

BERKELEY COUNTY, SOUTH CAROLINA
FINANCIAL STATEMENTS,
YEAR ENDED JUNE 30, 2011



BERKELEY COUNTY, SOUTH CAROLINA

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BERKELEY COUNTY, SOUTH CAROLINA

Established in 1942

LISTING OF ELECTED OFFICIALS

County Council

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

Other Elected Officials

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



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, 2011, which collectively comprise the County's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the basic financial statements referred to 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, 2011, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 27, 2012 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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, budgetary comparison schedule for the General Fund, and schedules of employer contributions and funding status for other post-employment benefit plan – defined benefit healthcare plan 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, as listed in the table of contents, are presented for purposes of additional analysis and are 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 U. S. 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
Mauldin, South Carolina
January 27, 2012

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2011

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, 2011. 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, 2011 by approximately \$335 million as compared to approximately \$305 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, 2011 amounted to approximately \$30 million which was an increase of approximately \$9 million from the previous fiscal year.
- The County's total net assets this fiscal year increased approximately \$30 million over the previous year: approximately \$7 million of the increase is from business-type activities, approximately \$23 million from governmental activities.
- At June 30, 2011 the County's governmental funds reported combined ending fund balances of approximately \$92.7 million, an increase of approximately \$10.3 million over the previous fiscal year as revenues and other financing sources totaling approximately \$105.1 million exceeded expenditures and other financing uses (transfers to other funds) of approximately \$94.8 million. Total fund balances include \$12.6 million for the General Fund, \$67.4 million for the Capital Projects Fund, and \$12.7 million for all other governmental funds.
- The General Fund reported an unassigned fund balance of approximately \$12.4 million compared to last year's unassigned amount of approximately \$9.4 million. This increase of approximately \$3.0 million was primarily due to a transfer of \$2.2 million from the Mt. Holly Commerce Park, as well as other cost cutting measures during the fiscal year.
- The County's total capital assets were approximately \$449 million at June 30, 2011, an increase of approximately \$35 million during fiscal 2011. Approximately \$14.4 million of this increase is the result of the County recording infrastructure contributed by developers for governmental activities, while business-type activities recorded approximately \$3.8 million in infrastructure contributed by developers.
- The County's total long-term indebtedness was approximately \$271 million at June 30, 2011, a decrease of approximately \$6 million from the previous year primarily due to principal payments during the year.
- The debt service coverage ratio for the Water, Sewer and Solid Waste revenue bonds (combined for this purpose as a result of the ordinances approved in August 2010) was 141%, which exceeded the 120% required by the bond covenants. However, excluding nonrecurring fees (impact and connection fees of \$4.2 million) the debt coverage ratio would be 115% for 2011. A rate and fee study was conducted in 2008, as required by the bond documents, which resulted in County Council passing a resolution to increase water and sewer rates and fees approximately 30% effective July 1, 2008. The study also stated that a 4% increase will be needed for each of the next 3 years. However, County Council has not increased its rates since July 2008.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2011

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

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

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, 2011 and 2010 are shown below.

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

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Assets:						
Current and Other Assets	\$ 140,223	129,834	87,143	107,162	227,366	\$ 236,996
Capital Assets, Net	125,487	111,420	323,377	303,017	448,864	414,437
Total Assets	<u>265,710</u>	<u>241,254</u>	<u>410,520</u>	<u>410,179</u>	<u>676,230</u>	<u>651,433</u>
Liabilities:						
Current Liabilities	52,035	54,785	15,084	15,844	67,119	70,629
Non-Current Liabilities	83,841	79,260	190,505	196,682	274,346	275,942
Total Liabilities	<u>135,876</u>	<u>134,045</u>	<u>205,589</u>	<u>212,526</u>	<u>341,465</u>	<u>346,571</u>
Net Assets:						
Invested in Capital Assets,						
Net of Related Debt	80,832	74,599	178,980	177,054	259,812	251,653
Restricted	44,488	30,846	1,187	1,149	45,675	31,995
Unrestricted	4,514	1,764	24,764	19,450	29,278	21,214
Total Net Assets	<u>\$ 129,834</u>	<u>107,209</u>	<u>204,931</u>	<u>197,653</u>	<u>334,765</u>	<u>\$ 304,862</u>

The County reported positive balances in all categories of net assets in both governmental and business-type activities for 2011. The County’s total net assets as of June 30, 2011, increased approximately \$8,064,000 for unrestricted net assets and increased approximately \$13,680,000 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 largest portion of the County’s net assets (78%) 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, 2011

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, 2011 and 2010.

