

BERKELEY COUNTY, SOUTH CAROLINA

FINANCIAL STATEMENTS,

YEAR ENDED JUNE 30, 2009



BERKELEY COUNTY, SOUTH CAROLINA

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YEAR ENDED JUNE 30, 2009

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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, District No. 7
Steve C. Davis, District No. 8

Other Elected Officials

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



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, 2009, 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 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 above 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, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note III.E, the County adopted the provisions of Governmental Accounting Standards Board Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, in 2009.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2009, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The accompanying management's discussion and analysis and budgetary comparison schedule, as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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 and other supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the US Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the County. The other supplementary information and schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Greene, Finney & Horton LLP

Greene, Finney & Horton, LLP
Mauldin, South Carolina
December 23, 2009

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2009

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, 2009. 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 by approximately \$259 million for fiscal year 2009 as compared to approximately \$236 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, 2009 amounted to approximately \$18 million, including a deficit in governmental activities of \$3.1 million. Unrestricted net assets decreased approximately \$2 million from the previous fiscal year.
- The County's total net assets this fiscal year increased approximately \$23 million over the previous year: approximately \$7 million of the increase is from business-type activities, approximately \$16 million from governmental activities.
- At June 30, 2009 the County's governmental funds reported combined ending fund balances of approximately \$25.1 million, an increase of approximately \$6.2 million over the previous fiscal year as revenues and other financing sources (primarily proceeds for the issuance of bonds and notes payable and transfers from other funds) totaling approximately \$92.8 million exceeded expenditures and other financing uses (deposit to debt refunding agent and transfers to other funds) of approximately \$86.6 million. Unreserved fund balances for all governmental fund types was approximately \$7.5 million.
- The General Fund reported an unreserved fund balance of approximately \$4.4 million compared to last year's unreserved amount of approximately \$3.4 million. This increase of approximately \$1.0 million was due primarily to a decrease in transfers to other funds. The General Fund's unreserved fund balance includes approximately \$970 thousand designated for elected officials' carryover and approximately \$3.4 million designated for the County's Fund Balance policy. The amount designated for Fund Balance policy represents 6.7% of 2009 actual expenditures and 6.4% percent of 2010 budgeted expenditures.
- The County's total capital assets were approximately \$384 million at June 30, 2009, an increase of approximately \$30 million during fiscal 2009. Approximately \$14.9 million of this increase is the result of the County recording building improvements and infrastructure contributed by developers, while business-type activities recorded approximately \$4.4 million in infrastructure contributed by developers.
- The County's total long-term indebtedness was approximately \$253 million at June 30, 2009, an increase of approximately \$3 million from the previous year. This increase was due primarily to the issuance of \$10 million in General Obligation bonds during 2009, partially offset by principal payments.
- The debt service coverage ratio for the Solid Waste and the Water and Sewer revenue bonds was 178% and 133%, respectively, which exceeded the 120% required by the bond covenants. However, excluding nonrecurring fees (impact and connection fees of \$4.9 million) the debt coverage ratio for the Water and Sewer Fund would be 99% for 2009. The County did not meet its debt coverage ratio in 2008. A rate and fee study was conducted, as required by the bond documents, which resulted in County Council passing a resolution to increase rates and fees approximately 30% effective July 1, 2008. The study also stated that a 4% increase will be needed for each of the next 3 years. However, County Council did not increase the rates for fiscal 2010.

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, 2009

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

The Statement of Net Assets shows the County's assets less its liabilities at June 30, 2009. 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, 2009

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, 2009 and 2008 are shown below.

| | Berkeley County Net Assets (In Thousands) | | | | | |
|-----------------------------|--|----------------|---------------------------------|----------------|----------------|-------------------|
| | Governmental Activities | | Business-Type Activities | | Total | |
| | 2009 | 2008 | 2009 | 2008 * | 2009 | 2008 * |
| Assets: | | | | | | |
| Current and Other Assets | \$ 101,280 | 61,078 | 119,184 | 129,379 | 220,464 | \$ 190,457 |
| Capital Assets, Net | 96,243 | 76,259 | 287,360 | 277,275 | 383,603 | 353,534 |
| Total Assets | <u>197,523</u> | <u>137,337</u> | <u>406,544</u> | <u>406,654</u> | <u>604,067</u> | <u>543,991</u> |
| Liabilities: | | | | | | |
| Current Liabilities | 82,680 | 46,849 | 12,327 | 13,433 | 95,007 | 60,282 |
| Non-Current Liabilities | 47,192 | 38,326 | 202,797 | 209,026 | 249,989 | 247,352 |
| Total Liabilities | <u>129,872</u> | <u>85,175</u> | <u>215,124</u> | <u>222,459</u> | <u>344,996</u> | <u>307,634</u> |
| Net Assets: | | | | | | |
| Invested in Capital Assets, | | | | | | |
| Net of Related Debt | 63,575 | 45,499 | 169,646 | 164,671 | 233,221 | 210,170 |
| Restricted | 7,205 | 5,331 | 621 | 533 | 7,826 | 5,864 |
| Unrestricted | (3,130) | 1,332 | 21,154 | 18,991 | 18,024 | 20,323 |
| Total Net Assets | <u>\$ 67,650</u> | <u>52,162</u> | <u>191,421</u> | <u>184,195</u> | <u>259,071</u> | <u>\$ 236,357</u> |

* The County adopted the provisions of Governmental Accounting Standards Board Statement No. 51, *Accounting for Intangible Assets*, in 2009. This change in accounting principle had no effect on total assets or total net assets; however, it resulted in changes to the components of Net Assets for the Water and Sewer Fund, increasing Invested in Capital Assets, Net of Related Debt by approximately \$7.4 million at June 30, 2008, with a corresponding decrease in Unrestricted Net Assets.

The County reported positive balances in all categories of net assets in both governmental and business-type activities for 2008. However, for 2009, the County reported a \$3.1 million deficit in Unrestricted Net Assets for governmental activities. The County's total net assets as of June 30, 2009, decreased approximately \$2,299,000 for unrestricted net assets and increased approximately \$1,952,000 for restricted assets. 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 \$3.1 million deficit in unrestricted net assets for governmental activities is the result of the additional OPEB liability the County is now required to recognize of approximately \$1.4 million and the purchase of approximately \$2.2 million in capital assets using previously recognized unrestricted net assets.

The largest portion of the County's net assets (90%) 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, 2009

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, 2009 and 2008.

| Berkeley County Statement of Activities (In Thousands) | | | | | | |
|---|--------------------------------|---------------|---------------------------------|----------------|----------------|-------------------|
| | Governmental Activities | | Business-Type Activities | | Total | |
| | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 |
| Revenues: | | | | | | |
| Program Revenues: | | | | | | |
| Charges for Services | \$ 13,922 | 16,267 | 45,210 | 40,758 | 59,132 | \$ 57,025 |
| Operating Grants and Contributions | 3,070 | 2,126 | 78 | 647 | 3,148 | 2,773 |
| Capital Grants and Contributions | 17,223 | 5,948 | 4,719 | 21,656 | 21,942 | 27,604 |
| General Revenues: | | | | | | |
| Property Taxes | 33,665 | 29,133 | - | - | 33,665 | 29,133 |
| Fee in Lieu of Taxes | 8,727 | 6,378 | - | - | 8,727 | 6,378 |
| Other Taxes | 821 | 887 | - | - | 821 | 887 |
| Unrestricted Grants | 8,484 | 9,035 | - | - | 8,484 | 9,035 |
| Interest Income | 45 | 511 | 1,840 | 5,454 | 1,885 | 5,965 |
| Gain (Loss) on Sale of Assets | - | 141 | 22 | 134 | 22 | 275 |
| Miscellaneous | 450 | 292 | - | - | 450 | 292 |
| Total Revenues | <u>86,407</u> | <u>70,718</u> | <u>51,869</u> | <u>68,649</u> | <u>138,276</u> | <u>139,367</u> |
| Expenses: | | | | | | |
| General Government | 23,538 | 21,558 | - | - | 23,538 | 21,558 |
| Public Safety | 25,804 | 24,939 | - | - | 25,804 | 24,939 |
| Airport, Highways and Streets | 10,021 | 9,636 | - | - | 10,021 | 9,636 |
| Culture and Recreation | 3,131 | 3,122 | - | - | 3,131 | 3,122 |
| Health and Welfare | 1,767 | 1,757 | - | - | 1,767 | 1,757 |
| Community Development | 3,906 | 2,322 | - | - | 3,906 | 2,322 |
| Interest and Fiscal Charges | 1,904 | 1,963 | - | - | 1,904 | 1,963 |
| Water and Sewer | - | - | 33,644 | 34,120 | 33,644 | 34,120 |
| Solid Waste | - | - | 10,112 | 9,977 | 10,112 | 9,977 |
| Parks and Recreation | - | - | 1,124 | 1,434 | 1,124 | 1,434 |
| Emergency Telephone | - | - | 611 | 621 | 611 | 621 |
| Total Expenses | <u>70,071</u> | <u>65,297</u> | <u>45,491</u> | <u>46,152</u> | <u>115,562</u> | <u>111,449</u> |
| Increase in Net Assets before Transfers | 16,336 | 5,421 | 6,378 | 22,497 | 22,714 | 27,918 |
| Transfers | (848) | 4,430 | 848 | (4,430) | - | - |
| Change in Net Assets | <u>15,488</u> | <u>9,851</u> | <u>7,226</u> | <u>18,067</u> | <u>22,714</u> | <u>27,918</u> |
| Net Assets, Beginning of Year | <u>52,162</u> | <u>42,311</u> | <u>184,195</u> | <u>166,128</u> | <u>236,357</u> | <u>208,439</u> |
| Net Assets, End of Year | <u>\$ 67,650</u> | <u>52,162</u> | <u>191,421</u> | <u>184,195</u> | <u>259,071</u> | <u>\$ 236,357</u> |

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

MANAGEMENT’S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2009

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Governmental Activities. Capital grants and contributions increased approximately \$11 million (190%) in 2009 compared to 2008 due to donated infrastructure received from developers. Interest income decreased 91% due to the lower interest rates caused by the economic downturn.

Expenditures increased approximately \$4.8 million (7%) in 2009 compared to 2008 due primarily to the recognition of OPEB expenses of approximately \$1.4 million, approximately \$1.6 million in pass thru funds received from the Department of Commerce for a local industry and approximately \$0.9 million in additional depreciation expenses.

Business-type Activities. Charges for services increased approximately \$4.5 million in 2009 compared to 2008 due primarily to the 30% rate increase for water and sewer customers, implemented in the summer of 2008 as approved by County Council. Capital grants and contributions decreased approximately \$16.9 million due to a decrease in infrastructure projects completed by developers and turned over to the County for maintenance in 2009, due to the economic downturn.

Expenses decreased approximately \$0.7 million (1.4%) due to lower landfill closure care costs and lower maintenance, partially offset by higher personnel costs and depreciation expenses.

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, 2009, and the amount and percentage of increases and decreases in relation to prior year amounts (in thousands):

| | Amount | Percent of Total | Increase (Decrease) from 2008 | Percent Increase (Decrease) |
|--------------------------------------|------------------|---------------------|-------------------------------------|-----------------------------------|
| Revenues | | | | |
| Property and Accommodations Taxes | \$ 31,746 | 34.2% | \$ 2,254 | 7.6% |
| Fee in Lieu of Taxes | 7,965 | 8.6% | 1,587 | 24.9% |
| Licenses, Fees and Permits | 1,224 | 1.3% | (766) | -38.5% |
| Fines, Forfeitures and Fees | 14,911 | 16.1% | 1,219 | 8.9% |
| Interest Income | 45 | 0.0% | (466) | -91.2% |
| Local Revenue | 542 | 0.6% | 48 | 9.7% |
| Intergovernmental - Federal | 1,712 | 1.8% | (137) | -7.4% |
| Intergovernmental - State and Local | 11,424 | 12.3% | 751 | 7.0% |
| Miscellaneous | 1,235 | 1.3% | (62) | -4.8% |
| Other Financing Sources | | | | |
| Issuance of General Obligation Bonds | 10,000 | 10.8% | 10,000 | N/A |
| Proceeds from Refunding | 2,900 | 3.1% | 2,900 | N/A |
| Proceeds from Notes Payable | 1,537 | 1.7% | (275) | -15.2% |
| Proceeds from Disposal of Assets | 87 | 0.1% | (241) | -73.5% |
| Transfers In | 7,459 | 8.0% | (6,483) | -46.5% |
| Total | <u>\$ 92,787</u> | <u>100%</u> | <u>\$ 10,329</u> | <u>12.5%</u> |

Fee in lieu of taxes increased due to increased property assessments for existing industries as well as the addition of new industries in the County. Intergovernmental-State and Local increased due to pass thru funds received from the Department of Commerce related to economic development activities within the County.

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

MANAGEMENT’S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2009

FINANCIAL ANALYSIS OF BERKELEY COUNTY’S FUNDS (CONTINUED)

Also during 2009, the County issued a General Obligation Bond in the amount of \$10 million to finance the acquisition and construction of major capital facilities and equipment and executed notes payable in the amount of \$1.5 million to finance the acquisition of capital assets. The County also issued a General Obligation Refunding Bond in the amount of \$2.9 million to redeem the outstanding balance of the Series 1997 General Obligation Bonds in the amount of \$2.84 million.

The following schedule presents a summary of all governmental funds expenditures and other financing uses for the fiscal year ended June 30, 2009, and the percentage of increases and decreases in relation to prior year amounts (in thousands):

| | Amount | Percent of Total | Increase (Decrease) from 2008 | Percent Increase (Decrease) |
|---------------------------------|------------------|---------------------|-------------------------------------|-----------------------------------|
| Expenses: | | | | |
| General Government | \$ 20,496 | 23.7% | \$ 482 | 2.4% |
| Public Safety | 24,436 | 28.2% | 354 | 1.5% |
| Airport, Highways and Streets | 6,073 | 7.0% | (277) | -4.4% |
| Culture and Recreation | 2,872 | 3.3% | (215) | -7.0% |
| Health and Welfare | 1,644 | 1.9% | (27) | -1.6% |
| Community Development | 3,885 | 4.5% | 1,597 | 69.8% |
| Capital Outlay | 11,255 | 13.0% | 6,445 | 134.0% |
| Debt Service: | | | | |
| Principal Retirement | 2,933 | 3.4% | (4,400) | -60.0% |
| Interest and Fiscal Charges | 1,799 | 2.1% | (219) | -10.9% |
| Other Financing Uses: | | | | |
| Deposit to Debt Refunding Agent | 2,880 | 3.3% | 2,880 | N/A |
| Transfers Out | 8,327 | 9.6% | (1,186) | -12.5% |
| Total | \$ 86,600 | 100.0% | \$ 5,434 | 6.7% |

The largest percentage increase in expenditures and other financing uses was in capital outlay, as the County incurred approximately \$5 million in construction costs related to the new detention center that is scheduled for completion during fiscal 2010. Principal retirement expenditures decreased as the intergovernmental loan of approximately \$5 million was repaid during 2008.

Governmental Funds

The General Fund is the chief operating fund of the County. At the end of the fiscal year, the unreserved fund balance of the General Fund was approximately \$3.42 million, which is net of approximately \$970 thousand designated for elected officials’ carryover. The reserved portion equaled \$349 thousand, while total fund balance of the General Fund was approximately \$4.74 million. As a measure of the General Fund’s liquidity, it may be useful to compare both total unreserved fund balance (excluding approximately \$970 thousand designated for elected officials’ carryover) and total fund balance to total general fund expenditures. Total net unreserved fund balance of approximately \$3.42 million represents 6.7% of total general fund expenditures of approximately \$51.03 million, while total fund balance represents 9.3% of that same amount.

The Debt Service fund has a total fund balance of approximately \$2.85 million, all of which is reserved for the payment of debt. The net increase in fund balance during the current year in the debt service fund was approximately \$230,000. The Capital Projects fund has a total fund balance of approximately \$11.57 million, all of which is reserved for future capital acquisitions. The net increase in fund balance during the current year in the capital projects fund was approximately \$6.2 million, due to proceeds from the General Obligation Bond issued during the year, partially offset by current year capital outlay.

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

MANAGEMENT’S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2009

FINANCIAL ANALYSIS OF BERKELEY COUNTY’S FUNDS (CONTINUED)

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, 2009, total net assets amounted to approximately \$191.4 million for enterprise funds as compared to approximately \$184.2 million at June 30, 2008. 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) | | |
| | 2009 | 2008 |
| Water and Sewer | \$ 8,747 | \$ 4,438 |
| Solid Waste | 44 | 573 |
| Parks and Recreation | (611) | (839) |
| Emergency Telephone | (93) | (133) |
| Total | \$ 8,087 | \$ 4,039 |

The Water and Sewer Fund experienced an increase in operating income due primarily to an increase in charges for services, which was the result of the 30% rate increase implemented in the summer of 2008. Solid Waste experienced a decrease in operating income due to a reduction in revenues, as less C&D material came into the landfill due to the economic downturn, combined with a slight increase in costs.

Cypress Gardens continues to incur significant operating losses, including approximately \$611,000 for fiscal 2009. The net loss after transfers of approximately \$257,000 for 2009 has been funded by the General Fund and accounted for as an interdepartmental receivable / payable. This fund owes the General Fund a total of approximately \$859,000 at June 30, 2009.

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 2009 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 January and June 2009. The net change between the original budget and the final budget was approximately \$1,927,000.

