Loss	\$ (613,477)	(91,620)	\$ (705,097)
Adjustments to Reconcile Operating Loss to Net Cash Provided By (Used) In Operating Activities:			
Depreciation and Amortization	92,837	102,321	195,158
Property Taxes and Fee in Lieu of Taxes	681,262	-	681,262
(Increase) Decrease in Assets:			
Property Taxes Receivable	(9,309)	-	(9,309)
Accounts Receivable	-	(99,815)	(99,815)
Inventories	(1,829)	-	(1,829)
Prepaid Items and Deposits	-	(9,461)	(9,461)
Increase (Decrease) in Liabilities:			
Accounts Payable and Accrued Liabilities	14,788	4,398	19,186
Compensated Absences Payable	1,306	(151)	1,155
Deferred Revenue	11,642	-	11,642
Total Adjustments	<u>790,697</u>	<u>(2,708)</u>	<u>787,989</u>
Net Cash Provided By (Used In) Operating Activities	<u>\$ 177,220</u>	<u>(94,328)</u>	<u>\$ 82,892</u>

BERKELEY COUNTY, SOUTH CAROLINA

**COMBINING SCHEDULE OF FIDUCIARY NET ASSETS -
ALL AGENCY FUNDS**

JUNE 30, 2012

	<u>CLERK OF COURT</u>	<u>MASTER IN EQUITY</u>	<u>TAX COLLECTOR</u>
ASSETS			
Cash and Cash Equivalents	\$ 1,000,549	131,567	2,190,029
Accounts Receivable	-	-	-
TOTAL ASSETS	<u>1,000,549</u>	<u>131,567</u>	<u>2,190,029</u>
LIABILITIES			
Due to School District	-	-	-
Due to Other Designated Recipients	1,000,549	131,567	2,190,029
TOTAL LIABILITIES	<u>\$ 1,000,549</u>	<u>131,567</u>	<u>2,190,029</u>

SHERIFF	MAGISTRATES	TREASURER	"C" FUNDS ADMINISTRATION	TOTALS
289,035	240,864	6,271,639	7,828,695	\$ 17,952,378
-	-	159,400	209,168	368,568
289,035	240,864	6,431,039	8,037,863	18,320,946
-	-	5,021,796	-	5,021,796
289,035	240,864	1,409,243	8,037,863	13,299,150
289,035	240,864	6,431,039	8,037,863	\$ 18,320,946

BERKELEY COUNTY, SOUTH CAROLINA

SUPPLEMENTAL SCHEDULE OF FINES, ASSESSMENTS, AND SURCHARGES COLLECTED

JUNE 30, 2012

	<u>TOTAL COLLECTIONS</u>	<u>REMITTANCE TO STATE</u>	<u>RETAINED BY COUNTY</u>	<u>GENERAL FUND</u>	<u>VICTIM ASSISTANCE</u>	<u>TOTAL COUNTY REVENUES</u>
MAGISTRATES						
Fines:						
Traffic/Criminal	\$ 714,339	4,899	709,440	709,440	-	\$ 709,440
Wildlife/Littering	23,237	23,237	-	-	-	-
DUI/DUS	52,264	52,264	-	-	-	-
Fees	462,709	56,674	406,035	405,399	636	406,035
Assessments	800,698	725,781	74,917	-	74,917	74,917
Surcharges	316,480	266,221	50,259	-	50,259	50,259
Total Magistrates	<u>2,369,727</u>	<u>1,129,076</u>	<u>1,240,651</u>	<u>1,114,839</u>	<u>125,812</u>	<u>1,240,651</u>
CLERK OF COURT						
Fines:						
General Sessions	104,862	39,326	65,536	65,536	-	65,536
DUI/DUS	1,405	1,405	-	-	-	-
Fees	1,696,087	1,037,128	658,959	658,959	-	658,959
Assessments	54,716	43,026	11,690	-	11,690	11,690
Surcharges	66,846	15,287	51,559	-	51,559	51,559
Total Clerk of Court	<u>1,923,916</u>	<u>1,136,172</u>	<u>787,744</u>	<u>724,495</u>	<u>63,249</u>	<u>787,744</u>
TOTAL MAGISTRATES AND CLERK OF COURT	<u>\$ 4,293,643</u>	<u>2,265,248</u>	<u>2,028,395</u>	<u>1,839,334</u>	<u>189,061</u>	<u>\$ 2,028,395</u>