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

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program Revenues:						
Charges for Services	\$ 15,971	16,332	46,591	45,253	62,562	\$ 61,585
Operating Grants and Contributions	4,662	1,614	150	617	4,812	2,231
Capital Grants and Contributions	18,508	25,329	3,896	2,773	22,404	28,102
General Revenues:						
Property Taxes	25,436	24,232	601	-	26,037	24,232
Fee in Lieu of Taxes	9,694	10,045	30	-	9,724	10,045
Transportation Sales Tax	17,718	16,430	-	-	17,718	16,430
Local Option Sales Tax	10,948	12,740	-	-	10,948	12,740
Other Taxes	995	788	-	-	995	788
Unrestricted Grants	6,426	7,211	-	-	6,426	7,211
Interest Income	222	210	346	424	568	634
Gain on Sale of Assets	13	49	471	6	484	55
Miscellaneous	668	592	-	-	668	592
Total Revenues	<u>111,261</u>	<u>115,572</u>	<u>52,085</u>	<u>49,073</u>	<u>163,346</u>	<u>164,645</u>
Expenses:						
General Government	21,854	23,083	-	-	21,854	23,083
Public Safety	27,450	26,480	-	-	27,450	26,480
Airport, Highways and Streets	17,084	13,459	-	-	17,084	13,459
Culture and Recreation	2,778	3,047	-	-	2,778	3,047
Health and Welfare	1,935	1,799	-	-	1,935	1,799
Community Development	13,719	4,943	-	-	13,719	4,943
Interest and Fiscal Charges	3,316	2,262	-	-	3,316	2,262
Water and Sewer	-	-	34,577	32,062	34,577	32,062
Solid Waste	-	-	9,070	10,067	9,070	10,067
Parks and Recreation	-	-	1,062	1,034	1,062	1,034
Emergency Telephone	-	-	598	618	598	618
Total Expenses	<u>88,136</u>	<u>75,073</u>	<u>45,307</u>	<u>43,781</u>	<u>133,443</u>	<u>118,854</u>
Increase in Net Assets before Transfers	23,125	40,499	6,778	5,292	29,903	45,791
Transfers	(500)	(940)	500	940	-	-
Change in Net Assets	<u>22,625</u>	<u>39,559</u>	<u>7,278</u>	<u>6,232</u>	<u>29,903</u>	<u>45,791</u>
Net Assets, Beginning of Year	<u>107,209</u>	<u>67,650</u>	<u>197,653</u>	<u>191,421</u>	<u>304,862</u>	<u>259,071</u>
Net Assets, End of Year	<u>\$ 129,834</u>	<u>107,209</u>	<u>204,931</u>	<u>197,653</u>	<u>334,765</u>	<u>\$ 304,862</u>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2011

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Governmental Activities. The County recognized an overall decrease in governmental activities revenues of approximately \$4.0 million (4%) in 2011 as compared to 2010 primarily due to the reduction of capital grants and contributions as compared to the prior year.

Expenditures increased approximately \$13.0 million (17%) in 2011 compared to 2010 due to pass thru funds received which were used for local economic development. In addition, the County expended funds for significant airport improvements which include runway resurfacing, replacement of runway lights and drainage improvements. Interest and fiscal charges increased approximately \$1.1 million due to the initial year of debt payments related to the one cent transportation projects.

Business-type Activities. Charges for services (sales and service charges) were up 3.0% for 2011, with an increase of approximately \$1.3 million in 2011 due to higher usage compared to 2010. Capital grants and contributions increased approximately \$1.1 million due to an increase in infrastructure projects completed by developers and turned over to the County for maintenance in 2011.

Excluding interest, expenses decreased slightly (approximately \$31 thousand or 0.08%), as increases in utilities, maintenance, repairs and contractual services were offset by lower landfill closure care costs. Interest increased approximately \$1.6 million due to a lower amount capitalized and reflected in capital assets in 2011 compared to 2010.

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, 2011, and the amount and percentage of increases and decreases in relation to prior year amounts (in thousands):

	Amount	Percent of Total	Increase (Decrease) from 2010	Percent Increase (Decrease)
Revenues				
Property and Accommodations Taxes	\$ 25,844	24.6%	\$ 1,396	5.7%
Local Taxes (transportation and local option sales tax)	28,665	27.3%	(505)	-1.7%
Fee in Lieu of Taxes	9,679	9.2%	(360)	-3.6%
Licenses, Fees and Permits	1,157	1.1%	(563)	-32.7%
Fines, Forfeitures and Fees	14,284	13.6%	338	2.4%
Interest Income	222	0.2%	12	5.7%
Local Revenue	451	0.4%	(329)	-42.2%
Intergovernmental - Federal	5,461	5.2%	3,261	148.2%
Intergovernmental - State and Local	9,909	9.4%	(6,808)	-40.7%
Miscellaneous	1,115	1.1%	-	0.0%
Other Financing Sources				
Issuance of General Obligation Bonds	-	0.0%	(27,710)	-100.0%
Issuance of Intergovernmental Loan	3,495	3.3%	589	20.3%
Premium on Issuance of Debt	-	0.0%	(3,359)	-100.0%
Proceeds from Notes Payable	-	0.0%	(405)	-100.0%
Proceeds from Disposal of Assets	113	0.1%	32	39.5%
Transfers In	4,764	4.5%	(4,366)	-47.8%
Total	\$ 105,159	100%	\$ (38,777)	-26.9%

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

MANAGEMENT’S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2011

FINANCIAL ANALYSIS OF BERKELEY COUNTY’S FUNDS (CONTINUED)

Intergovernmental-Federal increased due to the receipt of a large grant awarded for airport improvements. Proceeds from the disposal of assets increased because of trade ins and surplus sales.