A column for actual revenues and a column for differences between final budget and actual revenues follow the budgeted amounts columns. During fiscal year 2009, revenues were less than budgetary estimates by approximately \$3.9 million, as fewer building permits were issued and property deeds filed due to the economic downturn, less was received from the State due to the State’s budgeting woes, and less interest income was received due to lower interest rates in effect during 2009.

A column for actual expenditures and a column for differences between final budget and actual expenditures follow the budgeted amounts columns. During fiscal year 2009, expenditures were less than budgetary estimates by approximately \$3.9 million. Most of this savings is attributable to approximately \$1.3 million, approximately \$1.1 million and approximately \$1.0 million realized in finance and administration, public safety and highways and streets, respectively, due to unfilled vacancies and other cost cutting measures employed by the County during 2009 as a result of the lower revenues.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2009

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. At the end of 2009, the County had approximately \$383 million invested in capital assets, net of depreciation. This was an increase of approximately \$30 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, construction related to the new detention center, airport improvements, software, computer equipment, and vehicles. The table below reflects the capital asset balances as of June 30, 2009 and 2008, net of accumulated depreciation (in thousands).

| | Governmental | | Business-type | | Total | |
|---------------------------------------|--------------|-----------|---------------|---------|---------|------------|
| | Activities | | Activities | | | |
| | 2009 | 2008 | 2009 | 2008 * | 2009 | 2008 * |
| Land | \$ 3,756 | \$ 3,756 | 3,648 | 3,648 | 7,404 | \$ 7,404 |
| Construction in Progress | 12,769 | 5,487 | 13,449 | 13,154 | 26,218 | 18,641 |
| Buildings and Improvements | 26,186 | 26,990 | - | - | 26,186 | 26,990 |
| Furniture and Equipment | 9,117 | 8,143 | 4,391 | 5,352 | 13,508 | 13,495 |
| Utility Systems, Plants and Buildings | - | - | 265,872 | 255,121 | 265,872 | 255,121 |
| Infrastructure | 42,574 | 30,553 | - | - | 42,574 | 30,553 |
| Other | 1,841 | 1,330 | - | - | 1,841 | 1,330 |
| Total | \$ 96,243 | \$ 76,259 | 287,360 | 277,275 | 383,603 | \$ 353,534 |

* Restated to include the Lake Moultrie intangible asset in with capital assets, as a result of adopting GASB No. 51.

The County also has total outstanding construction commitments at June 30, 2009 of approximately \$16.3 million. More detailed information about the County's capital assets is included in Note III. D. of the Notes to the Basic Financial Statements.

Long-Term Debt. At June 30, 2009, the County had approximately \$253 million in bonds, loans and notes payable outstanding versus approximately \$250 million at June 30, 2008, or an increase of approximately \$3 million. The table below reflects the outstanding balances (in thousands) as of June 30, 2009 and 2008.

| | Governmental | | Business-type | | Total | |
|--------------------------|--------------|-----------|---------------|---------|---------|------------|
| | Activities | | Activities | | | |
| | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 |
| General Obligation Bonds | \$ 43,238 | 34,100 | - | - | 43,238 | \$ 34,100 |
| Revenue Bonds | - | - | 205,646 | 210,415 | 205,646 | 210,415 |
| Notes Payable | 2,803 | 3,253 | 1,069 | 2,158 | 3,872 | 5,411 |
| Total | \$ 46,041 | \$ 37,353 | 206,715 | 212,573 | 252,756 | \$ 249,926 |

In May 2009, the County issued General Obligation bonds in the amount of \$10 million to provide resources for the acquisition and construction of major capital facilities and equipment and issued refunding bonds in the amount of \$2.9 million to provide resources to redeem the outstanding balance of the 1997 General Obligation bonds.

In August 2008, County Council approved a resolution to levy and impose a one percent sales and use tax, subject to a voter referendum, with the proceeds to be used for transportation projects. In November 2008, the voters of Berkeley County approved this referendum, and the new tax became effective May 1, 2009. The one-cent sales tax includes a seven year sunset clause, at which time voters will again be given an opportunity to keep or revoke the tax. The County issued a \$27.4 million General Obligation Bond Anticipation Note in May 2009 to provide resources for various transportation projects. This note matures in May 2010 and is anticipated to be repaid with proceeds from the sale of long-term General Obligation Bonds.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2009

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

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

The County's current general obligation rating 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.

ECONOMIC FACTORS AND THE 2010 BUDGET

Factors considered in preparing Berkeley County's budget for the 2010 fiscal year included:

- The County's unemployment rate was ranked 34th in the state.
- The population of the County was approximately 169,000 in 2009, and is expected to reach 190,000 by 2010.

During the current fiscal year, unreserved fund balance in the general fund increased to approximately \$4,400,000.

During fiscal year 2009, Council finalized the Jedburg Road Assessment District. The assessment district was formed with several developers and provides a method to fund improvements to roads and an interstate overpass that will be needed to accommodate increased traffic activity. The developers have plans to develop approximately 18.8 million square feet of industrial and commercial space on both sides of Interstate 26 near the Exit 194 interchange.

May 1, 2009, the County began collecting one-cent sales tax which will fund new road expansion/improvements throughout the County. Projects for both the Jedburg Road Assessment District and the one-cent road projects are expected to employ a number of local workers.

OTHER POTENTIALLY SIGNIFICANT MATTERS

The County operates the Lower Berkeley Wastewater Treatment Plant which has a treatment capacity of 18 million gallons per day (MGD). The County also operates the Central Berkeley Wastewater Treatment Plant which has a treatment capacity of .35 MGD. The County plans to expand the Lower Berkeley Wastewater Treatment Plant to 22.5 MGD. The project to expand the plant is under construction and will be completed early in 2010. The Central Berkeley Wastewater Treatment Plant will be rebuilt at a new location with a capacity of 3 MGD. Plans are currently under design and will be bid early 2010 with completion estimated in two years.

Lake Marion Regional Water Agency 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. The 8 MGD (million gallons per day) water treatment plant came on line in May of 2008. The Town of Santee is now supplied by the Lake Marion Regional Water agency and lines are being designed to connect Berkeley County next, along with other areas. It is projected that Berkeley County will be connected to the Lake Marion System in the year 2011 and will have 2.5 MGD available to the County at that time. Berkeley County has committed \$10 million dollars in matching funds to the Agency to help fund the transmission line that will connect the County to the regional system.

The County received notification from the 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 relates to the total dissolved oxygen concentrations relating to effluent discharge. These new requirements are to be implemented in two phases. Already, the implementation of Phase I has cost the County approximately \$24 million to date. County Council approved the awarding of a \$13 million contract in 2009 to a contractor to complete Phase I, which is expected to be completed within two years. The current Phase I TMDL for ultimate oxygen demand ("UOD") is in effect, and the County's treatment facilities are meeting the current limit.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2009

OTHER POTENTIALLY SIGNIFICANT MATTERS (CONTINUED)

The point dischargers on the Cooper and Ashley River are undergoing evaluation for a revised TMDL for ultimate oxygen demand UOD. The current phase I TMDL for UOD is in effect. The treatment facilities are meeting the current limit. A three dimensional model has been approved by DHEC and EPA for use in determining the phase II limits. Preliminary evaluation of model results indicates a considerable reduction of limits will be required to meet the phase II TMDL. The process of determining the phase II TMDL is expected to be completed within the next year. Upon completion of the TMDL the permit cycle process and implementation schedule negotiations will require compliance within five to ten years. It is anticipated compliance may require modification to the aeration system and the addition of filters at the Lower Berkeley Treatment Facility. Upon completion of the TMDL detailed engineering studies will be performed to determine actual upgrades that will be required. A preliminary estimate of a \$34,000,000 future bond in FY 2013 has been added to the CIP for these upgrades. This estimate and schedule will be revised after completion of the TMDL and subsequent engineering studies.

Landfill Gas to Energy Project: This project is to extract methane gas from the landfill and transport it to a company who will purchase the gas. The project is environmental friendly in that it reduces green house gasses and is a renewable resource. It will also protect residents by keeping this gas out of the sewer system and residents' homes. A number of options are being reviewed for the use of this gas to include: 1) A pipeline to a company who will purchase the gas, 2) Use as fuel for electrical power generation and, 3) Direct injection into a natural gas pipe system after purification and pressurization.

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 regulations 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. The County is evaluating alternatives to the current disposal of FOG waste that will be economically viable for the generators and protect the environment. The County has entered into a contract with Carolina Resource Recovery LLC to construct and operate a facility that will convert the FOG to a pelletized fuel source that can be converted to electrical energy. The facility will be located on County property leased to Carolina Resource Recovery near the Berkeley County Solid Waste Disposal Facility. This location is being considered due to its proximity to the current FOG disposal location, the proposed Central Berkeley treatment facility, Berkeley Electric Co-op and the vegetation debris disposal facility. Phase I of the project will be FOG to energy with a possible Phase II to include vegetation debris to energy. The project is in the design stage. The land being leased is located adjacent to Oakley Road on a portion of the landfill property which is the pre 1972 closed landfill. The contract includes a forbearance clause that stipulates that the County will discontinue the receiving and treating FOG at the Lower Berkeley facility. Carolina Resource Recovery will pay fees based on volume for that forbearance that will partially compensate the County for the loss of the revenue for FOG

Land Farming of Sludge: This project is to minimize the amount of sludge currently being disposed of at the Class III Landfill. Land Farming Sludge will ensure a more stable landfill thereby reducing the risk of a slide. If a slide were to occur at the Class III Landfill, it would have the potential to cause major environmental impacts.

During the downturn in the economy during fiscal year 2009, Council anticipated a shortfall in General Fund revenues, primarily in the revenue from building permits issued and filing fees associated with the recording of real estate transactions. In preparation for the reduction in General Fund revenue, Council established a spending freeze on all non-essential spending and declared three unpaid legal holidays for County employees during the fiscal year 2009. Council's pro-activeness allowed the County to end the fiscal year in a much more positive note than originally anticipated.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2009

SUBSEQUENT EVENTS

In October 2009, one of the largest marketers of automotive replacement tires announced that it had chosen a site in Berkeley County for a 1.1 million square foot distribution center. This company plans to add several hundred jobs to the area.

Additionally, in October 2009, a large airline manufacturer announced that they will be building a second production plant in an area next to Berkeley County. Although this plant is not within the County, the impact of such an expansion is expected to be significant to Berkeley County.

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, 2009

| | PRIMARY GOVERNMENT | | TOTAL |
|--|------------------------------------|-------------------------------------|-----------------------|
| | GOVERNMENTAL ACTIVITIES | BUSINESS-TYPE ACTIVITIES | |
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash and Cash Equivalents | \$ 12,916,554 | 35,717,175 | \$ 48,633,729 |
| Receivables, Net of Allowances: | | | |
| Property Taxes | 38,476,336 | - | 38,476,336 |
| Accounts Receivable | 4,764,230 | 2,863,668 | 7,627,898 |
| Accrued Interest Receivable | - | 442,583 | 442,583 |
| Federal, State and Local Governments | 2,316,677 | 316,253 | 2,632,930 |
| Internal Balances | 2,005,684 | (2,005,684) | - |
| Inventories, at Cost | 117,265 | 30,656 | 147,921 |
| Prepaid Items and Deposits | 83,863 | 15,600 | 99,463 |
| Restricted Cash and Cash Equivalents | 40,599,204 | 61,498,345 | 102,097,549 |
| Restricted Investments | - | 17,043,854 | 17,043,854 |
| TOTAL CURRENT ASSETS | 101,279,813 | 115,922,450 | 217,202,263 |
| NON-CURRENT ASSETS | | | |
| CAPITAL ASSETS | | | |
| Non-Depreciable | 16,524,608 | 17,097,360 | 33,621,968 |
| Depreciable, Net of Accumulated Depreciation | 79,718,386 | 270,262,754 | 349,981,140 |
| TOTAL CAPITAL ASSETS | 96,242,994 | 287,360,114 | 383,603,108 |
| OTHER NON-CURRENT ASSETS | | | |
| Accounts Receivable, Due in More Than One Year | - | 114,130 | 114,130 |
| Bond Issuance Costs, Net of Accumulated Amortization | - | 3,147,443 | 3,147,443 |
| TOTAL OTHER NON-CURRENT ASSETS | - | 3,261,573 | 3,261,573 |
| TOTAL NON-CURRENT ASSETS | 96,242,994 | 290,621,687 | 386,864,681 |
| TOTAL ASSETS | \$ 197,522,807 | 406,544,137 | \$ 604,066,944 |

(Continued)

BERKELEY COUNTY, SOUTH CAROLINA

STATEMENT OF NET ASSETS

JUNE 30, 2009

| | PRIMARY GOVERNMENT | | |
|---|------------------------------------|-------------------------------------|-----------------------|
| | GOVERNMENTAL ACTIVITIES | BUSINESS-TYPE ACTIVITIES | TOTAL |
| LIABILITIES | | | |
| CURRENT LIABILITIES | | | |
| Accounts Payable and Accrued Liabilities | \$ 6,920,641 | 2,977,974 | \$ 9,898,615 |
| Accrued Interest Payable | 584,362 | 798,199 | 1,382,561 |
| Bond Anticipation Note | 27,400,000 | - | 27,400,000 |
| Accrued Compensated Absences | 2,390,487 | 307,638 | 2,698,125 |
| Unfunded OPEB Liability | 1,415,744 | 170,600 | 1,586,344 |
| Landfill Closure and Postclosure Cost Liability | - | 12,000 | 12,000 |
| Deferred Revenue | 41,026,679 | 533,393 | 41,560,072 |
| Bonds and Notes Payable | 2,942,384 | 7,527,174 | 10,469,558 |
| TOTAL CURRENT LIABILITIES | 82,680,297 | 12,326,978 | 95,007,275 |
| NON-CURRENT LIABILITIES | | | |
| Accrued Compensated Absences | 4,093,737 | 755,467 | 4,849,204 |
| Landfill Closure and Postclosure Cost Liability | - | 2,852,580 | 2,852,580 |
| Bonds and Notes Payable | 43,098,343 | 199,188,509 | 242,286,852 |
| TOTAL NON-CURRENT LIABILITIES | 47,192,080 | 202,796,556 | 249,988,636 |
| TOTAL LIABILITIES | 129,872,377 | 215,123,534 | 344,995,911 |
| NET ASSETS | | | |
| Invested in Capital Assets, Net of Related Debt | 63,575,405 | 169,645,998 | 233,221,403 |
| Restricted For: | | | |
| Debt Service | 2,854,799 | 620,481 | 3,475,280 |
| Other | 4,350,058 | - | 4,350,058 |
| Unrestricted | (3,129,832) | 21,154,124 | 18,024,292 |
| TOTAL NET ASSETS | 67,650,430 | 191,420,603 | \$ 259,071,033 |

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, 2009

| 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 | \$ 23,538,241 | 6,506,376 | 517,236 | - | (16,514,629) | - | \$ (16,514,629) |
| Public Safety | 25,804,174 | 5,850,502 | 582,410 | 626,097 | (18,745,165) | - | (18,745,165) |
| Airport, Highways and Streets | 10,021,128 | 1,306,057 | - | 16,596,962 | 7,881,891 | - | 7,881,891 |
| Culture and Recreation | 3,130,556 | 75,625 | 221,442 | - | (2,833,489) | - | (2,833,489) |
| Health and Welfare | 1,767,266 | 20,038 | 203,508 | - | (1,543,720) | - | (1,543,720) |
| Community Development | 3,905,767 | 163,810 | 1,545,000 | - | (2,196,957) | - | (2,196,957) |
| Interest and Fiscal Charges | 1,903,498 | - | - | - | (1,903,498) | - | (1,903,498) |
| Total Governmental Activities | 70,070,630 | 13,922,408 | 3,069,596 | 17,223,059 | (35,855,567) | - | (35,855,567) |
| Business-Type Activities: | | | | | | | |
| Water and Sewer | 33,643,793 | 34,473,703 | - | 4,718,297 | - | 5,548,207 | 5,548,207 |
| Solid Waste | 10,112,425 | 9,713,910 | 71,224 | - | - | (327,291) | (327,291) |
| Parks and Recreation | 1,124,235 | 511,544 | 7,032 | - | - | (605,659) | (605,659) |
| Emergency Telephone | 610,590 | 511,022 | - | - | - | (99,568) | (99,568) |
| Total Business-Type Activities: | 45,491,043 | 45,210,179 | 78,256 | 4,718,297 | - | 4,515,689 | 4,515,689 |
| Total Primary Government | \$ 115,561,673 | 59,132,587 | 3,147,852 | 21,941,356 | (35,855,567) | 4,515,689 | (31,339,878) |
| General Revenues: | | | | | | | |
| Taxes: | | | | | | | |
| Property Taxes | | | | | 33,665,386 | - | 33,665,386 |
| Fee in Lieu of Taxes | | | | | 8,726,956 | - | 8,726,956 |
| Accommodation | | | | | 419,974 | - | 419,974 |
| Franchise Taxes | | | | | 400,895 | - | 400,895 |
| Grants and Contributions not Restricted to Specific Programs | | | | | 8,483,592 | - | 8,483,592 |
| Interest Income | | | | | 44,866 | 1,839,260 | 1,884,126 |
| Gain on Sale of Assets | | | | | - | 22,324 | 22,324 |
| Miscellaneous | | | | | 450,432 | - | 450,432 |
| Transfers | | | | | (848,422) | 848,422 | - |
| Total General Revenues and Transfers | | | | | 51,343,679 | 2,710,006 | 54,053,685 |
| CHANGE IN NET ASSETS | | | | | 15,488,112 | 7,225,695 | 22,713,807 |
| NET ASSETS - Beginning of Year | | | | | 52,162,318 | 184,194,908 | 236,357,226 |
| NET ASSETS - End of Year | | | | | 67,650,430 | 191,420,603 | \$ 259,071,033 |