BERKELEY COUNTY, SOUTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2012

FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANT / CONTRACT NUMBER	FEDERAL EXPENDITURES
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Passed through South Carolina Office of the Governor - Division of Economic Development/ Community Development Block Grant			
Local Planning Assistance	14.228	4-RP-10-009	\$ 65,870
Regional Disaster Planning - COG:			
Burntwood	14.228	4CI-10-001	352,018
St. Stephen Sewer Rehab	14.228	4CI-09-019	252,341
Total U.S. Department of Housing and Urban Development			670,229
U.S. INSTITUTE OF MUSEUM AND LIBRARY SERVICES			
Passed through South Carolina State Library:			
Project IID Grandfamily Resource Center	45.310	IID-10-37	1,500
ARRA - Energy Efficiency and Conservation Block Grant Program	45.310	IID-11-12	1,250
Total U.S. Institute of Museum and Library Services			2,750
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through South Carolina Department of Social Services:			
Child Support Enforcement IV-D Transaction Reimbursement	93.563	G1201SC1401	451,091
Child Support Enforcement IV-D Incentive Payment	93.563	G1201SC1401	45,457
Child Support Enforcement IV-D Service of Process	93.563	G1201SC1401	24,602
Clerk of Court - Filing Fees	93.563	G1201SC1401	36,080
Sheriff's Department	93.563	G1201SC1401	5,396
Federal Financial Participation, Passed Through South Carolina Department of Social Services -			
Administration for Children and Families			
Family Preservation (CWS-Part II)	93.556	G-1210SCFPSS	391
Temporary Assistance for Needy Families - TANF Block Grant	93.558	G1202SCTANF	44,503
Child Support Enforcement	93.563	G1201SC1401	63
Child Care & Development Block Grant	93.575	G-1201SCCCDF	658
Child Welfare Services - State Grants	93.645	G1201SC1400	1,863
Title IV-E Foster Care	93.658	G1201SC1401	20,122
Social Services Block Grant	93.667	GS1202SCSOSR	20,685
Center for Medicare and Medicare Services			
Medicaid Programs	93.778	5SC400407	25,430
Total U.S. Department of Health and Human Services			\$ 676,341

(Continued)

BERKELEY COUNTY, SOUTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2012

<u>FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>GRANT / CONTRACT NUMBER</u>	<u>FEDERAL EXPENDITURES</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Direct Programs			
Federal Aviation Administration - Airport Improvement Program	20.106	3-45-4500-014-2010	\$ 99,406
Federal Aviation Administration - Airport Improvement Program	20.106	3-45-0041-18	142,937
Federal Aviation Administration - Airport Improvement Program	unknown	unknown	42,421
			<u>284,764</u>
Passed Through South Carolina Public Safety			
Highway Safety - DUI	20.601	2H10024	161,285
Passed Through Adjutant General's Office			
Hazard Materials Emergency Preparedness Planning	20.703	HM-HMP-0247-11-01	33,783
Total U.S. Department of Transportation			<u>479,832</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Passed Through South Carolina State Treasurer			
National Forest Fund	10.665	n/a	617,164
Passed Through South Carolina Department of Social Services			
USDA Food Nutrition Services			
State Administration Matching Grant Food Stamp Program and Food Stamp Fraud	10.561	n/a	33,541
Total U.S. Department of Agriculture			<u>650,705</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Passed Through Adjutant General's Office			
Citizens Corp Program	97.067	9CC901	4,322
Citizens Corp Program	97.067	09SHSP51	8,705
			<u>13,027</u>
Local Emergency Management Performance	97.042	9EMPG01	811
Local Emergency Management Performance	97.042	11EMPG01	65,454
Local Emergency Management Performance	97.042	10EMPG01	15,485
			<u>81,750</u>
Total U.S. Department of Homeland Security			<u>\$ 94,777</u>

(Continued)

BERKELEY COUNTY, SOUTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2012

FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANT / CONTRACT NUMBER	FEDERAL EXPENDITURES
U.S. DEPARTMENT OF JUSTICE			
Direct Programs			
ARRA - Edward Byrne Memorial Justice Assistance Grant - 2009 Recovery	16.804	2009-SB-B9-0665	\$ 11,259
Edward Byrne Memorial Justice Assistance Grant	16.738	2009-DJ-BX-0005	18,059
Passed Through South Carolina Public Safety			
State Criminal Alien Assistance Program	16.606	2009-AP-BX-0781	7,901
Edward Byrne Memorial Justice Assistance Grant	16.738	1G10048	25,622
Total U.S. Department of Justice			62,841
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 2,637,475

See accompanying notes to the schedule of expenditures of federal awards.