The following schedule presents a summary of all governmental funds expenditures and other financing uses for the fiscal year ended June 30, 2011, and the percentage of increases and decreases in relation to prior year amounts (in thousands):

	Amount	Percent of Total	Increase (Decrease) from 2010	Percent Increase (Decrease)
Expenditures:				
General Government	\$ 20,593	21.7%	\$ 310	1.5%
Public Safety	26,078	27.5%	932	3.7%
Airport, Highways and Streets	5,962	6.3%	52	0.9%
Culture and Recreation	2,872	3.0%	(14)	-0.5%
Health and Welfare	1,786	1.9%	123	7.4%
Community Development	11,623	12.3%	6,928	147.6%
Capital Outlay	15,186	16.0%	4,735	45.3%
Debt Service:				
Principal Retirement	2,169	2.3%	(916)	-29.7%
Interest and Fiscal Charges	3,308	3.5%	987	42.5%
Debt Issuance Costs	-	0.0%	(149)	N/A
Other Financing Uses:				
Deposit to Debt Refunding Agent	-	0.0%	-	N/A
Transfers Out	5,264	5.6%	(4,806)	-47.7%
Total	\$ 94,841	100.0%	\$ 8,182	9.4%

The largest percentage increase in expenditures and other financing uses was in community development as pass thru funds received from state agencies were used for local economic development. Capital outlay increased due to the construction and improvement of roads in the County that were paid for by the one cent transportation sales tax.

Governmental Funds

The General Fund is the chief operating fund of the County. At the end of the fiscal year, the total fund balance in the General Funds was \$12.6 million of which \$12.4 million was unassigned. As a measure of the General Fund’s liquidity, it may be useful to compare total unassigned fund balance to total general fund expenditures and transfers to other funds. Total net unassigned fund balance of approximately \$12.4 million represents 23.5% of total general fund expenditures and transfers to other funds of approximately \$52.7 million, while total fund balance of \$12.6 million represents 24.0% of that same amount.

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

MANAGEMENT’S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2011

FINANCIAL ANALYSIS OF BERKELEY COUNTY’S FUNDS (CONTINUED)

Governmental Funds (Continued)

The Capital Projects fund has a total fund balance of approximately \$67.4 million, all of which is restricted for future transportation and the assessment district capital projects. The net increase in fund balance during the current year was approximately \$11.6 million. The Economic Development fund has a total fund balance of approximately \$1.9 million, all of which is committed. The net decrease in fund balance during the current year was for a local economic development project which is reflected in the increase of expenditures for community development.

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, 2011, total net assets amounted to approximately \$204.9 million for enterprise funds as compared to approximately \$197.7 million at June 30, 2010. 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)	
	2011	2010
Water and Sewer	\$ 7,964	\$ 8,126
Solid Waste	1,555	40
Parks and Recreation	(546)	(547)
Emergency Telephone	(107)	(122)
Total	\$ 8,866	\$ 7,497

The Water and Sewer Fund experienced a decrease in operating income primarily due to higher utilities, maintenance and repairs, and contractual and other services, which were partially offset by an increase in revenues collected for water and sewer sales, an increase in collections of impact and connection fees and lower costs for personnel services. Operating income for Solid Waste increased primarily due to much lower landfill closure and postclosure costs.

Cypress Gardens continues to incur significant operating losses, including approximately \$546,000 for fiscal 2011. However, this loss was more than offset by approximately \$630,000 in revenues from the 1 mill property tax that was assessed beginning in fiscal 2011. This fund owes the General Fund a total of approximately \$854,000 at June 30, 2011, which was a decrease from \$940,000 at June 30, 2010 as this fund was able to repay \$86,000 to the General Fund in fiscal 2011. The County plans to repay the remaining balance over time as cash from operations permit.

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

Budget columns are provided for both the original budget adopted for fiscal year 2011 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 2011. The net change between the original budget and the final budget was approximately \$839,000.

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

MANAGEMENT’S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2011

FINANCIAL ANALYSIS OF BERKELEY COUNTY’S FUNDS (CONTINUED)

A column for actual revenues and a column for differences between final budget and actual revenues follow the budgeted amounts columns. During fiscal year 2011, revenues were less than budgetary estimates by approximately \$325,000 as growth from building permits were not realized and less funding was received from the State due to the State’s budgeting woes.

A column for actual expenditures and a column for differences between final budget and actual expenditures follow the budgeted amounts columns. During fiscal year 2011, expenditures were less than budgetary estimates by approximately \$1.6 million. Most of this savings is attributable to approximately \$1,507,000, approximately \$254,000, and approximately \$104,000 realized in general government, highways and streets, and health and welfare respectively, due to unspent elected official allocations, unfilled vacancies and other cost cutting measures employed by the County during 2011.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. At the end of 2011, the County had approximately \$449 million invested in capital assets, net of depreciation. This was an increase of approximately \$34 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 airport improvements, software, computer equipment, and vehicles. The table below reflects the capital asset balances as of June 30, 2011 and 2010, net of accumulated depreciation (in thousands).

	Governmental		Business-type		Total	
	Activities		Activities			
	2011	2010	2011	2010	2011	2010
Land	\$ 5,360	3,756	3,648	3,648	9,008	\$ 7,404
Construction in Progress	15,684	12,395	26,276	31,685	41,960	44,080
Buildings and Improvements	24,585	25,398	-	-	24,585	25,398
Furniture and Equipment	3,874	4,271	5,639	3,187	9,513	7,458
Utility Systems, Plants and Buildings	-	-	281,585	257,885	281,585	257,885
Infrastructure	70,238	58,818	-	(546)	70,238	58,272
Other	5,746	6,782	6,229	6,612	11,975	13,394
Total	\$ 125,487	111,420	323,377	302,471	448,864	\$ 413,891

The County also has total outstanding construction commitments at June 30, 2011 of approximately \$7.3 million. More detailed information about the County’s capital assets is included in Note III. D. of the Notes to the Basic Financial Statements.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2011

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Long-Term Debt. At June 30, 2011, the County had approximately \$271 million in bonds, loans and notes payable outstanding versus approximately \$277 million at June 30, 2010, or a decrease of approximately \$6 million. The table below reflects the outstanding balances (in thousands) as of June 30, 2011 and 2010.