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, 2009

| | GENERAL FUND | DEBT SERVICE FUND | CAPITAL PROJECTS FUND | SPECIAL REVENUE FUNDS | TOTAL GOVERNMENTAL FUNDS |
|--|----------------------|----------------------|-----------------------------|-----------------------------|--------------------------------|
| ASSETS | | | | | |
| Cash and Cash Equivalents | \$ 3,059,378 | 2,836,047 | - | 7,021,129 | \$ 12,916,554 |
| Receivables, Net of Allowances: | | | | | |
| Property Taxes | 31,506,260 | 5,417,985 | - | 1,552,091 | 38,476,336 |
| Accounts Receivable | 929,407 | - | - | 3,834,823 | 4,764,230 |
| Federal, State and Local Governments | 2,132,167 | - | - | 184,510 | 2,316,677 |
| Due from Other Funds | 2,147,587 | - | - | - | 2,147,587 |
| Inventories, at Cost | 117,265 | - | - | - | 117,265 |
| Prepaid Items | 83,863 | - | - | - | 83,863 |
| Restricted Cash and Cash Equivalents | 147,599 | - | 40,451,605 | - | 40,599,204 |
| TOTAL ASSETS | 40,123,526 | 8,254,032 | 40,451,605 | 12,592,553 | 101,421,716 |
| LIABILITIES AND FUND BALANCES | | | | | |
| LIABILITIES | | | | | |
| Accounts Payable and Accrued Liabilities | 4,435,390 | 23,486 | 1,476,116 | 985,649 | 6,920,641 |
| Due to Other Funds | 64,065 | - | - | 77,838 | 141,903 |
| Deferred Revenue | 30,886,688 | 5,375,747 | - | 5,551,227 | 41,813,662 |
| Bond Anticipation Note | - | - | 27,400,000 | - | 27,400,000 |
| TOTAL LIABILITIES | 35,386,143 | 5,399,233 | 28,876,116 | 6,614,714 | 76,276,206 |
| FUND BALANCES | | | | | |
| Reserved For: | | | | | |
| Inventory | 117,265 | - | - | - | 117,265 |
| Prepaid Items | 83,863 | - | - | - | 83,863 |
| Debt Service | - | 2,854,799 | - | - | 2,854,799 |
| Impact Fees | - | - | - | 2,773,208 | 2,773,208 |
| Future Capital Acquisitions | 147,599 | - | 11,575,489 | - | 11,723,088 |
| Other | - | - | - | 69,420 | 69,420 |
| Unreserved: | | | | | |
| Designated for: | | | | | |
| Fund Balance Policy | 3,418,219 | - | - | - | 3,418,219 |
| Elected Officials' Carryover | 970,437 | - | - | - | 970,437 |
| Undesignated, Reported in: | | | | | |
| Special Revenue Funds | - | - | - | 3,135,211 | 3,135,211 |
| TOTAL FUND BALANCES | 4,737,383 | 2,854,799 | 11,575,489 | 5,977,839 | 25,145,510 |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 40,123,526 | 8,254,032 | 40,451,605 | 12,592,553 | \$ 101,421,716 |

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, 2009

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS **\$ 25,145,510**

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 \$185,039,566 and the accumulated depreciation was \$88,796,572 96,242,994

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 786,983

OPEB expense 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 (1,415,744)

Long-term liabilities, including bonds 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 | (43,105,000) | |
| Deferred Refunding Costs | 117,035 | |
| Bond Premium | (250,221) | |
| Notes Payable | (2,802,541) | |
| Accrued Compensated Absences | (6,484,224) | |
| Accrued Interest | (584,362) | |
| | <u>(53,109,313)</u> | <u>(53,109,313)</u> |

TOTAL NET ASSETS - GOVERNMENTAL ACTIVITIES **\$ 67,650,430**

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, 2009

| | <u>GENERAL</u> | <u>DEBT SERVICE FUND</u> | <u>CAPITAL PROJECTS FUND</u> | <u>SPECIAL REVENUE FUNDS</u> | <u>TOTAL GOVERNMENT FUNDS</u> |
|--|-------------------------|----------------------------------|--------------------------------------|--------------------------------------|---------------------------------------|
| REVENUES | | | | | |
| Taxes: | | | | | |
| Property | 27,906,347 | 2,309,765 | - | 1,109,747 | 31,325,859 |
| Accommodations | - | - | - | 419,974 | 419,974 |
| Fee in Lieu of Taxes | 4,875,462 | 440,286 | - | 2,649,252 | 7,965,000 |
| Licenses, Fees and Permits | 1,224,496 | - | - | - | 1,224,496 |
| Fines, Forfeitures and Fees | 6,994,870 | - | 2,903,346 | 5,012,467 | 14,910,683 |
| Interest Income | 5,012 | 37,361 | 32 | 2,459 | 44,864 |
| Local Revenue | - | - | - | 542,125 | 542,125 |
| Intergovernmental - Federal | 232,100 | - | - | 1,479,609 | 1,711,709 |
| Intergovernmental - State and Local | 8,356,307 | - | - | 3,068,166 | 11,424,473 |
| Miscellaneous | 723,998 | - | 130,496 | 380,396 | 1,234,890 |
| TOTAL REVENUES | <u>50,318,592</u> | <u>2,787,412</u> | <u>3,033,874</u> | <u>14,664,195</u> | <u>70,804,073</u> |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| General Government | 19,645,256 | - | 58,356 | 792,186 | 20,495,798 |
| Public Safety | 19,632,774 | - | - | 4,803,378 | 24,436,152 |
| Airport, Highways and Streets | 5,927,707 | - | - | 145,428 | 6,073,135 |
| Culture and Recreation | 50,000 | - | - | 2,822,427 | 2,872,427 |
| Health and Welfare | 1,644,404 | - | - | - | 1,644,404 |
| Community Development | 439,768 | - | - | 3,444,790 | 3,884,558 |
| Capital Outlay | 1,616,906 | - | 7,701,120 | 1,937,064 | 11,255,090 |
| Debt Service: | | | | | |
| Principal Retirement | 1,929,618 | 945,000 | - | 57,841 | 2,932,459 |
| Interest and Fiscal Charges | 146,835 | 1,632,459 | 15,017 | 4,818 | 1,799,129 |
| TOTAL EXPENDITURES | <u>51,033,268</u> | <u>2,577,459</u> | <u>7,774,493</u> | <u>14,007,932</u> | <u>75,393,152</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | <u>(714,676)</u> | <u>209,953</u> | <u>(4,740,619)</u> | <u>656,263</u> | <u>(4,589,079)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Issuance of General Obligation Bonds | - | - | 10,000,000 | - | 10,000,000 |
| Proceeds from Refunding | - | 2,900,000 | - | - | 2,900,000 |
| Deposits to Debt Refunding Agent | - | (2,880,085) | - | - | (2,880,085) |
| Issuance of Note Payable | 1,536,932 | - | - | - | 1,536,932 |
| Proceeds from Disposal of Assets | 27,000 | - | 60,102 | - | 87,102 |
| Transfers In | 3,473,681 | - | 879,975 | 3,105,412 | 7,459,068 |
| Transfers Out | (3,366,158) | - | - | (4,960,264) | (8,326,422) |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>1,671,455</u> | <u>19,915</u> | <u>10,940,077</u> | <u>(1,854,852)</u> | <u>10,776,595</u> |
| NET CHANGE IN FUND BALANCES | <u>956,779</u> | <u>229,868</u> | <u>6,199,458</u> | <u>(1,198,589)</u> | <u>6,187,516</u> |
| FUND BALANCE - Beginning of Year | <u>3,780,604</u> | <u>2,624,931</u> | <u>5,376,031</u> | <u>7,176,428</u> | <u>18,957,994</u> |
| FUND BALANCE - End of Year | <u>4,737,383</u> | <u>2,854,799</u> | <u>11,575,489</u> | <u>5,977,839</u> | <u>25,145,510</u> |

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, 2009

| | |
|---|----------------------|
| TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS | \$ 6,187,516 |
| 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. | 198,137 |
| 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. | 2,932,459 |
| Deposit to debt refunding agent for the redemption of outstanding debt. | 2,880,085 |
| 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. | (14,436,932) |
| 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. | (40,975) |
| 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 amortization for the year. | 13,169 |
| 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 amortization for the year. | (36,478) |
| 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. | (777,078) |
| 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. | (1,415,744) |
| In the Statement of Activities, vehicles awarded through the courts, 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. | 15,406,277 |
| Transfers of capital assets from a proprietary fund to a governmental fund are not reflected in the governmental funds. However, they are reported in the Statement of Activities. | 18,932 |
| 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. Net capital asset additions of \$11,314,396 exceeded depreciation expense of \$6,755,652 during the year. | 4,558,744 |
| TOTAL CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES | \$ 15,488,112 |

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, 2009

| | BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS | | | | |
|--|---|-------------------|-------------------------|------------------------|-----------------------|
| | WATER AND SEWER | SOLID WASTE | PARKS AND RECREATION | EMERGENCY TELEPHONE | TOTALS |
| ASSETS | | | | | |
| CURRENT ASSETS: | | | | | |
| Cash and Cash Equivalents | \$ 24,293,444 | 11,194,728 | - | 229,003 | \$ 35,717,175 |
| Cash and Cash Equivalents-Restricted | 60,949,536 | 548,809 | - | - | 61,498,345 |
| Investments-Restricted | 17,043,854 | - | - | - | 17,043,854 |
| Accounts Receivable, Net of Allowance | 2,609,024 | 165,330 | 601 | 88,713 | 2,863,668 |
| Accrued Interest Receivable | 442,583 | - | - | - | 442,583 |
| Due from Federal, State and Local Governments, Net of Allowance | 273,357 | 42,896 | - | - | 316,253 |
| Inventories, at Cost | - | - | 30,656 | - | 30,656 |
| Prepaid Items and Deposits | 15,600 | - | - | - | 15,600 |
| Due from Other Funds | 1,227,074 | 64,065 | - | - | 1,291,139 |
| TOTAL CURRENT ASSETS | 106,854,472 | 12,015,828 | 31,257 | 317,716 | 119,219,273 |
| NON-CURRENT ASSETS: | | | | | |
| CAPITAL ASSETS: | | | | | |
| Non-Depreciable | 14,292,169 | 2,642,728 | 162,463 | - | 17,097,360 |
| Depreciable, Net of Accumulated Depreciation | 246,700,654 | 21,543,835 | 1,659,414 | 358,851 | 270,262,754 |
| TOTAL CAPITAL ASSETS | 260,992,823 | 24,186,563 | 1,821,877 | 358,851 | 287,360,114 |
| OTHER NON-CURRENT ASSETS: | | | | | |
| Accounts Receivable, Due in More Than One Year | 114,130 | - | - | - | 114,130 |
| Bond Issuance Costs, Net | 3,147,443 | - | - | - | 3,147,443 |
| TOTAL OTHER NON-CURRENT ASSETS | 3,261,573 | - | - | - | 3,261,573 |
| TOTAL NON-CURRENT ASSETS | 264,254,396 | 24,186,563 | 1,821,877 | 358,851 | 290,621,687 |
| TOTAL ASSETS | 371,108,868 | 36,202,391 | 1,853,134 | 676,567 | 409,840,960 |
| LIABILITIES | | | | | |
| CURRENT LIABILITIES: | | | | | |
| Accounts Payable and Accrued Liabilities | 2,768,462 | 106,375 | 86,838 | 16,299 | 2,977,974 |
| Landfill Closure and Postclosure Cost Liability | - | 12,000 | - | - | 12,000 |
| Accrued Interest Payable | 747,843 | 50,356 | - | - | 798,199 |
| Accrued Compensated Absences | 157,633 | 78,817 | 65,977 | 5,211 | 307,638 |
| Unfunded OPEB Liability | 122,832 | 47,768 | - | - | 170,600 |
| Due to Other Funds | 1,210,390 | 1,227,074 | 859,359 | - | 3,296,823 |
| Deferred Revenue | 521,448 | - | 11,945 | - | 533,393 |
| Current Portion of Bonds and Notes Payable | 6,116,402 | 1,363,307 | 9,804 | 37,661 | 7,527,174 |
| TOTAL CURRENT LIABILITIES | 11,645,010 | 2,885,697 | 1,033,923 | 59,171 | 15,623,801 |
| NON-CURRENT LIABILITIES: | | | | | |
| Accrued Compensated Absences | 472,900 | 236,450 | 42,793 | 3,324 | 755,467 |
| Landfill Closure and Postclosure Cost Liability | - | 2,852,580 | - | - | 2,852,580 |
| Bonds and Notes Payable | 190,021,410 | 9,161,215 | - | 5,884 | 199,188,509 |
| TOTAL NON-CURRENT LIABILITIES | 190,494,310 | 12,250,245 | 42,793 | 9,208 | 202,796,556 |
| TOTAL LIABILITIES | 202,139,320 | 15,135,942 | 1,076,716 | 68,379 | 218,420,357 |
| NET ASSETS | | | | | |
| Invested in Capital Assets, Net of Related Debt Restricted for Debt Service | 153,856,578 | 13,662,041 | 1,812,073 | 315,306 | 169,645,998 |
| Unrestricted Assets | 71,672 | 548,809 | - | - | 620,481 |
| | 15,041,298 | 6,855,599 | (1,035,655) | 292,882 | 21,154,124 |
| TOTAL NET ASSETS | 168,969,548 | 21,066,449 | 776,418 | 608,188 | 191,420,603 |
| TOTAL LIABILITIES AND NET ASSETS | \$ 371,108,868 | 36,202,391 | 1,853,134 | 676,567 | \$ 409,840,960 |

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, 2009

| | BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS | | | | |
|---|--|------------------------|---------------------------------|--------------------------------|-----------------------|
| | WATER AND SEWER | SOLID WASTE | PARKS AND RECREATION | EMERGENCY TELEPHONE | TOTALS |
| OPERATING REVENUES | | | | | |
| Sales and Services | \$ 28,740,476 | 9,626,376 | 497,385 | 511,022 | \$ 39,375,259 |
| Impact and Connection Fees | 4,916,867 | - | - | - | 4,916,867 |
| Other Operating Revenue | 816,360 | 87,534 | 14,159 | - | 918,053 |
| TOTAL OPERATING REVENUES | 34,473,703 | 9,713,910 | 511,544 | 511,022 | 45,210,179 |
| OPERATING EXPENSES | | | | | |
| Personnel Services | 8,057,821 | 3,894,828 | 724,458 | 146,634 | 12,823,741 |
| Advertising | - | - | 39,109 | 1,917 | 41,026 |
| Utilities | 2,058,283 | 72,545 | 78,322 | 243,704 | 2,452,854 |
| Office Expenses | 657,220 | 122,501 | 28,045 | 18,063 | 825,829 |
| Maintenance and Repairs | 3,630,886 | 2,310,577 | 14,970 | 81,581 | 6,038,014 |
| Contractual Services | 1,059,214 | 586,404 | 4,147 | 7,200 | 1,656,965 |
| Other Services and Charges | 543,256 | 231,894 | 143,181 | 4,258 | 922,589 |
| Depreciation | 9,719,818 | 2,311,813 | 90,802 | 100,237 | 12,222,670 |
| Landfill Closure and Postclosure Costs | - | 139,860 | - | - | 139,860 |
| TOTAL OPERATING EXPENSES | 25,726,498 | 9,670,422 | 1,123,034 | 603,594 | 37,123,548 |
| OPERATING INCOME (LOSS) | 8,747,205 | 43,488 | (611,490) | (92,572) | 8,086,631 |
| NON-OPERATING REVENUES (EXPENSES) | | | | | |
| Interest Income | 1,621,993 | 217,267 | - | - | 1,839,260 |
| Grant Revenue | 298,337 | 71,224 | 7,032 | - | 376,593 |
| Gain (Loss) on Disposition of Assets | 92,840 | (70,516) | - | - | 22,324 |
| Interest Expense | (7,917,295) | (442,003) | (1,201) | (6,996) | (8,367,495) |
| TOTAL NON-OPERATING REVENUES (EXPENSES) | (5,904,125) | (224,028) | 5,831 | (6,996) | (6,129,318) |
| INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS | 2,843,080 | (180,540) | (605,659) | (99,568) | 1,957,313 |
| CAPITAL CONTRIBUTIONS AND TRANSFERS | | | | | |
| Capital Contributions | 4,419,960 | - | - | - | 4,419,960 |
| Transfers In | 500,000 | - | 367,354 | - | 867,354 |
| Transfers Out | - | - | (18,932) | - | (18,932) |
| TOTAL CAPITAL CONTRIBUTIONS AND TRANSFERS | 4,919,960 | - | 348,422 | - | 5,268,382 |
| CHANGE IN NET ASSETS | 7,763,040 | (180,540) | (257,237) | (99,568) | 7,225,695 |
| NET ASSETS, Beginning of Year | 161,206,508 | 21,246,989 | 1,033,655 | 707,756 | 184,194,908 |
| NET ASSETS, End of Year | \$ 168,969,548 | 21,066,449 | 776,418 | 608,188 | \$ 191,420,603 |