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2012

Basis of Presentation

- A. The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Berkeley County, South Carolina and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements. Expenditures for federal financial assistance awarded directly from the federal agencies, as well as those passed through other government agencies, are included on the Schedule of Expenditures of Federal Awards. The non-federal share of certain program costs and loans are not included in the accompanying Schedule of Expenditures of Federal Awards. Of the federal expenditures presented in the accompanying schedule, the County provided federal awards of \$65,870 to sub-recipients from the CDBG Local Planning Assistance Grant.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF BASIC FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Members of County Council
Berkeley County, South Carolina
Moncks Corner, South Carolina

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Berkeley County, South Carolina (the "County") as of and for the year ended June 30, 2012, which collectively comprise the County's basic financial statements, and have issued our report thereon dated January 22, 2013. 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.

Internal Control Over Financial Reporting

Management of the County is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of basic financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the County in a separate letter dated January 22, 2013.

This report is intended solely for the information and use of management, County Council, others within the County, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Greene, Finney & Horton, LLP
Mauldin, South Carolina
January 22, 2013

**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD
HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Members of County Council
Berkeley County, South Carolina
Moncks Corner, South Carolina

Compliance

We have audited Berkeley County, South Carolina's (the "County") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2012. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, County Council, others within the County, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Greene, Finney & Horton LLP

Greene, Finney & Horton, LLP
Mauldin, South Carolina
January 22, 2013

BERKELEY COUNTY, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2012

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified?	_____ Yes	_____ <u>X</u> No
Significant deficiencies identified that are not considered to be material weaknesses?	_____ Yes	_____ <u>X</u> None Reported
Noncompliance material to financial statements noted?	_____ Yes	_____ <u>X</u> No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?	_____ Yes	_____ <u>X</u> No
Significant deficiencies identified that are not considered to be material weaknesses?	_____ Yes	_____ <u>X</u> None Reported

Type of auditors' report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	_____ Yes	_____ <u>X</u> No
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Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
14.228	Community Development Block Grants
20.106	Federal Aviation Administration - Airport Improvement Program

Dollar threshold used to distinguish between type A and type B programs:	\$ _____	300,000
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Auditee qualified as low-risk auditee?	_____ <u>X</u> Yes	_____ No
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Section II – Current Year Financial Statement Findings

No matters to report.

Section III - Findings and Questioned Costs - Major Federal Awards Programs Audit

No matters to report.

BERKELEY COUNTY, SOUTH CAROLINA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2012

2011-1: CASH MANAGEMENT

Federal Agency: U.S. Department of Transportation

Pass-Through Agency: N/A

Airport Improvement Program: CFDA # 20.106

Grantor's Award Numbers: 3-45-0041-16, 3-45-0041-17, 3-45-0041-18

Condition: The County over-claimed expenditures by approximately \$9,500 on the first claim submitted for this grant; however, this was corrected on the second claim.

Criteria: Part 3 of the Compliance Supplement (3-C-1) requires that reimbursement claims be submitted only for program costs paid by the entity prior to the date of the reimbursement.

Status: The County's reimbursement claims were properly prepared, reviewed and submitted during fiscal year 2012.

2011-2: REPORTING

Federal Agency: U.S. Department of Transportation

Pass-Through Agency: N/A

Airport Improvement Program: CFDA # 20.106

Grantor's Award Numbers: 3-45-0041-16, 3-45-0041-17, 3-45-0041-18

Condition: The County did not submit the required quarterly reports to the awarding agency on a timely basis.

Criteria: The grant agreement with the U.S. Department of Transportation requires the County to submit various financial reports on a quarterly basis to the awarding agency.

Status: The quarterly reports were submitted to the awarding agency during fiscal year 2012.