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
General Obligation Bonds	\$ 71,010	\$ 72,461	-	-	71,010	\$ 72,461
SC TIB Loan	6,211	2,906	-	-	6,211	2,906
Revenue Bonds	-	-	191,285	198,216	191,285	198,216
State Revolving Fund Loan	-	-	1,125	1,034	1,125	1,034
Notes Payable	528	1,513	748	690	1,276	2,203
Total	<u>\$ 77,749</u>	<u>76,880</u>	<u>193,158</u>	<u>199,940</u>	<u>270,907</u>	<u>\$ 276,820</u>

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

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

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

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

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2011

ECONOMIC FACTORS AND THE 2012 BUDGET

Factors considered in preparing Berkeley County's budget for the 2012 fiscal year included:

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

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

OTHER POTENTIALLY SIGNIFICANT MATTERS

Waste Water Treatment

The County operates the Lower Berkeley Wastewater Treatment Plant which had a treatment capacity of 18 million gallons per day (MGD). The County expanded the plant in 2011 to 22.5 MGD. The County also operates the Central Berkeley Wastewater Treatment Plant which has a treatment capacity of 0.35 MGD. A new Central Berkeley Wastewater Treatment Plant is being constructed at a different location with a capacity of 3 MGD. Construction is underway and completion is expected by the summer of 2012.

Expansion of Water Systems

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

The 8 MGD water treatment plant came on line in May of 2008. The Town of Santee is now supplied by the Lake Marion Regional WA and lines are being designed to connect Berkeley County next, along with other areas. Due to recent developments, it appears Clarendon County may opt out of the Lake Marion WA. This will require the remaining members to refund membership fees back to Clarendon. Clarendon's allotted capacity will then be redistributed to the remaining members, giving Berkeley a 3 MGD capacity, up from the previous 2.5MGD. Due to the lack of special appropriations through the Federal Budget, further expansion of the system may require the Lake Marion WA to borrow money. Rate scenarios are being developed to see if this is feasible. It is now projected that Berkeley County could be connected to the Lake Marion WA by 2014 or as late as 2016.

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

The Lake Moultrie Water Agency is planning to commission a preliminary engineering report (PER) after the first of 2012 to evaluate the production capability and projected average and peak demand projections for the Lake Moultrie Water Agency. The County exceeded its allocation once during 2011 during a peak day and average flows are projected to exceed the County's allocation by 2014. Upon completion of the PER, the Lake Moultrie Water Agency will consider when the Moultrie plant will need to be expanded. With the uncertainty of the connection to the Lake Marion WA and concern over the ability of the Lake Moultrie Water Agency to meet peak demands, the County may be forced to choose which agency to support.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2011

OTHER POTENTIALLY SIGNIFICANT MATTERS (CONTINUED)

Expansion of Water Systems (Continued)

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

Beneficial Use Of Waste

The Lower Berkeley Wastewater Treatment Facility is currently the only treatment facility in the region that will accept grease trap waste consisting of fat, oil and grease ("FOG") from food preparation facilities. Sewer use ordinances throughout the region require food preparation facilities to install and maintain grease traps to prevent FOG from entering the wastewater collection system. FOG in the sewer collection system is the major cause of sewer backups and sewer system overflows ("SSO"). Maintenance of grease traps requires pumping the FOG from the trap and transporting it to a disposal facility. Currently this waste stream is approximately 3 million gallons annually. At the County's 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 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. This waste has potential for beneficial use including biodiesel fuel methane gas and soil augmentation.

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

The County is evaluating alternatives to the current disposal of FOG, bio solids and yard debris that may be economically viable for creating beneficial uses that reduce the carbon footprint and protect the environment. Proposals have been made by several private companies to divert these materials to facilities they propose to construct for the purpose of producing reuse and renal products. To make any of these proposals economically feasible, tipping fees will be required. The evaluation involves finding potential cost avoidance and impacts on the economic viability of the County. The evaluation to accept any or none of these proposals is anticipated to be concluded during fiscal 2012.

SUBSEQUENT EVENTS

On November 28, 2011, the County enacted an ordinance to provide for the issuance and sale of General Obligation Refunding Bonds in an amount not to exceed \$21,000,000 for the purpose of refunding its outstanding Series 2003 General Obligation Refunding and Improvement Bonds, provided that a savings can be effected through refunding. At the date of the issuance of these financial statements, the refunding has not occurred due to unfavorable market conditions.

Subsequent to June 30, 2011, the County executed construction contracts totaling approximately \$4,500,000

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, 2011

	PRIMARY GOVERNMENT		TOTAL
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	\$ 15,222,347	36,262,814	\$ 51,485,161
Receivables, Net of Allowances:			
Property Taxes	42,894,082	633,183	43,527,265
Transportation Sales Tax	4,742,732	-	4,742,732
Accounts Receivable	1,066,679	4,093,722	5,160,401
Federal, State and Local Governments	2,628,660	252,998	2,881,658
Internal Balances	863,982	(863,982)	-
Inventories, at Cost	157,856	24,793	182,649
Prepaid Items	229,376	-	229,376
Restricted Cash and Cash Equivalents	72,417,009	42,949,476	115,366,485
Restricted Investments	-	674,645	674,645
TOTAL CURRENT ASSETS	140,222,723	84,027,649	224,250,372
NON-CURRENT ASSETS			
CAPITAL ASSETS			
Non-Depreciable	21,043,720	29,924,691	50,968,411
Depreciable, Net of Accumulated Depreciation	104,443,683	293,452,330	397,896,013
TOTAL CAPITAL ASSETS	125,487,403	323,377,021	448,864,424
OTHER NON-CURRENT ASSETS			
Accounts Receivable, Due in More Than One Year	-	286,925	286,925
Bond Issuance Costs, Net of Accumulated Amortization	-	2,828,505	2,828,505
TOTAL OTHER NON-CURRENT ASSETS	-	3,115,430	3,115,430
TOTAL NON-CURRENT ASSETS	125,487,403	326,492,451	451,979,854
TOTAL ASSETS	\$ 265,710,126	410,520,100	\$ 676,230,226