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, 2009

BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS

| | WATER AND SEWER | SOLID WASTE | PARKS AND RECREATION | EMERGENCY TELEPHONE | TOTALS |
|---|----------------------|--------------------|-------------------------|------------------------|----------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| Cash Received from Customers and Users | \$ 33,565,855 | 9,838,277 | 510,943 | 485,636 | \$ 44,400,711 |
| Cash Paid to Suppliers | (8,338,387) | (3,658,106) | (285,778) | (360,683) | (12,642,954) |
| Cash Paid to Employees | (7,825,750) | (3,792,846) | (713,849) | (144,105) | (12,476,550) |
| NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES | 17,401,718 | 2,387,325 | (488,684) | (19,152) | 19,281,207 |
| CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES | | | | | |
| Operating Grant Contributions | - | 390,677 | 7,033 | - | 397,710 |
| Transfers and Advances Between Funds | 10,471,895 | (8,685,758) | 576,598 | - | 2,362,735 |
| NET CASH PROVIDED BY (USED IN) NON-CAPITAL FINANCING ACTIVITIES | 10,471,895 | (8,295,081) | 583,631 | - | 2,760,445 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | | |
| Proceeds from Issuance of Debt | 861,869 | - | - | - | 861,869 |
| Capital Grants | 573,336 | - | - | - | 573,336 |
| Proceeds from the Sale of Assets | 97,344 | 57,555 | - | - | 154,899 |
| Acquisition and Construction of Capital Assets | (16,273,097) | (717,185) | (77,463) | (39,668) | (17,107,413) |
| Principal Paid - Bonds and Notes Payable | (5,104,175) | (1,896,304) | (16,283) | (157,466) | (7,174,228) |
| Interest Paid - Bonds and Notes Payable | (9,117,671) | (462,636) | (1,201) | (6,996) | (9,588,504) |
| NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES | (28,962,394) | (3,018,570) | (94,947) | (204,130) | (32,280,041) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| Purchase of Investments | (17,043,854) | - | - | - | (17,043,854) |
| Interest Income on Investments | 3,450,570 | 217,267 | - | - | 3,667,837 |
| NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES | (13,593,284) | 217,267 | - | - | (13,376,017) |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | (14,682,065) | (8,709,059) | - | (223,282) | (23,614,406) |
| CASH AND CASH EQUIVALENTS, Beginning of Year | 99,925,045 | 20,452,596 | - | 452,285 | 120,829,926 |
| CASH AND CASH EQUIVALENTS, End of Year | \$ 85,242,980 | 11,743,537 | - | 229,003 | \$ 97,215,520 |
| Reconciliation of Cash and Cash Equivalents to the Statement of Net Assets | | | | | |
| Cash and Cash Equivalents - Current Assets | \$ 24,293,444 | 11,194,728 | - | 229,003 | \$ 35,717,175 |
| Restricted Cash and Cash Equivalents - Current Assets | 60,949,536 | 548,809 | - | - | 61,498,345 |
| | \$ 85,242,980 | 11,743,537 | - | 229,003 | \$ 97,215,520 |

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, 2009

| | BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS | | | | |
|--|---|------------------|-------------------------|------------------------|----------------------|
| | WATER AND SEWER | SOLID WASTE | PARKS AND RECREATION | EMERGENCY TELEPHONE | TOTALS |
| Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities: | | | | | |
| Operating Income (Loss) | \$ 8,747,205 | 43,488 | (611,490) | (92,572) | \$ 8,086,631 |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities: | | | | | |
| Depreciation and Amortization | 9,719,818 | 2,311,813 | 90,802 | 100,237 | 12,222,670 |
| (Increase) Decrease in Assets: | | | | | |
| Accounts Receivable | (559,663) | 124,367 | (601) | (25,386) | (461,283) |
| Inventories | | - | 7,929 | - | 7,929 |
| Increase (Decrease) in Liabilities: | | | | | |
| Accounts Payable and Accrued Liabilities | (369,990) | (324,822) | 9,566 | (1,777) | (687,023) |
| Landfill Closure and Postclosure Cost Liability | - | 139,860 | - | - | 139,860 |
| Compensated Absences Payable | 89,701 | 44,851 | 15,110 | 346 | 150,008 |
| Deferred Revenue | (348,185) | - | - | - | (348,185) |
| Unfunded OPEB Liability | 122,832 | 47,768 | - | - | 170,600 |
| Total Adjustments | 8,654,513 | 2,343,837 | 122,806 | 73,420 | 11,194,576 |
| Net Cash Provided by (Used in) Operating Activities | \$ 17,401,718 | 2,387,325 | (488,684) | (19,152) | \$ 19,281,207 |
| Schedule of Noncash Investing, Capital and Financing Activities: | | | | | |
| Acquisition of Capital Assets Through Developer Contributions | \$ 4,419,960 | - | - | - | \$ 4,419,960 |
| Transfer of Capital Assets to Governmental Funds | - | - | 18,932 | - | 18,932 |
| Acquisition of Capital Assets Not Yet Paid For | 1,107,892 | (255,051) | - | - | 852,841 |
| Amortization of Bond Premium, Deferred Refunding Costs and Issuance Costs | 306,213 | - | - | - | 306,213 |
| Increase in Debt Due to Accretion of Interest | \$ 308,901 | - | - | - | \$ 308,901 |

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, 2009

| | <u>AGENCY FUNDS</u> |
|------------------------------------|-----------------------------|
| ASSETS | |
| Cash and Cash Equivalents | \$ 27,899,609 |
| Receivables: | |
| Due from the State Government | 199,016 |
| TOTAL ASSETS | <u>28,098,625</u> |
| LIABILITIES | |
| Due to School District | 8,368,197 |
| Due to Other Designated Recipients | 19,730,428 |
| TOTAL LIABILITIES | <u>\$ 28,098,625</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, 2009

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 (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 basic financial statements present the County and its 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. The County has no blended or discretely presented component units.

Related Organization

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, 2009

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 are 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 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. Non-major 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 Funds:

The County reports the following major governmental funds:

The *General Fund* is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Debt Service Fund* accounts for the servicing of general obligation long-term debt not being financed by proprietary or nonexpendable trust funds.

The *Capital Projects Fund* accounts for the acquisition of fixed assets or construction of major capital projects not being financed by proprietary or nonexpendable trust funds.

The County reports the following major proprietary funds:

The *Water and Sewer 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* accounts for the operation and maintenance of the County landfill and collection sites.

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

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2009

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

3. Major Funds (continued):

The *Emergency Telephone Fund* accounts for the operation of the County's 911 services.

4. Nonmajor Funds:

In addition, the County reports the following fund types:

The *Special Revenue Funds* account for revenue sources that are legally restricted to expenditures for specific purposes (not including expendable trusts or major capital projects) such as grants, fire and other special purpose fees, and economic development.

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.

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). This includes 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 made.

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.

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2009

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (Continued)

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.

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.

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2009

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

2. Investments (Continued)

- (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.
- (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. 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.

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2009

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

2. Investments (Continued)

The County's cash investment objectives are preservation of capital, liquidity and yield. The County has a number of financial instruments, none of which is held for trading purposes. Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Non-participating investment contracts such as nonnegotiable certificates of deposit and repurchase agreements are reported at cost. Debt securities are reported at cost or amortized cost. 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 ended 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 (Greenwood County, South Carolina General Obligation Bond Anticipation Notes, Series 2008A and Dorchester County School District Two General Obligation Bonds, Series 2009A.)
- Repurchase agreements are a type of transaction in which a participant acquires immediately available funds by selling securities and simultaneously agreeing to repurchase the same or similar securities after a specified time at a given price, which typically includes interest at an agreed-upon rate. The County's repurchase agreements are considered cash and cash equivalents as they may be redeemed on demand.

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.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

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.

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2009

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

4. Receivables (Continued)

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, 2009. 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. Reported inventories are equally offset by a fund balance reserve which indicates that they do not constitute "available spendable resources" even though they are a component of fund balance. 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.

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.

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2009

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

6. Capital Assets (Continued)

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 |
| Infrastructure | 12-50 years |
| Utility Systems, Treatment Plants and Buildings | 15-50 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.

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 that 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.

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. In the governmental funds, General Fund resources typically have been used in prior years to liquidate compensated absences, and both the General Fund and the Debt Service Fund are used to liquidate the notes and bonds payable.

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2009

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

9. Net Assets and Reservations and Designations of Fund Balances

Government-wide 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.”

Fund Statements

Governmental fund equity is classified as reserved and unreserved, with unreserved further split between designated and undesignated.

Reservations represent portions of fund balances which are not appropriable for expenditure or have been segregated for specific future uses by legal mandate. Designations represent tentative plans by the County for financial resource utilization in a future period as documented in the budgeting process for a succeeding year. Such plans are subject to change from original authorizations and may never result in expenditures.

During 2007 the County adopted a fund balance policy for the General Fund, with the goal of 15% of the next year’s budget to be so designated. During 2008 the County adopted a net asset policy for the Water and Sewer Fund, which is effective for fiscal 2009; the policy states 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.

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.

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2009

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 Clerk of Court Accounts, Special Sheriff Accounts, Planning Grant, Highway “C” Funds, PARD Grant and Impact Fees. 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 by July 1 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, 2009, net amendments to the budget totaling approximately \$1,927,000 were made.

Encumbrances lapse at the end of the fiscal year.

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, 2009, none of the County’s bank balances of \$87,033,499 (which had a recorded value of \$86,847,775) were exposed to custodial credit risk.

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2009

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

A. Deposits and Investments (continued)

Investments

As of June 30, 2009, the County had the following investments:

| Investment Type | Fair Value | S&P | Credit Ratings Moody's | Fitch | Weighted Average Maturity |
|--|-----------------------|---------|---------------------------|---------|---------------------------------|
| Morgan Stanley Institutional Liquidity Fund | \$ 60,877,858 | AAAm | Aaa | AAA | < 1 year |
| First American Treasury Obligations Fund - Class Y | 422,725 | AAAm | Aaa | AAA | < 1 year |
| First American Treasury Obligations Fund - Class D | 126,088 | AAAm | Aaa | AAA | < 1 year |
| First American Government Obligations Fund - Class Y | 71,672 | AAAm | Aaa | Unrated | < 1 year |
| Greenwood County General Obligation Bond Anticipation Note | 15,168,854 | Unrated | Unrated | Unrated | < 1 year |
| Dorchester County School District Two General Obligation Bonds | 1,875,000 | Unrated | Unrated | Unrated | < 2 years |
| Federated Government Obligations Fund | 2,807,638 | AAAm | Aaa | AAA | < 1 year |
| Advantage Government Money Market Mutual Fund | 27,477,131 | AAAm | Aaa | Unrated | < 1 year |
| Total Investments | <u>\$ 108,826,966</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.

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, 2009, none of the County's total investments of \$108,826,966 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. As of June 30, 2009, 13.9% of the County's investments were in Greenwood County General Obligation Bond Anticipation Note. This note was redeemed at maturity subsequent to year end.

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2009

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 | \$ 86,847,775 |
| Fair Value of Investments | 108,826,966 |
| Total | <u>\$ 195,674,741</u> |
| | |
| Statement of Net Assets: | |
| Cash and Cash Equivalents | \$ 48,633,729 |
| Cash and Cash Equivalents - Restricted | 102,097,549 |
| Investments - Restricted | 17,043,854 |
| Statement of Fiduciary Net Assets: | |
| Cash and Cash Equivalents | 27,899,609 |
| Total | <u>\$ 195,674,741</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 \$114,130 in non-current receivables for the Water and Sewer Fund:

| Receivables: | <u>General</u> | <u>Debt Service</u> | <u>Water and Sewer</u> | <u>Solid Waste</u> | <u>Parks & Recreation</u> | <u>Emergency Telephone</u> | <u>Nonmajor Special Revenue Funds</u> | <u>Totals</u> |
|--------------------------------------|-----------------------------|-------------------------|-------------------------|-----------------------|-------------------------------|----------------------------|---------------------------------------|-----------------------------|
| Taxes | \$ 33,318,630 | 5,761,104 | - | - | - | - | 1,586,661 | \$ 40,666,395 |
| Accounts | 1,309,909 | - | 3,222,290 | 165,330 | 601 | 88,713 | 4,061,998 | 8,848,841 |
| Accrued Interest | - | - | 442,583 | - | - | - | - | 442,583 |
| Federal, State and Local Governments | 2,132,167 | - | 273,357 | 42,896 | - | - | 184,510 | 2,632,930 |
| Total | <u>36,760,706</u> | <u>5,761,104</u> | <u>3,938,230</u> | <u>208,226</u> | <u>601</u> | <u>88,713</u> | <u>5,833,169</u> | <u>52,590,749</u> |
| | | | | | | | | |
| Less Allowance for Uncollectibles: | | | | | | | | |
| Taxes | (1,812,370) | (343,119) | - | - | - | - | (34,570) | (2,190,059) |
| Accounts | (380,502) | - | (613,266) | - | - | - | (227,175) | (1,220,943) |
| Total | <u>(2,192,872)</u> | <u>(343,119)</u> | <u>(613,266)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(261,745)</u> | <u>(3,411,002)</u> |
| Net Receivables | <u>\$ 34,567,834</u> | <u>5,417,985</u> | <u>3,324,964</u> | <u>208,226</u> | <u>601</u> | <u>88,713</u> | <u>5,571,424</u> | <u>\$ 49,179,747</u> |

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2009

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

C. Interfund Receivables and Payables

The composition of interfund balances at June 30, 2009 is as follows:

| | Receivable Fund | Payable Fund |
|---------------------------|-----------------------------|-----------------------------|
| | <u> </u> | <u> </u> |
| General Fund | \$ 2,147,587 | \$ 64,065 |
| Special Revenue Funds: | | |
| Emergency Preparedness | - | 21,201 |
| Storm Water Management | - | 10,867 |
| State Accommodations Tax | - | 911 |
| Sheriff's Grants | - | 7,241 |
| County Accommodations Tax | - | 23,310 |
| PARD Grant | - | 4,523 |
| Airport Improvements | - | 9,785 |
| Enterprise Funds: | | |
| Water and Sewer | 1,227,074 | 1,210,390 |
| Solid Waste | 64,065 | 1,227,074 |
| Parks and Recreation | - | 859,359 |
| Total | <u>\$ 3,438,726</u> | <u>\$ 3,438,726</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. The Water and Sewer Fund receivable from the Solid Waste Fund was for expenditures paid during the year by the Water and Sewer Fund on behalf of the Solid Waste Fund. The Solid Waste Fund receivable from the General Fund was for user fees for the month of June, 2009 that were paid after June 30, 2009. Subsequent to June 30, 2009, the Solid Waste Fund reimbursed the Water and Sewer Fund. The majority of the Water and Sewer Fund payable to the General Fund was due to an overpayment of funds transferred from the General Fund to the Water and Sewer Fund which was repaid subsequent to year end. The remainder of the payable was due to shared expenses that were due to the General Fund at year end.

All of these balances are expected to be paid or received within one year except for the Cypress Gardens balance as noted below.

The operations of Cypress Gardens are accounted for in the Parks and Recreation Fund. Cypress Gardens continues to incur significant operating losses, including approximately \$606,000 for fiscal 2009. During the fiscal year, the General Fund transferred approximately \$267,000 to Cypress Gardens to assist in the funding of operations. In addition, the Economic Development Fund transferred \$100,000 for the funding of renovations and improvements at Cypress Gardens. As noted above, at June 30, 2009, the current balance owed by Cypress Gardens to the General Fund is approximately \$859,000. This balance is not expected to be received within one year; however, the County plans to repay this balance from proceeds received from the sale of methane gas extracted from the landfill. Subsequent to year end, the County has entered into an agreement with a company who will purchase this gas and convert it into electricity. In addition, the County is working with a brokerage firm for marketing of carbon credits, the proceeds of which will also be used to repay this balance.

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2009

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

D. Capital Assets

Governmental capital asset activity for the year ended June 30, 2009, is as follows:

| | Balance 6/30/2008 | Additions | Disposals | Transfers | Balance 6/30/2009 |
|--|----------------------|-------------------|--------------------|------------------|----------------------|
| Capital Assets, Not Being Depreciated: | | | | | |
| Land | \$ 3,756,161 | - | - | - | \$ 3,756,161 |
| Construction in Progress | 5,487,043 | 8,212,968 | - | (931,564) | 12,768,447 |
| Total Capital Assets, Not Being Depreciated | <u>9,243,204</u> | <u>8,212,968</u> | <u>-</u> | <u>(931,564)</u> | <u>16,524,608</u> |
| Capital Assets, Being Depreciated: | | | | | |
| Buildings | 27,994,821 | - | - | - | 27,994,821 |
| Furniture | 1,315,524 | 9,468 | - | - | 1,324,992 |
| Equipment | 9,683,026 | 1,633,316 | (524,012) | 33,727 | 10,826,057 |
| Software | 1,105,055 | 34,845 | - | 216,800 | 1,356,700 |
| Vehicles | 9,199,653 | 1,781,174 | (1,113,185) | 21,995 | 9,889,637 |
| Improvements | 11,615,322 | 94,074 | - | 476,198 | 12,185,594 |
| Library Materials | 2,044,527 | 195,090 | (176,185) | - | 2,063,432 |
| Infrastructure | 87,736,025 | 14,899,134 | - | 238,566 | 102,873,725 |
| Total Capital Assets, Being Depreciated | <u>150,693,953</u> | <u>18,647,101</u> | <u>(1,813,382)</u> | <u>987,286</u> | <u>168,514,958</u> |
| Less: Accumulated Depreciation For: | | | | | |
| Buildings | 8,449,897 | 699,871 | - | - | 9,149,768 |
| Furniture | 338,975 | 131,496 | - | - | 470,471 |
| Equipment | 6,956,662 | 779,737 | (520,397) | 19,177 | 7,235,179 |
| Software | 721,955 | 90,384 | - | - | 812,339 |
| Vehicles | 5,142,734 | 1,034,417 | (977,404) | 17,613 | 5,217,360 |
| Improvements | 4,170,490 | 674,212 | - | - | 4,844,702 |
| Library Materials | 714,464 | 229,041 | (176,185) | - | 767,320 |
| Infrastructure | 57,182,939 | 3,116,494 | - | - | 60,299,433 |
| Total Accumulated Depreciation | <u>83,678,116</u> | <u>6,755,652</u> | <u>(1,673,986)</u> | <u>36,790</u> | <u>88,796,572</u> |
| Total Capital Assets, Being Depreciated, Net | <u>67,015,837</u> | <u>11,891,449</u> | <u>(139,396)</u> | <u>950,496</u> | <u>79,718,386</u> |
| Governmental Activities Capital Assets, Net | <u>\$ 76,259,041</u> | <u>20,104,417</u> | <u>(139,396)</u> | <u>18,932</u> | <u>\$ 96,242,994</u> |

During the year ended June 30, 2009, the County recorded \$14,899,134 in infrastructure contributed from developers and \$507,143 in equipment donated by private parties for emergency preparedness.