(Continued)

BERKELEY COUNTY, SOUTH CAROLINA

STATEMENT OF NET ASSETS

JUNE 30, 2011

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	
LIABILITIES			
CURRENT LIABILITIES			
Accounts Payable and Accrued Liabilities	\$ 5,404,575	4,669,850	\$ 10,074,425
Accrued Interest Payable	1,165,174	735,609	1,900,783
Accrued Compensated Absences	2,526,681	344,648	2,871,329
Landfill Closure and Postclosure Cost Liability	-	600,078	600,078
Deferred Revenue	41,128,967	833,511	41,962,478
Bonds, Loans and Notes Payable	1,809,248	7,900,712	9,709,960
TOTAL CURRENT LIABILITIES	52,034,645	15,084,408	67,119,053
NON-CURRENT LIABILITIES			
Accrued Compensated Absences	4,342,333	898,377	5,240,710
Unfunded OPEB Liability	3,559,239	507,358	4,066,597
Landfill Closure and Postclosure Cost Liability	-	3,842,174	3,842,174
Bonds, Loans and Notes Payable	75,939,876	185,256,823	261,196,699
TOTAL NON-CURRENT LIABILITIES	83,841,448	190,504,732	274,346,180
TOTAL LIABILITIES	135,876,093	205,589,140	341,465,233
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	80,832,237	178,980,259	259,812,496
Restricted For:			
Capital Projects	34,659,917	-	34,659,917
Debt Service	2,319,543	1,186,904	3,506,447
Impact Fees	5,117,152	-	5,117,152
Economic Development	1,424,287	-	1,424,287
Other	966,801	-	966,801
Unrestricted	4,514,096	24,763,797	29,277,893
TOTAL NET ASSETS	\$ 129,834,033	204,930,960	\$ 334,764,993

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, 2011

PRIMARY GOVERNMENT:	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS		
	EXPENSES	OPERATING		CAPITAL	PRIMARY GOVERNMENT		TOTAL
		CHARGES FOR SERVICES	GRANTS AND CONTRIBUTIONS	GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	
Governmental Activities:							
General Government	\$ 21,853,881	6,589,145	450,093	386,406	(14,428,237)	-	\$ (14,428,237)
Public Safety	27,449,755	6,433,340	829,829	19,027	(20,167,559)	-	(20,167,559)
Airport, Highways and Streets	17,084,364	2,670,848	-	18,102,546	3,689,030	-	3,689,030
Culture and Recreation	2,778,281	81,538	204,803	-	(2,491,940)	-	(2,491,940)
Health and Welfare	1,934,658	18,572	177,246	-	(1,738,840)	-	(1,738,840)
Community Development	13,719,347	178,045	3,000,000	-	(10,541,302)	-	(10,541,302)
Interest and Fiscal Charges	3,316,143	-	-	-	(3,316,143)	-	(3,316,143)
Total Governmental Activities	88,136,429	15,971,488	4,661,971	18,507,979	(48,994,991)	-	(48,994,991)
Business-Type Activities:							
Water and Sewer	34,577,366	35,281,107	118,560	3,896,258	-	4,718,559	4,718,559
Solid Waste	9,070,492	10,303,329	29,756	-	-	1,262,593	1,262,593
Parks and Recreation	1,062,289	515,780	2,000	-	-	(544,509)	(544,509)
Emergency Telephone	598,059	491,104	-	-	-	(106,955)	(106,955)
Total Business-Type Activities	45,308,206	46,591,320	150,316	3,896,258	-	5,329,688	5,329,688
Total Primary Government	\$ 133,444,635	62,562,808	4,812,287	22,404,237	(48,994,991)	5,329,688	(43,665,303)
General Revenues:							
Taxes:							
Property Taxes					25,436,395	600,472	26,036,867
Fee in Lieu of Taxes					9,694,173	29,604	9,723,777
Local Option Sales Tax					10,947,954	-	10,947,954
Transportation Sales Tax					17,717,652	-	17,717,652
County Accommodation					386,586	-	386,586
Franchise Taxes					608,521	-	608,521
Grants and Contributions not Restricted to Specific Programs					6,425,641	-	6,425,641
Interest Income					221,963	346,358	568,321
Gain on Sale of Assets					13,571	471,202	484,773
Miscellaneous					667,711	-	667,711
Transfers					(500,000)	500,000	-
Total General Revenues and Transfers					71,620,167	1,947,636	73,567,803
CHANGE IN NET ASSETS					22,625,176	7,277,324	29,902,500
NET ASSETS - Beginning of Year					107,208,857	197,653,636	304,862,493
NET ASSETS - End of Year					129,834,033	204,930,960	\$ 334,764,993

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, 2011

	GENERAL FUND	CAPITAL PROJECTS FUND	ECONOMIC DEVELOPMENT SPECIAL REVENUE FUND	NONMAJOR FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS					
Cash and Cash Equivalents	\$ 11,675,243	-	-	3,547,104	\$ 15,222,347
Receivables, Net of Allowances:					
Property Taxes	31,580,792	850,788	-	10,462,502	42,894,082
Transportation Sales Tax	-	4,742,732	-	-	4,742,732
Accounts Receivable	1,019,176	-	-	47,503	1,066,679
Federal, State and Local Governments	1,655,232	-	-	973,428	2,628,660
Due from Other Funds	1,363,339	59,983	-	-	1,423,322
Inventories, at Cost	157,856	-	-	-	157,856
Prepaid Items	92,172	137,204	-	-	229,376
Restricted Cash and Cash Equivalents	-	63,011,582	1,952,849	7,452,578	72,417,009
TOTAL ASSETS	47,543,810	68,802,289	1,952,849	22,483,115	140,782,063
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts Payable and Accrued Liabilities	4,055,139	487,807	-	861,629	5,404,575
Due to Other Funds	97,145	-	-	462,195	559,340
Deferred Revenue	30,750,654	850,788	-	10,474,790	42,076,232
TOTAL LIABILITIES	34,902,938	1,338,595	-	11,798,614	48,040,147
FUND BALANCES					
Nonspendable:					
Inventory	157,856	-	-	-	157,856
Prepaid Items	92,172	137,204	-	-	229,376
Restricted for:					
Debt Service	-	-	-	2,319,543	2,319,543
Impact Fees	-	-	-	5,117,152	5,117,152
Assessment District Projects	-	6,407,812	-	-	6,407,812
Transportation Projects	-	60,918,678	-	-	60,918,678
Economic Development	-	-	-	1,424,287	1,424,287
Victims' Assistance	-	-	-	100,366	100,366
Clerk of Court	-	-	-	331,288	331,288
Grants	-	-	-	148,191	148,191
Other	-	-	-	386,956	386,956
Committed for:					
Economic Development	-	-	1,952,849	-	1,952,849
Geographic Information Systems	-	-	-	121,836	121,836
Special Tax Districts	-	-	-	734,882	734,882
Unassigned	12,390,844	-	-	-	12,390,844
TOTAL FUND BALANCES	12,640,872	67,463,694	1,952,849	10,684,501	92,741,916
TOTAL LIABILITIES AND FUND BALANCES	\$ 47,543,810	68,802,289	1,952,849	22,483,115	\$ 140,782,063

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, 2011

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS		\$	92,741,916
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 \$228,625,783 and the accumulated depreciation was \$103,138,380.			125,487,403
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			947,265
OPEB costs reported in the statement of activities does not require the use of current financial resources and therefore is not reported as a liability in the governmental funds			(3,559,239)
Long-term liabilities, including bonds and notes payable, are not due or payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consisted of the following:			
General Obligation Bonds	(68,430,000)		
Deferred Refunding Costs	44,078		
Bond Premium	(2,623,537)		
SC Transportation Infrastructure Bank Loan	(6,211,397)		
Notes Payable	(528,268)		
Accrued Compensated Absences	(6,869,014)		
Accrued Interest	(1,165,174)		
			<u>(85,783,312)</u>
TOTAL NET ASSETS - GOVERNMENTAL ACTIVITIES		\$	<u>129,834,033</u>

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

BERKELEY COUNTY, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2011

	GENERAL FUND	CAPITAL PROJECTS FUND	ECONOMIC DEVELOPMENT SPECIAL REVENUE FUND	NONMAJOR FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES					
Taxes:					
Property	\$ 22,290,453	-	-	3,167,088	\$ 25,457,541
Accommodations	-	-	-	386,586	386,586
Fee in Lieu of Taxes	5,120,452	-	-	4,558,666	9,679,118
Local Option Sales Tax	8,159,616	2,788,338	-	-	10,947,954
Transportation Sales Tax	-	17,717,652	-	-	17,717,652
Licenses, Fees and Permits	1,157,539	-	-	-	1,157,539
Fines, Forfeitures and Fees	7,642,231	868,327	-	5,773,587	14,284,145
Interest Income	-	185,816	-	36,147	221,963
Local Revenue	-	-	-	450,608	450,608
Intergovernmental - Federal	262,716	-	-	5,198,200	5,460,916
Intergovernmental - State and Local	6,552,106	-	3,000,000	356,897	9,909,003
Miscellaneous	487,210	34,296	390,000	202,872	1,114,378
TOTAL REVENUES	51,672,323	21,594,429	3,390,000	20,130,651	96,787,403
EXPENDITURES					
Current:					
General Government	19,105,819	235,420	-	1,251,802	20,593,041
Public Safety	20,896,680	-	-	5,180,936	26,077,616
Airport, Highways and Streets	5,903,404	-	-	59,015	5,962,419
Culture and Recreation	2,841,886	-	-	29,876	2,871,762
Health and Welfare	1,785,612	-	-	-	1,785,612
Community Development	439,518	-	9,463,000	1,720,586	11,623,104
Capital Outlay	68,985	10,996,093	-	4,120,709	15,185,787
Debt Service:					
Principal Retirement	984,842	189,601	-	995,000	2,169,443
Interest and Fiscal Charges	53,691	1,375,897	-	1,878,788	3,308,376
TOTAL EXPENDITURES	52,080,437	12,797,011	9,463,000	15,236,712	89,577,160
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER)	(408,114)	8,797,418	(6,073,000)	4,893,939	7,210,243
OTHER FINANCING SOURCES (USES)					
Issuance of Intergovernmental Loan	-	3,495,000	-	-	3,495,000
Proceeds from Disposal of Assets	33,569	79,866	-	-	113,435
Transfers In	4,003,089	-	-	760,824	4,763,913
Transfers Out	(653,532)	(739,032)	(8,472)	(3,862,877)	(5,263,913)
TOTAL OTHER FINANCING SOURCES (USES)	3,383,126	2,835,834	(8,472)	(3,102,053)	3,108,435
NET CHANGE IN FUND BALANCES	2,975,012	11,633,252	(6,081,472)	1,791,886	10,318,678
FUND BALANCE - Beginning of Year	9,639,920	55,830,442	8,034,321	8,918,555	82,423,238
Restatement Due to Implementation of GASB54	25,940	-	-	(25,940)	-
FUND BALANCE, Beginning of Year - Restated	9,665,860	55,830,442	8,034,321	8,892,615	82,423,238
FUND BALANCE - End of Year	\$ 12,640,872	67,463,694	1,952,849	10,684,501	\$ 92,741,916