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2009

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

D. Capital Assets (Continued)

Business-Type capital asset activity for the year ended June 30, 2009, is as follows:

| | Restated* Balance 6/30/2008 | Additions | Disposals | Transfers | Balance 6/30/2009 |
|---|-----------------------------------|--------------------|------------------|---------------------|-----------------------|
| Capital Assets, Not Being Depreciated: | | | | | |
| Land | \$ 3,648,403 | - | - | - | \$ 3,648,403 |
| Construction in Progress | 13,153,556 | 16,552,900 | - | (16,257,499) | 13,448,957 |
| Total Capital Assets, Not Being Depreciated | <u>16,801,959</u> | <u>16,552,900</u> | <u>-</u> | <u>(16,257,499)</u> | <u>17,097,360</u> |
| Capital Assets, Being Depreciated: | | | | | |
| Utility Systems, Treatment Plants and Buildings | 325,965,820 | 4,523,571 | (35,540) | 16,257,499 | 346,711,350 |
| Equipment and Furniture | 14,907,304 | 1,334,334 | (177,505) | (55,722) | 16,008,411 |
| Lake Moultrie Water Agency | 11,086,345 | - | - | - | 11,086,345 |
| Total Capital Assets, Being Depreciated | <u>351,959,469</u> | <u>5,857,905</u> | <u>(213,045)</u> | <u>16,201,777</u> | <u>373,806,106</u> |
| Less: Accumulated Depreciation For: | | | | | |
| Utility Systems, Treatment Plants and Buildings | 78,223,306 | 9,622,755 | (10,590) | - | 87,835,471 |
| Equipment, Vehicles and Furniture | 9,555,593 | 2,216,588 | (118,136) | (36,790) | 11,617,255 |
| Lake Moultrie Water Agency | 3,707,299 | 383,327 | - | - | 4,090,626 |
| Total Accumulated Depreciation | <u>91,486,198</u> | <u>12,222,670</u> | <u>(128,726)</u> | <u>(36,790)</u> | <u>103,543,352</u> |
| Total Capital Assets, Being Depreciated, Net | <u>260,473,271</u> | <u>(6,364,765)</u> | <u>(84,319)</u> | <u>16,238,567</u> | <u>270,262,754</u> |
| Business-Type Activities Capital Assets, Net | <u>\$ 277,275,230</u> | <u>10,188,135</u> | <u>(84,319)</u> | <u>(18,932)</u> | <u>\$ 287,360,114</u> |

* See Note III. E. regarding the Lake Moultrie Water Agency, which discusses the prior year restatement.

During the year ended June 30, 2009, the County recorded \$4,419,960 in utility systems contributed by developers and others.

Depreciation expense for the year ended June 30, 2009 was charged to County functions as follows:

| | |
|---|----------------------|
| Governmental Activities: | |
| General Government | \$ 1,503,527 |
| Public Safety | 897,689 |
| Airport, Highways and Streets | 3,849,285 |
| Culture and Recreation | 376,639 |
| Health and Welfare | 107,303 |
| Community Development | 21,209 |
| Total Governmental Activity Depreciation | <u>\$ 6,755,652</u> |
| Business-Type Activities: | |
| Water and Sewer | \$ 9,719,818 |
| Solid Waste | 2,311,813 |
| Parks and Recreation | 90,802 |
| Emergency Telephone | 100,237 |
| Total Business-Type Activity Depreciation | <u>\$ 12,222,670</u> |

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2009

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

D. Capital Assets (Continued)

Construction Commitments

At June 30, 2009, the Enterprise Funds and the Capital Projects Fund had commitments under contracts for construction of various projects not completed of approximately \$12,432,000 and \$3,825,000, respectively.

Capitalized Interest

For the year ended June 30, 2009, the Water and Sewer Fund incurred \$9,403,832 in interest on its bonds and capitalized \$1,784,530; no interest was capitalized for the other enterprise funds.

Joint Municipal Water Systems

Lake Moultrie Water Agency

In prior years, the County entered into a contract with 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 required a deposit to reserve the capacity and to pay monthly demand (fixed) and volumetric (variable) charges. The County paid \$8,921,929 to Lake Moultrie WA to reserve the desired capacity. In June 2009, Segment 7 was sold to the city of Goose Creek for \$44,451, reducing the residual purchase price to \$8,877,478. In 2008, 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 cost to \$11,086,345. The deposit and subsequent payments were originally recognized as an intangible asset and were being amortized over the life of the contract; the remaining unamortized amount is included in capital assets as of June 30, 2009, as discussed in Note III. E. below. Accumulated amortization at June 30, 2009, was \$4,090,626, 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>Year Ending June 30</u> | <u>Amount</u> |
|----------------------------|---------------|
| 2010 | \$ 572,896 |
| 2011 | 659,436 |
| 2012 | 731,370 |
| 2013 | 778,934 |
| 2014 | \$ 796,590 |

Lake Marion Water Agency

In November 2007, the County entered into a contract with Lake Marion Water Agency ("Lake Marion WA"). This system's water treatment plant, which has the capacity of producing 8 million gallons a day, came on line in May 2008. 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, 2009

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

D. Capital Assets (Continued)

Joint Municipal Water Systems (continued)

Lake Marion Water Agency (continued)

The County has committed \$10 million dollars to the Lake Marion WA to assist in the funding of the transmission line that will connect the County to this regional system. This commitment is expected to be funded by the issuance of a revenue bond, which was approved by County Council in 2006. The anticipated initial delivery of water could be as early as 2011.

E. Adoption of GASB Statement No. 51, *Accounting for Intangible Assets*

The County adopted GASB Statement No. 51, *Accounting for Intangible Assets*, as of the beginning of fiscal 2009, which resulted in reclassifying the Lake Moultrie Water Agency intangible asset from Other Non-current Assets to Capital Assets. This change in accounting principle had no effect on total assets or total net assets; however, it resulted in changes to the components of Net Assets, increasing Invested in Capital Assets, Net of Related Debt by \$7,379,046 with a corresponding decrease in Unrestricted Net Assets at June 30, 2008.

F. Interfund Transfers

Interfund transfers for the year ended June 30, 2009, consisted of the following:

| | Transfer In | Transfer Out |
|------------------------------------|---------------------|---------------------|
| Major Governmental Funds: | | |
| General Fund | \$ 3,473,681 | \$ 3,366,158 |
| Capital Projects | 879,975 | - |
| Special Revenue Funds: | | |
| Library Fund | 2,594,379 | - |
| National Forest Fund | - | 543,383 |
| Emergency Preparedness Fund | 184,215 | - |
| GIS Fund | 279,268 | - |
| Stormwater Management Fund | 33,045 | - |
| EMS Equipment Fund | 2,135 | - |
| State Accommodations Tax Fund | - | 27,101 |
| Impact Fees Fund | - | 879,975 |
| Sheriff's Grants Fund | 2,097 | - |
| Miscellaneous Special Revenue Fund | - | 1,656,159 |
| County Accommodations Tax Fund | - | 83,995 |
| PARD Grant Fund | 3,665 | - |
| Local Economic Development Fund | - | 1,769,651 |
| Airport Improvements Fund | 6,608 | - |
| Enterprise Funds: | | |
| Water and Sewer | 500,000 | - |
| Parks and Recreation | 367,354 | 18,932 |
| Total | <u>\$ 8,326,422</u> | <u>\$ 8,345,354</u> |

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2009

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

F. 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.

The total transferred out of \$8,345,354 exceeded the total transferred in of \$8,326,422 by \$18,932, which represents the carrying value of capital assets transferred from the Parks and Recreation Enterprise Fund to the General Fund.

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 \$4.8 million has been transferred out.

G. 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 statement in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. As of June 30, 2009, the various components of deferred and unearned revenue reported in the financial statements for governmental activities were as follows:

| | | |
|--|----|-------------------|
| Unearned: | | |
| Property Taxes | \$ | 39,976,500 |
| Other | | 1,050,179 |
| Deferred Revenue - Statement of Net Assets | | <u>41,026,679</u> |
| Unavailable: | | |
| Property Taxes | | 786,983 |
| Deferred Revenue - Governmental Funds | \$ | <u>41,813,662</u> |

H. Operating Leases

The County leases various properties under several operating lease agreements expiring through 2015. Total costs charged to operations were approximately \$210,000 for the year ended June 30, 2009, including approximately \$147,000 in General Fund expenditures, approximately \$57,000 in Special Revenue Fund expenditures and approximately \$6,000 in Enterprise Fund expenditures. Future minimum payments for these leases are as follows:

| Year Ending June 30, | Amount |
|----------------------|-------------------|
| 2010 | \$ 178,851 |
| 2011 | 132,351 |
| 2012 | 62,103 |
| 2013 | 62,103 |
| 2014 | 50,283 |
| Thereafter | 51,289 |
| Total | <u>\$ 536,980</u> |

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2009

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

I. Short-term Obligations

In August 2008, County Council approved a resolution to levy and impose a one percent sales and use tax, subject to a voter referendum, with the proceeds to be used for transportation projects. In November 2008, the voters of Berkeley County approved this referendum, and the new tax became effective May 1, 2009. The one-cent sales tax includes a seven year sunset clause, at which time voters will again be given an opportunity to keep or revoke the tax. The County issued a General Obligation Bond Anticipation Note (“BAN”) in May, 2009, totaling \$27,400,000 for the purpose of defraying the costs of acquiring, designing, and constructing various transportation projects. The County received a premium of \$210,432 upon issuance and the County incurred \$137,589 in issuance costs. The BAN, including interest of \$342,500, is due in May, 2010 and is anticipated to be repaid with proceeds from the sale of long-term General Obligation Bonds. The premium and issuance costs have been netted against interest expenditures in the financial statements.

The County’s short-term debt activity is as follows:

| | Beginning Balance | Additions | Reductions | Ending Balance |
|--|----------------------|-------------------|------------|----------------------|
| General Obligation Bond Anticipation Note, issued May 2009, interest at 1.25%, matures May 2010 | \$ - | 27,400,000 | - | \$ 27,400,000 |
| Total | <u>\$ -</u> | <u>27,400,000</u> | <u>-</u> | <u>\$ 27,400,000</u> |

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2009

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

J. Long-term Obligations

Presented below is a summary of changes in long-term obligations for the year ended June 30, 2009:

| Long-Term Obligations | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|--|-----------------------|-------------------|------------------|--------------------|------------------------|
| Governmental Activities: | | | | | |
| General Obligation Bonds: | | | | | |
| Series 1997 Bond | \$ 3,160,000 | - | 3,160,000 | - | \$ - |
| Series 2003 Refunding and Improvement Bond | 22,830,000 | - | 605,000 | 22,225,000 | 630,000 |
| Series 2006 Bond | 8,000,000 | - | 20,000 | 7,980,000 | - |
| Series 2009A Bond | - | 10,000,000 | - | 10,000,000 | - |
| Series 2009B Refunding and Improvement Bond | - | 2,900,000 | - | 2,900,000 | 760,000 |
| Subtotal | 33,990,000 | 12,900,000 | 3,785,000 | 43,105,000 | 1,390,000 |
| Premium - Series 2003 Bond | 263,390 | - | 13,169 | 250,221 | - |
| Deferred Refunding Costs - Series 2003 Bond | (153,513) | - | (36,478) | (117,035) | - |
| Total - General Obligation Bonds | 34,099,877 | 12,900,000 | 3,761,691 | 43,238,186 | 1,390,000 |
| Notes Payable | 3,253,069 | 1,536,932 | 1,987,460 | 2,802,541 | 1,552,384 |
| Compensated Absences | 5,747,229 | 2,954,505 | 2,217,510 | 6,484,224 | 2,390,487 |
| Total Governmental Activities | 43,100,175 | 17,391,437 | 7,966,661 | 52,524,951 | 5,332,871 |
| Business-Type Activities: | | | | | |
| Revenue Bonds: | | | | | |
| Capital Appreciation Bonds - Water & Sewer | 2,307,139 | - | - | 2,307,139 | - |
| Series 2000 Revenue Bonds - Water & Sewer | 3,479,263 | - | 130,693 | 3,348,570 | 137,038 |
| Series 2003 Revenue Bond - Water & Sewer | 46,260,000 | - | 4,565,000 | 41,695,000 | 4,790,000 |
| Series 2005A Revenue Bond - Water & Sewer | 105,750,000 | - | 250,000 | 105,500,000 | 250,000 |
| Series 2008A Refunding Bond - Water & Sewer | 38,070,000 | - | 25,000 | 38,045,000 | 745,000 |
| State Revolving Fund Loan - AD Hare Rehab. - Water & Sewer | - | 861,869 | - | 861,869 | 58,826 |
| Series 2002 Revenue Bond - Solid Waste | 2,000,000 | - | 200,000 | 1,800,000 | 200,000 |
| Series 2003 Revenue Bond - Solid Waste | 6,825,000 | - | 645,000 | 6,180,000 | 670,000 |
| Series 2005 Refunding Bond - Solid Waste | 2,205,000 | - | 270,000 | 1,935,000 | 290,000 |
| Subtotal | 206,896,402 | 861,869 | 6,085,693 | 201,672,578 | 7,140,864 |
| Accretion of Interest - Capital Appreciation Bonds | 3,012,746 | 308,901 | - | 3,321,647 | - |
| Premium - Series 2003 Revenue Bond - Water & Sewer | 2,794,298 | - | 139,716 | 2,654,582 | - |
| Premium - Series 2005A Revenue Bond - Water & Sewer | 3,020,442 | - | 137,294 | 2,883,148 | - |
| Premium - Series 2008A Revenue Bond - Water & Sewer | 468,517 | - | 23,524 | 444,993 | - |
| Deferred Refunding Costs - Series 2003 - Water & Sewer | (1,696,551) | - | (242,365) | (1,454,186) | - |
| Deferred Refunding Costs - Series 2008A - Water & Sewer | (4,081,214) | - | (204,915) | (3,876,299) | - |
| Total Revenue Bonds | 210,414,640 | 1,170,770 | 5,938,947 | 205,646,463 | 7,140,864 |
| Notes Payable | 2,157,755 | - | 1,088,535 | 1,069,220 | 386,310 |
| Landfill Closure and Postclosure Care Cost | 2,724,720 | 139,860 | - | 2,864,580 | 12,000 |
| Compensated Absences | 913,097 | 405,043 | 255,035 | 1,063,105 | 307,638 |
| Total Business-Type Activities | \$ 216,210,212 | 1,715,673 | 7,282,517 | 210,643,368 | \$ 7,846,812 |

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

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2009

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

J. Long-term Obligations (Continued)

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.

In May 2009, the County issued its Series 2009A General Obligation Bonds in the amount of \$10,000,000 to finance the cost of acquisition, construction, renovation, demolition and site improvements of major capital facilities or equipment. These bonds were issued at a premium of \$8,234 and the County incurred \$96,094 in issuance costs. The premium and issuance costs have been included in with interest and fiscal charges in the governmental funds statements and have been expensed in the government-wide Statement of Activities due to their immateriality.

In May 2009, the County issued its Series 2009B General Obligation Refunding Bonds in the amount of \$2,900,000 to redeem the outstanding balance of the Series 1997 General Obligation Bonds of \$2,840,000. The new bonds were issued at a premium of \$36,233 and the County incurred \$56,129 in issuance costs. The premium and issuance costs have been included in with interest and fiscal charges in the governmental funds statements and have been expensed in the government-wide Statement of Activities due to their immateriality. The reacquisition price exceeded the net carrying amount of the old debt by \$40,085 and was expensed due to its immateriality. The transaction also resulted in an economic gain of approximately \$196,000 and a reduction of approximately \$249,000 in future debt service payments.

General obligation bonds payable at June 30, 2009 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 | \$ 22,225,000 |
| 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 | 2,900,000 |
| Total | <u>\$ 43,105,000</u> |

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.

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2009

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

J. Long-term Obligations (Continued)

Revenue Bonds (Continued)

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 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 the outstanding balance of \$35,500,000 in its Series 2006A Water and Sewer System Refunding Revenue Bonds and to pay \$1,790,000 in termination fees associated with the interest rate swap agreement that was related to the Series 2006A Bonds. The County incurred a total of \$1,163,256 in underwriters' fees, bond insurance and other issuance costs associated with the new debt. The reacquisition price exceeded the net carrying amount of the old debt by \$4,098,290. This amount was netted against the new debt and is being amortized over the life of the new debt, which is the same as the old debt. This current refunding was undertaken to replace the volatile variable rates and charges in effect on the old debt and the related interest rate swap agreement with a stable fixed rate instrument.

There are numerous limitations, restrictions, and covenants contained in the various revenue bond indentures and ordinances. As of June 30, 2009, the County is in compliance with all significant restrictions and covenants, including its debt service coverage ratios for its Water and Sewer Revenue Bonds and its Solid Waste 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 did not increase its rates for fiscal 2010.

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2009

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

J. Long-term Obligations (Continued)

Revenue Bonds (Continued)

| Revenue bonds payable at June 30, 2009, are comprised of the following issues: | <u>Outstanding Principal</u> |
|---|------------------------------|
| Capital Appreciation Bonds, due June 2012, exclusive of \$3,321,647 in cumulative accretion of interest at 5.3% and 5.75%. Two payments of \$3,240,000 each are due in 2011 and 2012. | \$ 2,307,139 |
| Water and Sewer System, Series 2000 – Hanahan Project, due December 2025, with annual payments totaling \$296,053, which includes interest at 4.855%. | 3,348,570 |
| Water and Sewer System Refunding Revenue Bond, Series 2003, due June 2028, with annual payments ranging from \$455,000 to \$6,360,000 and interest ranging from 2.0% - 5.25%. These bonds have an issuance premium of \$2,654,582 and deferred refunding costs of \$1,454,186, both of which are net of amortization. | 41,695,000 |
| Water and Sewer 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 \$2,883,148, which is net of amortization. | 105,500,000 |
| Water and Sewer System Refunding Bond, Series 2008A, due June 2028, with annual principal payments ranging from \$25,000 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 \$444,993 and deferred refunding costs of \$3,876,299, both of which are net of amortization. | 38,045,000 |
| State Revolving Fund Loan, due June 2029, with 80 quarterly payments of \$17,894, which includes interest at 1.0%. The County executed this loan with SC DHEC for an amount not to exceed \$1,296,009. As of June 30, 2009, the County had drawn down \$861,869 of the \$1,296,009. The proceeds of this loan are being used to partially fund the costs to rehabilitate the AD Hare Water System. | <u>861,869</u> |
| Total Water and Sewer Revenue / Refunding Bonds | <u>191,757,578</u> |
| Solid Waste System, Series 2002, due December 2017, with annual principal payments of \$200,000 and interest at 4.66%. | 1,800,000 |
| Solid Waste System, Refunding Revenue Bond, Series 2003, due December 2016, with an interest rate of 3.95%. | 6,180,000 |
| Solid Waste System, Refunding Revenue Bond, Series 2005, due December 2014, with an interest rate of 3.56%. | <u>1,935,000</u> |
| Total Solid Waste Revenue Bonds | <u>9,915,000</u> |
| Total Revenue Bonds | <u>\$ 201,672,578</u> |

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2009

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

J. Long-term Obligations (Continued)

Notes Payable

The County has entered into various note agreements to finance the acquisition of certain capital assets. The interest rates on these notes range from 2.21% to 4.75% and mature in various dates from 2010 through 2012. The total outstanding principal at June 30, 2009 was \$2,802,541 and \$1,069,220 for the County’s governmental and business-type activities, respectively. At June 30, 2009, the County had \$147,599 in unexpended proceeds attributable to governmental activities.

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 | Debt | | Notes Payable | | Total |
|--|-----------------------|--------------------|---------------------|------------------|-----------------------|
| | Principal | Interest | Principal | Interest | |
| <u>Governmental Activities</u> | | | | | |
| 2010 | \$ 1,390,000 | 1,812,791 | 1,552,384 | 99,059 | \$ 4,854,234 |
| 2011 | 995,000 | 1,877,729 | 854,954 | 46,398 | 3,774,081 |
| 2012 | 1,080,000 | 1,833,097 | 395,203 | 14,464 | 3,322,764 |
| 2013 | 1,180,000 | 1,785,302 | - | - | 2,965,302 |
| 2014 | 1,285,000 | 1,733,987 | - | - | 3,018,987 |
| 2015-2019 | 7,395,000 | 7,726,021 | - | - | 15,121,021 |
| 2020-2024 | 11,300,000 | 5,536,720 | - | - | 16,836,720 |
| 2025-2029 | 16,540,000 | 2,660,343 | - | - | 19,200,343 |
| 2030-2032 | 1,940,000 | 131,208 | - | - | 2,071,208 |
| Total Governmental Activities | <u>43,105,000</u> | <u>25,097,198</u> | <u>2,802,541</u> | <u>159,921</u> | <u>71,164,660</u> |
| <u>Business-Type Activities</u> | | | | | |
| 2010 | 7,140,864 | 9,222,853 | 386,310 | 40,421 | 16,790,448 |
| 2011 | 5,394,359 | 10,945,855 | 356,997 | 26,101 | 16,723,312 |
| 2012 | 5,496,569 | 10,837,735 | 325,913 | 13,171 | 16,673,388 |
| 2013 | 7,858,599 | 8,519,933 | - | - | 16,378,532 |
| 2014 | 8,191,877 | 8,152,693 | - | - | 16,344,570 |
| 2015-2019 | 43,067,467 | 35,007,709 | - | - | 78,075,176 |
| 2020-2024 | 49,144,245 | 24,924,698 | - | - | 74,068,943 |
| 2025-2029 | 61,353,597 | 12,045,888 | - | - | 73,399,485 |
| 2030-2032 | 14,025,001 | 613,592 | - | - | 14,638,593 |
| Total Business-Type Activities | <u>\$ 201,672,578</u> | <u>120,270,956</u> | <u>\$ 1,069,220</u> | <u>\$ 79,693</u> | <u>\$ 323,092,447</u> |

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2009

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

J. 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 \$2,864,580 reported as an accrual for landfill closure and postclosure care at June 30, 2009, includes the estimated remaining liability of \$282,000 for postclosure care of the previously closed landfill site for another twenty-three 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) | 7.5 years | 71.5% | \$ 3,252,000 | 360,000 | 3,612,000 | \$ 1,029,420 |
| DPW-105 (# 081001-1101) | None | 100% | - | 282,000 | 282,000 | - |
| | | | <u>\$ 3,252,000</u> | <u>642,000</u> | <u>3,894,000</u> | <u>\$ 1,029,420</u> |

These amounts are based on what it would cost to perform all closure and postclosure care in fiscal year 2009. Actual costs may be higher due to inflation, changes in technology or changes in regulations. South Carolina Department of Health and Environmental Control (“SC DHEC”) issued new regulations in 2008 concerning closure and postclosure care costs for landfills; these new regulations have been implemented by the County in 2009. 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.

K. Reserved and Designated Fund Equity

Reserved for Inventory. Fund balance has been reserved for inventory to indicate that these amounts do not represent available spendable resources even though they are components of fund balance.

Reserved for Prepaid Items. Fund balance has been reserved for prepaid items to indicate that these amounts do not represent available spendable resources even though they are components of fund balance.

Reserved for Debt Service. Fund balances are subject to the provision of various bond indenture agreements as to restrictions on expenditures.

Reserved for Impact Fees. Fund balance has been reserved for the capital improvement plan for roadways in unincorporated areas.

Reserved for Future Capital Asset Acquisitions. Fund balance has been reserved to indicate that the County had unexpended bond and note proceeds which are restricted under the bond and financing agreements to be expended only on capital asset additions.

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2009

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

K. Reserved and Designated Fund Equity (Continued)

Reserved for Other. Fund balance has been reserved to indicate that the County has unexpended National Forest Funds for Title III projects as defined by the Secure Rural Schools and Community Self-Determination Act of 2000.

Designated for Elected Officials' Carryover. The County executed a contract with elected officials concerning their expenditures for the 2009 fiscal year, and the difference between the amount allocated and actual expenditures is available to them for the upcoming fiscal year. A total of \$970,437 was available for carryover at June 30, 2009.

Designated for Fund Balance Policy. In accordance with a resolution adopted by County Council in 2007, the County designates up to 15% of the next fiscal year's budgeted expenditures for the General Fund for Fund Balance policy. Accordingly, the financial statements reflect \$3,418,219 so designated at June 30, 2009. This amount, which is all that is available at June 30, 2009, only represents 6.4% of fiscal 2010's budgeted appropriations.

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 pool 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 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 State's health insurance plans 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 Worker's Compensation Trust, a public entity risk pool operating for the benefit of local governments. The County pays an annual premium to the Worker's Compensation Trust for its insurance coverage. The agreement for formation of the public entity risk pools provides that the South Carolina Counties Worker's Compensation Trust will be self-sustaining through member premiums and any deficiencies can be charged back to the member counties in the event that a fund deficit arises.

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.

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2009

IV. OTHER INFORMATION (CONTINUED)

B. Contingent Liabilities (Continued)

Sewer Pollutants

The County received notification from the 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 relates to the total dissolved oxygen concentrations relating to effluent discharge. These new requirements are to be implemented in two phases. Already, the implementation of Phase I has cost the County approximately \$24 million to date. County Council approved the awarding of a \$13 million contract in fiscal year 2009 to a contractor to complete Phase I, which is expected to be completed within two years. The current Phase I TMDL for ultimate oxygen demand (“UOD”) is in effect, and the County’s treatment facilities are meeting the current limit.

Under Phase II, the County is evaluating the point dischargers on the Cooper and Ashley River for a revised TMDL for UOD. A three dimensional model has been approved by SC DHEC and EPA for use in determining the Phase II limits, which are much more stringent than those allowed by Phase I. The process of determining the Phase II TMDL is expected to be completed within the next year. The preliminary evaluation of the results of this model indicates a considerable reduction of limits will be required to meet the Phase II TMDL. The County is vigorously petitioning to have these requirements changed. If unsuccessful, the County estimates that it could cost an additional \$34 million to comply, which would be funded by a future revenue bond.

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.

Litigation

The County, its officers and its employees are defendants in various claims and lawsuits, including an action from a former employee alleging various matters. The outcome of the claim from the former employee is in the discovery stage and is not presently determinable; the County is vigorously defending itself in this action. Regarding the other 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.

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, 2009

IV. OTHER INFORMATION (CONTINUED)

D. 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 department employees, which provides medical and dental insurance for retirees under the Medicare eligible age of 65. Employees become eligible when the employee qualifies for the SCRS or PORS and has 10 years of service with the County. 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.

As of July 1, 2008, the measurement date, there were 1,193 covered participants including 194 covered participants from Water & Sanitation, and 77 currently retired participants receiving benefits (9 from Water & Sanitation).

Funding Policy

The County contributes a fixed dollar amount each year. In 2009, 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 health and dental plans pay a percentage of allowed charges after the plan’s deductible.

The County’s annual other postemployment 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.

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.

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2009

IV. OTHER INFORMATION (CONTINUED)

D. Other Post-employment Benefits (continued)

Actuarial Methods and Assumptions (continued)

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

| | |
|---|--|
| Actuarial Valuation Date: | July 1, 2008 |
| Actuarial Cost Method: | Unprojected Unit Credit |
| Amortization Method: | Level Percent of Pay |
| Amortization Period: | 30 Years |
| Actuarial Assumptions: | |
| Investment Rate of Return: | 6.0% annual return net of both administrative and investment related expenses |
| Health Cost Trend: | 10.0% to 6.0% in .5% annual steps (includes an inflation rate of 4%) |
| Coverage Elections: | 80% of eligible retirees will elect medical coverage; 80% of retirees electing medical coverage will have a spouse, and 30% of those will elect to cover the spouse. 20% of eligible retirees will elect dental coverage; 80% of those electing dental coverage will have a spouse, and 0% of those will elect to cover the spouse |
| Active Participant Marriage Assumption | 80% of all active employees are assumed to be married with female spouses assumed to be 3 years younger. |
| Changes in Actuarial Assumptions/Cost Method: | There have been no significant changes in the actuarial assumptions or cost method from the prior year. |

Since 2009 is the implementation year of GASB Statement No. 45, the asset valuation method used initially is market value. The County’s actuarial consultant intends to use a smoothing method over a 5 year period with the assumed investment rate of return. The OPEB Plan’s UAAL is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2009, was twenty-nine years.

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

Annual OPEB Costs and Rollforward of Net OPEB Obligation

For 2009, the County’s implementation year for GASB Statement No. 45, 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 2009) was as follows:

| | | |
|----|---|---------------------|
| 1. | Net OPEB Obligation (Asset), Beginning of the Plan Year | \$ 0 |
| 2. | One Year's Interest on the Net OPEB Obligation | 0 |
| 3. | Annual Required Contribution (Normal Cost Plus Any Amortization Payments) | 1,738,318 |
| 4. | Adjustment to Annual Required Contribution | 0 |
| 5. | Annual OPEB Cost: (2)+(3)+(4) | 1,738,318 |
| 6. | Contributions Made for the Plan Year | (151,974) |
| 7. | Increase (Decrease) in Net OPEB Obligation (Asset): (5)-(6) | 1,586,344 |
| 8. | Net OPEB Obligation (Asset), End of the Plan Year: (1)+(7) | <u>\$ 1,586,344</u> |

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2009

IV. OTHER INFORMATION (CONTINUED)

D. Other Post-employment Benefits (continued)

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

The County did not make contributions to the Plan in 2009 to pre-fund benefits; therefore, contributions only include \$151,974 made by the County through payment of covered participants' explicit and implicit subsidized benefits. The actuarial analysis was based on the assumption that the County would fully fund the ARC each year; however, they estimated that the AAL and ARC would increase by 50% and 39%, respectively, if the County continued to pay the benefits on a pay-as-you-go basis.

Fiscal year 2009 was the year of implementation of GASB Statement No. 45 and the County has elected to implement prospectively. Therefore, prior year comparative data in the schedule of employer contributions is not available. Annual OPEB cost, annual OPEB cost contributed, percentage of annual OPEB cost contributed to the OPEB Plan, and the net OPEB obligation (asset) for 2009 were as follows:

| Schedule of Employer Contributions | | | | | | |
|---|------------------|------------------------------|-----------------------|--|-----------------------------|----------------------------------|
| Actuarial Valuation Date | Annual OPEB Cost | Annual OPEB Cost Contributed | Percentage of Annual | | Net OPEB Obligation (Asset) | Applicable to Fiscal Year Ending |
| | | | OPEB Cost Contributed | | | |
| July 1, 2008 | \$ 1,738,318 | 151,974 | 8.74% | | \$ 1,586,344 | June 30, 2009 |

Schedule of Funding Progress

Fiscal year 2009 was the year of implementation of GASB Statement No. 45 and the County has elected to implement prospectively. Therefore, prior year comparative data in the schedule of funding progress is not available. This schedule will provide trend information about whether the actuarial values of OPEB Plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. The schedule of funding progress for the OPEB Plan is as follows:

| Schedule of Funding Progress | | | | |
|-------------------------------------|-------------------------------|-----------------------------------|---------------------------|--------------------|
| Actual Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) | | Funded Ratio (a/b) |
| | | Aggregate* (b) | Unfunded AAL (UAAL) (b-a) | |
| July 1, 2008 | \$ - | 11,710,927 | 11,710,927 | 0.00% |

E. 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 Retirement Division of the State Budget and Control Board. Both the South Carolina Retirement System and Police Officers Retirement System offer retirement and disability benefits, cost of living adjustments on an ad-hoc-basis, life insurance benefits and survivor benefits. The Plan's provisions are established under Title 9 of the SC Code of Laws. 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 System, PO Box 11960, Columbia, SC 29211-1960.

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2009

IV. OTHER INFORMATION (CONTINUED)

E. Employee Retirement Systems and Plans (continued)

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, 2009 was 9.24% 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, 2009, 2008, and 2007 were \$2,837,597, \$2,727,590, and \$2,285,874, 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, 2009 was 10.65% 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, 2009, 2008, and 2007 were \$823,816, \$771,765, and \$713,681, respectively, equal to the required contributions for each year.

F. 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.

G. 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, 2009, there were twenty-three series of Special Source Revenue Bonds with an outstanding aggregate principal amount of approximately \$1.2 billion.

H. Reciprocal Interfund Transactions

During the year ended June 30, 2009, the County's General Fund charged the Water and Sewer and the Solid Waste Funds approximately \$203,000 for administrative services.

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2009

IV. OTHER INFORMATION (CONTINUED)

I. 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, 2009, was set by County Council in June 2008 at 47.0 mills (\$4.70 per \$100 assessed valuation) for general uses and purposes of the County. Additional tax rates were applied in fiscal year 2009 as follows: 50.0 mills for the Sangaree Special Tax District and 4.0 mills for debt retirement. The assessed valuation of properties within the County's boundaries for tax year 2008 was approximately \$608.6 million, exclusive of vehicles valued at approximately \$67.9 million, according to the records of the County Auditor and Assessor.

During fiscal year 2009, County Council finalized the Jedburg Road Assessment District. The assessment district was formed with several developers and provides a method to fund improvements to roads and an interstate overpass that will be needed to accommodate increased traffic activity. The developers have plans to develop approximately 18.8 million square feet of industrial and commercial space on both sides of Interstate 26 near the Exit 194 interchange.