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, 2011

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS **\$ 10,318,678**

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.	4,047
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.	2,169,443
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.	(3,495,000)
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. This amount represents the difference in treatment for the year.	(332,858)
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.	493,100
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.	49,813
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.	(612,967)
In the Statement of Activities, infrastructure and equipment contributed by developers and others are reported as revenues. Since such contributions result in neither the receipt nor the use of current financial resources, they are not reflected in the fund statements.	14,420,475
Governmental funds report capital asset additions as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital asset additions of \$8,304,420, excluding donated infrastructure of \$14,420,475 was exceeded by depreciation expense of \$8,557,633 and net disposals of capital assets of \$99,864.	(353,077)

TOTAL CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES **\$ 22,625,176**

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, 2011

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			
	WATER AND SEWER	SOLID WASTE	NONMAJOR FUNDS	TOTALS
ASSETS				
CURRENT ASSETS:				
Cash and Cash Equivalents	\$ 24,064,454	12,086,865	111,495	\$ 36,262,814
Cash and Cash Equivalents-Restricted	30,923,664	12,025,812	-	42,949,476
Investments-Restricted	674,645	-	-	674,645
Property Taxes Receivable, Net of Allowance	-	-	633,183	633,183
Accounts Receivable, Net of Allowance	3,209,846	803,578	80,298	4,093,722
Due from Federal, State and Local Governments, Net of Allowance	245,451	7,547	-	252,998
Inventories, at Cost	-	-	24,793	24,793
Due from Other Funds	3,107,375	417,277	-	3,524,652
TOTAL CURRENT ASSETS	62,225,435	25,341,079	849,769	88,416,283
NON-CURRENT ASSETS:				
CAPITAL ASSETS:				
Non-Depreciable	26,966,042	2,873,649	85,000	29,924,691
Depreciable, Net of Accumulated Depreciation	268,862,085	22,609,667	1,980,578	293,452,330
TOTAL CAPITAL ASSETS	295,828,127	25,483,316	2,065,578	323,377,021
OTHER NON-CURRENT ASSETS:				
Due from Other Funds, Due in More Than One Year	11,800,000	-	-	11,800,000
Accounts Receivable, Due in More Than One Year	286,925	-	-	286,925
Bond Issuance Costs, Net	2,828,505	-	-	2,828,505
TOTAL OTHER NON-CURRENT ASSETS	14,915,430	-	-	14,915,430
TOTAL NON-CURRENT ASSETS	310,743,557	25,483,316	2,065,578	338,292,451
TOTAL ASSETS	372,968,992	50,824,395	2,915,347	426,708,734
LIABILITIES				
CURRENT LIABILITIES:				
Accounts Payable and Accrued Liabilities	4,462,540	117,985	89,325	4,669,850
Landfill Closure and Postclosure Cost Liability	-	600,078	-	600,078
Accrued Interest Payable	705,737	29,872	-	735,609
Accrued Compensated Absences	186,687	93,344	64,617	344,648
Due to Other Funds	106,765	3,427,507	854,362	4,388,634
Deferred Revenue	210,500	-	623,011	833,511
Current Portion of Bonds and Notes Payable	6,434,182	1,466,530	-	7,900,712
TOTAL CURRENT LIABILITIES	12,106,411	5,735,316	1,631,315	19,473,042
NON-CURRENT LIABILITIES:				
Due to Other Funds, Due in More Than One Year	-	11,800,000	-	11,800,000
Unfunded OPEB Liability	365,298	142,060	-	507,358
Accrued Compensated Absences	560,061	280,031	58,285	898,377
Landfill Closure and Postclosure Cost Liability	-	3,842,174	-	3,842,174
Bonds and Notes Payable	178,820,664	6,436,159	-	185,256,823
TOTAL NON-CURRENT LIABILITIES	179,746,023	22,500,424	58,285	202,304,732
TOTAL LIABILITIES	191,852,434	28,235,740	1,689,600	221,777,774
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	159,334,055	17,580,626	2,065,578	178,980,259
Restricted for Debt Service	575,322	611,582	-	1,186,904
Unrestricted Assets	21,207,181	4,396,447	(839,831)	24,763,797
TOTAL NET ASSETS	181,116,558	22,588,655	1,225,747	204,930,960
TOTAL LIABILITIES AND NET ASSETS	\$ 372,968,992	50,824,395	2,915,347	\$ 426,708,734