BERKELEY COUNTY, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2009

| | BUDGETED AMOUNTS | | ACTUAL AMOUNTS | VARIANCE WITH FINAL BUDGET |
|--|-------------------|-------------------|-------------------|----------------------------------|
| | ORIGINAL | FINAL | | |
| REVENUES | | | | |
| Property Taxes | \$ 28,688,500 | 28,688,500 | 27,906,347 | \$ (782,153) |
| Fee in Lieu of Taxes | 4,870,300 | 4,870,300 | 4,875,462 | 5,162 |
| Licenses, Fees and Permits | 2,204,100 | 2,204,100 | 1,224,496 | (979,604) |
| Fines, Forfeitures and Fees | 7,980,584 | 8,006,244 | 6,994,870 | (1,011,374) |
| Interest Income | 234,200 | 234,200 | 5,012 | (229,188) |
| Intergovernmental - Federal | 189,400 | 189,400 | 232,100 | 42,700 |
| Intergovernmental - State and Local | 9,270,105 | 9,295,166 | 8,356,307 | (938,859) |
| Miscellaneous | 674,600 | 772,639 | 723,998 | (48,641) |
| TOTAL REVENUES | 54,111,789 | 54,260,549 | 50,318,592 | (3,941,957) |
| EXPENDITURES | | | | |
| Current: | | | | |
| General Government | | | | |
| Legislative | 526,350 | 526,350 | 484,819 | 41,531 |
| Judicial | 5,901,061 | 6,012,152 | 5,558,465 | 453,687 |
| Executive | 250,059 | 253,379 | 243,575 | 9,804 |
| Finance and Administration | 14,125,789 | 14,276,552 | 12,956,492 | 1,320,060 |
| Elections | 412,058 | 412,403 | 401,905 | 10,498 |
| Total General Government | 21,215,317 | 21,480,836 | 19,645,256 | 1,835,580 |
| Public Safety | | | | |
| Sheriff | 11,544,379 | 10,318,407 | 10,031,680 | 286,727 |
| Crime Stoppers | 3,000 | 3,000 | 3,000 | - |
| Corrections | 1,902,478 | 3,098,419 | 2,943,625 | 154,794 |
| Fire | 314,007 | 314,007 | 270,569 | 43,438 |
| Communications | 1,276,983 | 1,283,568 | 1,095,296 | 188,272 |
| Emergency Medical Services | 5,178,382 | 5,231,548 | 4,951,386 | 280,162 |
| Coroner | 393,557 | 433,836 | 337,218 | 96,618 |
| Total Public Safety | 20,612,786 | 20,682,785 | 19,632,774 | 1,050,011 |
| Airport, Highways and Streets | | | | |
| Airport | 667,334 | 667,334 | 368,420 | 298,914 |
| Highways and Streets | 4,773,566 | 4,820,973 | 4,228,448 | 592,525 |
| Fleet Management | 599,100 | 604,841 | 565,929 | 38,912 |
| Engineering | 834,687 | 834,687 | 764,910 | 69,777 |
| Total Airport, Highways and Streets | 6,874,687 | 6,927,835 | 5,927,707 | 1,000,128 |
| Culture and Recreation | | | | |
| Berkeley Museum | 50,000 | 50,000 | 50,000 | - |
| Total Culture and Recreation | \$ 50,000 | 50,000 | 50,000 | \$ - |

(Continued)

BERKELEY COUNTY, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2009

| | BUDGETED AMOUNTS | | ACTUAL AMOUNTS | VARIANCE WITH FINAL BUDGET |
|--|----------------------------|-------------------------|-------------------------|----------------------------------|
| | ORIGINAL | FINAL | | |
| EXPENDITURES (CONTINUED) | | | | |
| Current (Continued): | | | | |
| Health and Welfare | | | | |
| Health State | \$ 112,670 | 112,670 | 111,462 | \$ 1,208 |
| Mosquito Abatement | 534,976 | 535,826 | 522,926 | 12,900 |
| Veterans Services | 159,950 | 159,950 | 155,022 | 4,928 |
| Other Programs Assistance | 878,252 | 878,252 | 854,994 | 23,258 |
| Total Health and Welfare | <u>1,685,848</u> | <u>1,686,698</u> | <u>1,644,404</u> | <u>42,294</u> |
| Community Development | | | | |
| Santee Cooper Country | 5,000 | 5,000 | 5,000 | - |
| Regional Development Alliance | 299,250 | 299,250 | 299,250 | - |
| BCD Council of Governments | 135,518 | 135,518 | 135,518 | - |
| Total Community Development | <u>439,768</u> | <u>439,768</u> | <u>439,768</u> | <u>-</u> |
| Capital Outlay | <u>168,580</u> | <u>1,803,349</u> | <u>1,616,906</u> | <u>186,443</u> |
| Debt Service: | | | | |
| Principal Retirement | 1,577,953 | 1,737,852 | 1,929,618 | (191,766) |
| Interest and Fiscal Charges | 113,972 | 128,693 | 146,835 | (18,142) |
| Total Debt Service | <u>1,691,925</u> | <u>1,866,545</u> | <u>2,076,453</u> | <u>(209,908)</u> |
| TOTAL EXPENDITURES | <u>52,738,911</u> | <u>54,937,816</u> | <u>51,033,268</u> | <u>3,904,548</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | <u>1,372,878</u> | <u>(677,267)</u> | <u>(714,676)</u> | <u>(37,409)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Reserved for Contingency | (200,000) | (129,107) | - | 129,107 |
| Issuance of Note Payable | - | 1,584,810 | 1,536,932 | (47,878) |
| Proceeds from Disposal of Assets | - | - | 27,000 | 27,000 |
| Transfers In | 1,818,749 | 4,174,908 | 3,473,681 | (701,227) |
| Transfers Out | (3,535,461) | (3,570,056) | (3,366,158) | 203,898 |
| Total Other Financing Sources (Uses) | <u>(1,916,712)</u> | <u>2,060,555</u> | <u>1,671,455</u> | <u>(389,100)</u> |
| NET CHANGE IN FUND BALANCES | <u>(543,834)</u> | <u>1,383,288</u> | <u>956,779</u> | <u>(426,509)</u> |
| FUND BALANCE - Beginning of Year | <u>3,780,604</u> | <u>3,780,604</u> | <u>3,780,604</u> | <u>-</u> |
| FUND BALANCE - End of Year | <u>\$ 3,236,770</u> | <u>5,163,892</u> | <u>4,737,383</u> | <u>\$ (426,509)</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

COMBINING BALANCE SHEET - SPECIAL REVENUE FUNDS

JUNE 30, 2009

| | <u>LIBRARY</u> | <u>NATIONAL FOREST</u> | <u>EMERGENCY PREPAREDNESS</u> |
|--|--------------------------|----------------------------|-----------------------------------|
| ASSETS | | | |
| Cash and Cash Equivalents | \$ 223,067 | 69,420 | - |
| Receivables, Net of Allowances: | | | |
| Property Taxes | - | - | - |
| Accounts Receivable | 2,428 | - | - |
| Federal, State and Local Governments | - | - | 34,525 |
| TOTAL ASSETS | <u>225,495</u> | <u>69,420</u> | <u>34,525</u> |
| LIABILITIES AND FUND BALANCES | | | |
| LIABILITIES | | | |
| Accounts Payable and Accrued Liabilities | 174,302 | - | 13,325 |
| Due to Other Funds | - | - | 21,200 |
| Deferred Revenue | - | - | - |
| TOTAL LIABILITIES | <u>174,302</u> | <u>-</u> | <u>34,525</u> |
| FUND BALANCES | | | |
| Reserved for: | | | |
| Impact Fees | - | - | - |
| Other | - | 69,420 | - |
| Unreserved: | | | |
| Undesignated | 51,193 | - | - |
| TOTAL FUND BALANCES | <u>51,193</u> | <u>69,420</u> | <u>-</u> |
| TOTAL LIABILITIES AND FUND BALANCES | <u>\$ 225,495</u> | <u>69,420</u> | <u>34,525</u> |

| GIS | STORM WATER MANAGEMENT | HIGHWAY "C" FUNDS | EMS EQUIPMENT | CLERK OF COURT |
|----------------|---------------------------------------|------------------------------|--------------------------|---------------------------|
| 123,950 | - | 123,587 | - | \$ 107,762 |
| - | - | - | - | - |
| - | 15,799 | - | - | - |
| - | - | - | - | 31,807 |
| 123,950 | 15,799 | 123,587 | - | 139,569 |
| 27,214 | 4,932 | 123,587 | - | 19,217 |
| - | 10,867 | - | - | - |
| - | - | - | - | - |
| 27,214 | 15,799 | 123,587 | - | 19,217 |
| - | - | - | - | - |
| - | - | - | - | - |
| 96,736 | - | - | - | 120,352 |
| 96,736 | - | - | - | 120,352 |
| 123,950 | 15,799 | 123,587 | - | \$ 139,569 |

(Continued)

BERKELEY COUNTY, SOUTH CAROLINA

COMBINING BALANCE SHEET - SPECIAL REVENUE FUNDS

JUNE 30, 2009

| | ECONOMIC DEVELOPMENT | STATE ACCOMMODATIONS TAX | IMPACT FEES |
|--|---------------------------------|---|------------------------|
| ASSETS | | | |
| Cash and Cash Equivalents | \$ 1,285,421 | - | 2,773,208 |
| Receivables, Net of Allowances: | | | |
| Property Taxes | - | - | - |
| Accounts Receivable | - | - | - |
| Federal, State and Local Governments | - | 18,229 | - |
| TOTAL ASSETS | 1,285,421 | 18,229 | 2,773,208 |
| LIABILITIES AND FUND BALANCES | | | |
| LIABILITIES | | | |
| Accounts Payable and Accrued Liabilities | - | 17,317 | - |
| Due to Other Funds | - | 912 | - |
| Deferred Revenue | - | - | - |
| TOTAL LIABILITIES | - | 18,229 | - |
| FUND BALANCES | | | |
| Reserved for: | | | |
| Impact Fees | - | - | 2,773,208 |
| Other | - | - | - |
| Unreserved: | | | |
| Undesignated | 1,285,421 | - | - |
| TOTAL FUND BALANCES | 1,285,421 | - | 2,773,208 |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 1,285,421 | 18,229 | 2,773,208 |

| SHERIFF'S GRANTS | MISCELLANEOUS SPECIAL REVENUE | VICTIM'S ASSISTANCE | COUNTY ACCOMMODATIONS TAX | PARD GRANT |
|-----------------------------|--|--------------------------------|--|-----------------------|
| 390,812 | 265,789 | 101,114 | 79,808 | \$ - |
| - | - | - | - | - |
| 3,344 | - | 17,649 | 36,743 | - |
| 7,555 | - | - | - | 4,523 |
| 401,711 | 265,789 | 118,763 | 116,551 | 4,523 |
| 27,217 | - | 14,867 | 93,241 | - |
| 7,241 | - | - | 23,310 | 4,523 |
| 303,594 | - | - | - | - |
| 338,052 | - | 14,867 | 116,551 | 4,523 |
| - | - | - | - | - |
| - | - | - | - | - |
| 63,659 | 265,789 | 103,896 | - | - |
| 63,659 | 265,789 | 103,896 | - | - |
| 401,711 | 265,789 | 118,763 | 116,551 | \$ 4,523 |

(Continued)

BERKELEY COUNTY, SOUTH CAROLINA

COMBINING BALANCE SHEET - SPECIAL REVENUE FUNDS

JUNE 30, 2009

| | LOCAL ECONOMIC DEVELOPMENT | AIRPORT IMPROVEMENTS | SANGAREE SPECIAL TAX DISTRICT |
|--|---|---------------------------------|--|
| ASSETS | | | |
| Cash and Cash Equivalents | \$ 337,591 | - | 963,783 |
| Receivables, Net of Allowances: | | | |
| Property Taxes | 566,297 | - | 985,794 |
| Accounts Receivable | - | - | - |
| Federal, State and Local Governments | - | 87,871 | - |
| TOTAL ASSETS | 903,888 | 87,871 | 1,949,577 |
| LIABILITIES AND FUND BALANCES | | | |
| LIABILITIES | | | |
| Accounts Payable and Accrued Liabilities | 11,648 | 78,086 | 224,482 |
| Due to Other Funds | - | 9,785 | - |
| Deferred Revenue | 571,297 | - | 972,404 |
| TOTAL LIABILITIES | 582,945 | 87,871 | 1,196,886 |
| FUND BALANCES | | | |
| Reserved for: | | | |
| Impact Fees | - | - | - |
| Other | - | - | - |
| Unreserved: | | | |
| Undesignated | 320,943 | - | 752,691 |
| TOTAL FUND BALANCES | 320,943 | - | 752,691 |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 903,888 | 87,871 | 1,949,577 |

| PIMLICO SPECIAL TAX DISTRICT | TALL PINES SPECIAL TAX DISTRICT | DEVON FOREST SPECIAL TAX DISTRICT | SPECIAL COUNTY TAX DISTRICT | LAKE MOULTRIE PARK | LEGAL FORFEITURE PROCEEDS | TOTAL SPECIAL REVENUE FUNDS |
|---|--|--|--|-----------------------------------|--|--|
| - | - | - | 101,263 | 58,356 | 16,198 | \$ 7,021,129 |
| - | - | - | - | - | - | 1,552,091 |
| 27,791 | 76,471 | 39,950 | 3,614,648 | - | - | 3,834,823 |
| - | - | - | - | - | - | 184,510 |
| 27,791 | 76,471 | 39,950 | 3,715,911 | 58,356 | 16,198 | 12,592,553 |
| 150 | 300 | 70 | 155,671 | - | 23 | 985,649 |
| - | - | - | - | - | - | 77,838 |
| 27,641 | 76,171 | 39,880 | 3,560,240 | - | - | 5,551,227 |
| 27,791 | 76,471 | 39,950 | 3,715,911 | - | 23 | 6,614,714 |
| - | - | - | - | - | - | 2,773,208 |
| - | - | - | - | - | - | 69,420 |
| - | - | - | - | 58,356 | 16,175 | 3,135,211 |
| - | - | - | - | 58,356 | 16,175 | 5,977,839 |
| 27,791 | 76,471 | 39,950 | 3,715,911 | 58,356 | 16,198 | \$ 12,592,553 |

BERKELEY COUNTY, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2009

| | LIBRARY | NATIONAL FOREST | EMERGENCY PREPAREDNESS |
|--|--------------------|--------------------|---------------------------|
| REVENUES | | | |
| Taxes: | | | |
| Property | \$ - | - | - |
| Accommodations | - | - | - |
| Fee in Lieu of Taxes | - | - | - |
| Fines, Forfeitures and Fees | 75,626 | - | - |
| Interest Income | - | - | - |
| Local Revenue | - | - | - |
| Intergovernmental - Federal | 2,011 | 543,383 | 53,318 |
| Intergovernmental - State and Local | 216,920 | - | 1,108 |
| Miscellaneous | 1,118 | - | 19,526 |
| TOTAL REVENUES | 295,675 | 543,383 | 73,952 |
| EXPENDITURES | | | |
| Current: | | | |
| General Government | - | - | - |
| Public Safety | - | - | 252,283 |
| Airport, Highways and Streets | - | - | - |
| Culture and Recreation | 2,800,794 | 13,445 | - |
| Community Development | - | - | - |
| Capital Outlay | 15,904 | - | - |
| Debt Service: | | | |
| Principal Retirement | 46,253 | - | 5,705 |
| Interest and Fiscal Charges | 4,167 | - | 179 |
| TOTAL EXPENDITURES | 2,867,118 | 13,445 | 258,167 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | (2,571,443) | 529,938 | (184,215) |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers In | 2,594,379 | - | 184,215 |
| Transfers Out | - | (543,383) | - |
| TOTAL OTHER FINANCING SOURCES (USES) | 2,594,379 | (543,383) | 184,215 |
| NET CHANGE IN FUND BALANCES | 22,936 | (13,445) | - |
| FUND BALANCE - Beginning of Year | 28,257 | 82,865 | - |
| FUND BALANCE - End of Year | \$ 51,193 | 69,420 | - |

| GIS | STORM WATER MANAGEMENT | HIGHWAY "C" FUNDS | EMS EQUIPMENT | CLERK OF COURT |
|------------------|---------------------------------------|------------------------------|--------------------------|---------------------------|
| - | - | - | - | \$ - |
| - | - | - | - | - |
| - | - | - | - | - |
| 22,624 | - | 2,625 | - | - |
| - | - | - | - | - |
| 131,804 | - | 28,977 | - | - |
| - | - | - | - | 388,740 |
| - | - | 1,296,580 | 25,825 | - |
| - | 3,292 | - | - | - |
| 154,428 | 3,292 | 1,328,182 | 25,825 | 388,740 |
| 418,693 | - | - | - | 341,861 |
| - | - | - | 27,960 | - |
| - | 36,337 | 109,091 | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| 8,022 | - | 1,219,091 | - | 21,850 |
| - | - | - | - | - |
| - | - | - | - | - |
| 426,715 | 36,337 | 1,328,182 | 27,960 | 363,711 |
| (272,287) | (33,045) | - | (2,135) | 25,029 |
| 279,268 | 33,045 | - | 2,135 | - |
| - | - | - | - | - |
| 279,268 | 33,045 | - | 2,135 | - |
| 6,981 | - | - | - | 25,029 |
| 89,755 | - | - | - | 95,323 |
| 96,736 | - | - | - | \$ 120,352 |

(Continued)

BERKELEY COUNTY, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2009

| | ECONOMIC DEVELOPMENT | STATE ACCOMMODATIONS TAX | IMPACT FEES |
|--|-------------------------|--------------------------------|---------------------|
| REVENUES | | | |
| Taxes: | | | |
| Property | \$ - | - | - |
| Accommodations | - | - | - |
| Fee in Lieu of Taxes | - | - | - |
| Fines, Forfeitures and Fees | - | - | 918,941 |
| Interest Income | - | - | 1,089 |
| Local Revenue | - | - | - |
| Intergovernmental - Federal | - | - | - |
| Intergovernmental - State and Local | 1,450,000 | 67,021 | - |
| Miscellaneous | 220,000 | - | - |
| TOTAL REVENUES | 1,670,000 | 67,021 | 920,030 |
| EXPENDITURES | | | |
| Current: | | | |
| General Government | - | - | - |
| Public Safety | - | - | - |
| Airport, Highways and Streets | - | - | - |
| Culture and Recreation | - | - | - |
| Community Development | 1,575,000 | 39,920 | - |
| Capital Outlay | - | - | - |
| Debt Service: | | | |
| Principal Retirement | - | - | - |
| Interest and Fiscal Charges | - | - | - |
| TOTAL EXPENDITURES | 1,575,000 | 39,920 | - |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | 95,000 | 27,101 | 920,030 |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers In | - | - | - |
| Transfers Out | - | (27,101) | (879,975) |
| TOTAL OTHER FINANCING SOURCES (USES) | - | (27,101) | (879,975) |
| NET CHANGE IN FUND BALANCES | 95,000 | - | 40,055 |
| FUND BALANCE - Beginning of Year | 1,190,421 | - | 2,733,153 |
| FUND BALANCE - End of Year | \$ 1,285,421 | - | \$ 2,773,208 |

| SHERIFF'S GRANTS | MISCELLANEOUS SPECIAL REVENUE | VICTIM'S ASSISTANCE | COUNTY ACCOMMODATIONS TAX | PARD GRANT |
|------------------|-------------------------------|---------------------|---------------------------|----------------|
| - | - | - | - | \$ - |
| - | - | - | 419,974 | - |
| - | 1,656,159 | - | - | - |
| 15,027 | 195,246 | 210,726 | - | - |
| 1,012 | 358 | - | - | - |
| 381,344 | - | - | - | - |
| 200,682 | - | - | - | - |
| - | - | - | - | 4,523 |
| 1,230 | 115,715 | - | - | - |
| 599,295 | 1,967,478 | 210,726 | 419,974 | 4,523 |
| - | 7,523 | - | - | - |
| 558,762 | 310,711 | 204,104 | - | - |
| - | - | - | - | - |
| - | - | - | - | 8,188 |
| - | - | - | 335,979 | - |
| 28,671 | 19,275 | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| 587,433 | 337,509 | 204,104 | 335,979 | 8,188 |
| 11,862 | 1,629,969 | 6,622 | 83,995 | (3,665) |
| 2,097 | - | - | - | 3,665 |
| - | (1,656,159) | - | (83,995) | - |
| 2,097 | (1,656,159) | - | (83,995) | 3,665 |
| 13,959 | (26,190) | 6,622 | - | - |
| 49,700 | 291,979 | 97,274 | - | - |
| 63,659 | 265,789 | 103,896 | - | \$ - |

(Continued)

BERKELEY COUNTY, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2009

| | LOCAL ECONOMIC DEVELOPMENT | AIRPORT IMPROVEMENTS | REGIONAL DISASTER PLANNING GRANT |
|--|----------------------------------|-------------------------|---|
| REVENUES | | | |
| Taxes: | | | |
| Property | \$ 95,149 | - | - |
| Accommodations | - | - | - |
| Fee in Lieu of Taxes | 993,093 | - | - |
| Fines, Forfeitures and Fees | 17,940 | - | - |
| Interest Income | - | - | - |
| Local Revenue | - | - | - |
| Intergovernmental - Federal | - | 241,475 | 50,000 |
| Intergovernmental - State and Local | - | 6,189 | - |
| Miscellaneous | 15,750 | - | - |
| TOTAL REVENUES | 1,121,932 | 247,664 | 50,000 |
| EXPENDITURES | | | |
| Current: | | | |
| General Government | - | - | - |
| Public Safety | - | - | 50,000 |
| Airport, Highways and Streets | - | - | - |
| Culture and Recreation | - | - | - |
| Community Development | 339,329 | - | - |
| Capital Outlay | - | 254,272 | - |
| Debt Service: | | | |
| Principal Retirement | 5,883 | - | - |
| Interest and Fiscal Charges | 472 | - | - |
| TOTAL EXPENDITURES | 345,684 | 254,272 | 50,000 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | 776,248 | (6,608) | - |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers In | - | 6,608 | - |
| Transfers Out | (1,769,651) | - | - |
| TOTAL OTHER FINANCING SOURCES (USES) | (1,769,651) | 6,608 | - |
| NET CHANGE IN FUND BALANCES | (993,403) | - | - |
| FUND BALANCE - Beginning of Year | 1,314,346 | - | - |
| FUND BALANCE - End of Year | \$ 320,943 | - | - |

| 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 | LEGAL FORFEITURE PROCEEDS | TOTAL SPECIAL REVENUE FUNDS |
|--|---|--|--|--|-----------------------------------|--|--|
| 1,014,598 | - | - | - | - | - | - | \$ 1,109,747 |
| - | - | - | - | - | - | - | 419,974 |
| - | - | - | - | - | - | - | 2,649,252 |
| - | 27,350 | 76,150 | 42,370 | 3,399,558 | - | 8,284 | 5,012,467 |
| - | - | - | - | - | - | - | 2,459 |
| - | - | - | - | - | - | - | 542,125 |
| - | - | - | - | - | - | - | 1,479,609 |
| - | - | - | - | - | - | - | 3,068,166 |
| 3,765 | - | - | - | - | - | - | 380,396 |
| 1,018,363 | 27,350 | 76,150 | 42,370 | 3,399,558 | - | 8,284 | 14,664,195 |
| - | - | - | - | - | - | 24,109 | 792,186 |
| - | - | - | - | 3,399,558 | - | - | 4,803,378 |
| - | - | - | - | - | - | - | 145,428 |
| - | - | - | - | - | - | - | 2,822,427 |
| 1,008,692 | 27,350 | 76,150 | 42,370 | - | - | - | 3,444,790 |
| 369,979 | - | - | - | - | - | - | 1,937,064 |
| - | - | - | - | - | - | - | 57,841 |
| - | - | - | - | - | - | - | 4,818 |
| 1,378,671 | 27,350 | 76,150 | 42,370 | 3,399,558 | - | 24,109 | 14,007,932 |
| (360,308) | - | - | - | - | - | (15,825) | 656,263 |
| - | - | - | - | - | - | - | 3,105,412 |
| - | - | - | - | - | - | - | (4,960,264) |
| - | - | - | - | - | - | - | (1,854,852) |
| (360,308) | - | - | - | - | - | (15,825) | (1,198,589) |
| 1,112,999 | - | - | - | - | 58,356 | 32,000 | 7,176,428 |
| 752,691 | - | - | - | - | 58,356 | 16,175 | \$ 5,977,839 |

BERKELEY COUNTY, SOUTH CAROLINA

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

JUNE 30, 2009

| | <u>CLERK OF COURT</u> | <u>MASTER IN EQUITY</u> | <u>TAX COLLECTOR</u> |
|------------------------------------|---------------------------|-----------------------------|--------------------------|
| ASSETS | | | |
| Cash and Cash Equivalents | \$ 776,548 | 323,326 | 2,734,217 |
| Receivables: | | | |
| State Government | - | - | - |
| TOTAL ASSETS | <u><u>776,548</u></u> | <u><u>323,326</u></u> | <u><u>2,734,217</u></u> |
| LIABILITIES | | | |
| Due to School District | - | - | - |
| Due to Other Designated Recipients | 776,548 | 323,326 | 2,734,217 |
| TOTAL LIABILITIES | <u><u>\$ 776,548</u></u> | <u><u>323,326</u></u> | <u><u>2,734,217</u></u> |

| SHERIFF | MAGISTRATES | TREASURER | "C" FUNDS ADMINISTRATION | TOTALS |
|----------------|--------------------|-------------------|-------------------------------------|----------------------|
| 295,774 | 512,023 | 11,448,790 | 11,808,931 | \$ 27,899,609 |
| - | - | - | 199,016 | 199,016 |
| 295,774 | 512,023 | 11,448,790 | 12,007,947 | 28,098,625 |
| - | - | 8,368,197 | - | 8,368,197 |
| 295,774 | 512,023 | 3,080,593 | 12,007,947 | 19,730,428 |
| 295,774 | 512,023 | 11,448,790 | 12,007,947 | \$ 28,098,625 |

BERKELEY COUNTY, SOUTH CAROLINA

SUPPLEMENTAL SCHEDULE OF FINES, ASSESSMENTS, AND SURCHARGES COLLECTED

JUNE 30, 2009

| | <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 | \$ 893,985 | 2,734 | 891,251 | 891,251 | - | \$ 891,251 |
| Wildlife/Littering | 36,613 | 36,613 | - | - | - | - |
| DUI/DUS | 38,075 | 38,075 | - | - | - | - |
| Fees | 439,421 | 44,207 | 395,214 | 395,214 | - | 395,214 |
| Assessments | 966,261 | 871,933 | 94,328 | - | 94,328 | 94,328 |
| Surcharges | 399,206 | 335,199 | 64,007 | - | 64,007 | 64,007 |
| Subtotal Magistrates | <u>2,773,561</u> | <u>1,328,761</u> | <u>1,444,800</u> | <u>1,286,465</u> | <u>158,335</u> | <u>1,444,800</u> |
| Refund from State from prior years | 89,339 | - | 89,339 | 89,339 | - | 89,339 |
| Overpayment from prior years | - | - | - | 11,354 | (11,354) | - |
| Total Magistrates | <u>2,862,900</u> | <u>1,328,761</u> | <u>1,534,139</u> | <u>1,387,158</u> | <u>146,981</u> | <u>1,534,139</u> |
| CLERK OF COURT | | | | | | |
| Fines: | | | | | | |
| General Sessions | 31,591 | 13,326 | 18,265 | 18,265 | - | 18,265 |
| DUI/DUS | 3,999 | 3,999 | - | - | - | - |
| Fees | 1,684,430 | 1,027,526 | 656,904 | 656,904 | - | 656,904 |
| Assessments | 53,046 | 38,006 | 15,040 | - | 15,040 | 15,040 |
| Surcharges | 61,543 | 12,838 | 48,705 | - | 48,705 | 48,705 |
| Total Clerk of Court | <u>1,834,609</u> | <u>1,095,695</u> | <u>738,914</u> | <u>675,169</u> | <u>63,745</u> | <u>738,914</u> |
| TOTAL MAGISTRATES AND CLERK OF COURT | <u>\$ 4,697,509</u> | <u>2,424,456</u> | <u>2,273,053</u> | <u>2,062,327</u> | <u>210,726</u> | <u>\$ 2,273,053</u> |

BERKELEY COUNTY, SOUTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2009

| FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM TITLE | FEDERAL CFDA NUMBER | PASS THROUGH GRANTOR'S NUMBER | ALLOWABLE 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 Regional Disaster Planning - COG Northern Cross Water Line Project | 14.228 | 4-CI-07-001 | \$ 298,337 |
| Total U.S. Department of Housing and Urban Development | | | 298,337 |
| U.S. ENVIRONMENTAL PROTECTION AGENCY | | | |
| Passed through South Carolina Department of Health and Environmental Control Capitalization Grant Drinking Water State Revolving Funds - Loan | 66.468 | 3-033-08-0820002-03 | 711,133 |
| Total U.S. Environmental Protection Agency | | | 711,133 |
| U.S. DEPARTMENT OF TRANSPORTATION | | | |
| Passed through South Carolina Department of Transportation Federal Aviation Administration | 20.106 | 3-45-0041-15 | 167,293 |
| Federal Aviation Administration | 20.106 | 3-45-0041-16 | 74,182 |
| Total U.S. Department of Transportation | | | 241,475 |
| U.S. DEPARTMENT OF AGRICULTURE | | | |
| Passed through South Carolina State Treasurer National Forest Fund | 10.665 | n/a | 543,383 |
| Prescribed Burning and Forest Stand Improvement | Unknown | WHIP 2002 7243695A922 | 3,630 |
| Total Department of Agriculture | | | 547,013 |
| U.S. DEPARTMENT OF HOMELAND SECURITY | | | |
| Passed through South Carolina Public Safety 2006 Buffer Zone Protection Plan | 97.078 | 2006-BZ-T6-0017 | 69,900 |
| Passed through Adjutant General Office Homeland Security | 97.067 | 6SHSP26 | 87,317 |
| Homeland Security - Citizen Corps. | 97.067 | 7CCP01 | 5,030 |
| Local Emergency Management Performance | 97.067 | 8EMPG01 | 39,692 |
| Local Emergency Management Performance | 97.067 | 9EMPG01 | 8,596 |
| Total Department of Homeland Security | | | 210,535 |

(Continued)

BERKELEY COUNTY, SOUTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2009

| <u>FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM TITLE</u> | <u>FEDERAL CFDA NUMBER</u> | <u>PASS THROUGH GRANTOR'S NUMBER</u> | <u>ALLOWABLE FEDERAL EXPENDITURES</u> |
|--|------------------------------------|--|---|
| U.S. DEPARTMENT OF JUSTICE | | | |
| Passed through South Carolina Public Safety State Criminal Alien Assistance Program | 16.606 | 2008-F2779-SC-AP | 6,043 |
| Passed Through Adjutant General's Office Justice Assistance Grant | 16.607 | 2007-F1863-SC-DJ | 28,148 |
| Justice Assistance Grant | 16.607 | 2008-DJ-BX-0035 | 3,204 |
| Total U.S. Department of Justice | | | <u><u>37,395</u></u> |
| TOTAL EXPENDITURES OF FEDERAL AWARDS | | | <u><u>\$ 2,045,888</u></u> |

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2009

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 Expenditures of Federal Awards. The non-federal share of certain program costs and loans are not included in the accompanying Schedule Expenditures of Federal Awards.

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**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, 2009, which collectively comprise the County's basic financial statements, and have issued our report thereon dated December 23, 2009. 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

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 control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's basic financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the basic financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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 have reported to management of the County in a separate letter dated December 23, 2009.

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
December 23, 2009

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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO 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 the compliance of Berkeley County, South Carolina (the “County”) with the types of compliance requirements described in the US Office of Management and Budget (“OMB”) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. 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 on the County’s compliance with those requirements.

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The 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 in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 *control deficiency* in an entity’s internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity’s ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity’s internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity’s internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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
December 23, 2009

BERKELEY COUNTY, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2009

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 |
|--|-----------|-------------------|

Identification of major programs:

| <u>CFDA Numbers</u> | <u>Name of Federal Program or Cluster</u> |
|---------------------|--|
| 10.665 | National Forest Fund |
| 66.468 | Capitalization Grant Drinking Water State Revolving Funds - Loan |

| | | |
|--|----------|---------|
| Dollar threshold used to distinguish between type A and type B programs: | \$ _____ | 300,000 |
|--|----------|---------|

| | | |
|--|--------------------|----------|
| Auditee qualified as low-risk auditee? | _____ <u>X</u> Yes | _____ No |
|--|--------------------|----------|

Section II - Findings - 2009 Financial Statements Audit

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, 2009

2005-2: ALLOWABLE COSTS

Federal Agency: US Department of Health and Human Services

Pass-through Agency: South Carolina Department of Social Services

CFDA # 93.563, Child Support Enforcement Title IV-D

Pass Through Grantor's Number: G-05SC5005; Award Year: July 1, 2004 through June 30, 2005

- Condition:** The Berkeley County Clerk of Court has filed a complaint against Berkeley County. During fiscal 2005, the Clerk of Court paid \$50,000 to an attorney for fees incurred related to this complaint and charged it to this program. Legal counsel for Berkeley County asked that the South Carolina Department of Social Services ("SCDSS") to investigate whether it was proper to charge this expenditure to the IV-D program. Counsel for SCDSS responded as follows: "The agency would conduct a review after the conclusion of the litigation. Legal costs, including attorney fees, are allowable expenditures under OMB Circular A-87. Whether federal financial participation in this \$50,000 fee is allowed, in whole or in part, or must be repaid, will depend on whether the Clerk of Court can document that it is an expense necessary for the administration of the IV-D program." The Clerk of Court responded as follows: "In 2004, I inquired of the South Carolina Department of Social Services Director of the Child Support Enforcement Division, if DSS funds could be used to pay for attorney fees related to the subject litigation. I was informed that nothing in federal or state law and regulations was found that would preclude use of the funds for this purpose. The South Carolina Department of Social Services will review the case once it is closed to determine the amount allowable under the program based on fees paid relevant to DSS issues. I am confident that the fees paid will be judged as allowable."
- Criteria:** The County, through the Clerk of Court, is to comply with the allowable cost regulations as required by the Office of Management and Budget ("OMB").
- Status:** The litigation has now been concluded; the SCDSS has conducted its review and determined that the use of Title IV-D funds to pay attorney fees is a permissible usage of those funds.