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, 2011

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			
	WATER AND SEWER	SOLID WASTE	NONMAJOR FUNDS	TOTALS
OPERATING REVENUES				
Sales and Services	\$ 30,234,663	9,998,644	992,868	\$ 41,226,175
Impact and Connection Fees	4,205,061	-	-	4,205,061
Other Operating Revenue	841,383	304,685	14,016	1,160,084
TOTAL OPERATING REVENUES	35,281,107	10,303,329	1,006,884	46,591,320
OPERATING EXPENSES				
Personnel Services	8,456,280	3,660,381	787,028	12,903,689
Advertising	-	-	42,710	42,710
Utilities	2,633,949	171,111	358,272	3,163,332
Office Expenses	673,003	58,128	44,384	775,515
Maintenance and Repairs	3,464,288	1,607,791	104,791	5,176,870
Contractual Services	905,216	567,482	34,009	1,506,707
Other Services and Charges	981,083	404,485	125,270	1,510,838
Depreciation	10,203,384	2,127,219	163,664	12,494,267
Landfill Closure and Postclosure Costs	-	151,211	-	151,211
TOTAL OPERATING EXPENSES	27,317,203	8,747,808	1,660,128	37,725,139
OPERATING INCOME (LOSS)	7,963,904	1,555,521	(653,244)	8,866,181
NON-OPERATING REVENUES (EXPENSES)				
Property Taxes	-	-	600,472	600,472
Fee in Lieu of Taxes	-	-	29,604	29,604
Interest Income	281,925	64,433	-	346,358
Grant Revenue	118,560	29,756	2,000	150,316
Gain on Disposition of Assets	173,028	298,174	-	471,202
Interest Expense	(7,260,163)	(322,684)	(220)	(7,583,067)
TOTAL NON-OPERATING REVENUES (EXPENSES)	(6,686,650)	69,679	631,856	(5,985,115)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	1,277,254	1,625,200	(21,388)	2,881,066
CAPITAL CONTRIBUTIONS AND TRANSFERS				
Capital Contributions	3,896,258	-	-	3,896,258
Transfers In	500,000	-	-	500,000
TOTAL CAPITAL CONTRIBUTIONS AND TRANSFERS	4,396,258	-	-	4,396,258
CHANGE IN NET ASSETS	5,673,512	1,625,200	(21,388)	7,277,324
NET ASSETS, Beginning of Year	175,443,046	20,963,455	1,247,135	197,653,636
NET ASSETS, End of Year	\$ 181,116,558	22,588,655	1,225,747	\$ 204,930,960

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 CASH FLOWS - PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2011

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			
	WATER AND SEWER	SOLID WASTE	NONMAJOR FUNDS	TOTALS
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Customers and Users	\$ 34,837,763	9,950,847	1,002,281	\$ 45,790,891
Cash Received from Property Taxes and Fee in Lieu of Taxes	-	-	612,330	612,330
Cash Paid to Suppliers	(7,911,033)	(2,757,456)	(666,810)	(11,335,299)
Cash Paid to Employees	(8,237,408)	(3,573,575)	(772,000)	(12,582,983)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	18,689,322	3,619,816	175,801	22,484,939
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Non-Capital Grant Contributions	483,339	32,948	2,000	518,287
Transfers and Advances Between Funds	(14,347,696)	14,894,364	(85,566)	461,102
NET CASH PROVIDED BY (USED IN) NON-CAPITAL FINANCING ACTIVITIES	(13,864,357)	14,927,312	(83,566)	979,389
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from Issuance of Debt	494,224	142,975	-	637,199
Capital Contributions	77,136	-	-	77,136
Proceeds from the Sale of Assets	183,375	310,023	-	493,398
Acquisition and Construction of Capital Assets	(24,590,635)	(3,625,038)	(337,521)	(28,553,194)
Principal Paid - Bonds and Notes Payable	(6,460,844)	(1,406,043)	(5,886)	(7,872,773)
Interest Paid - Bonds and Notes Payable	(8,620,956)	(333,793)	(220)	(8,954,969)
NET CASH PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	(38,917,700)	(4,911,876)	(343,627)	(44,173,203)
CASH FLOWS FROM INVESTING ACTIVITIES				
Sale of Investments	1,470,355	-	-	1,470,355
Interest Income on Investments	281,925	64,433	-	346,358
NET CASH PROVIDED (USED IN) BY INVESTING ACTIVITIES	1,752,280	64,433	-	1,816,713
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(32,340,455)	13,699,685	(251,392)	(18,892,162)
CASH AND CASH EQUIVALENTS, Beginning of Year	87,328,573	10,412,992	362,887	98,104,452
CASH AND CASH EQUIVALENTS, End of Year	\$ 54,988,118	24,112,677	111,495	\$ 79,212,290
Reconciliation of Cash and Cash Equivalents to the Statement of Net Assets				
Cash and Cash Equivalents - Current Assets	\$ 24,064,454	12,086,865	111,495	\$ 36,262,814
Restricted Cash and Cash Equivalents - Current Assets	30,923,664	12,025,812	-	42,949,476
	\$ 54,988,118	24,112,677	111,495	\$ 79,212,290

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, 2011

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			
	WATER AND SEWER	SOLID WASTE	NONMAJOR FUNDS	TOTALS
Reconciliation of Operating Income (Loss) to Net Cash Provided By Operating Activities:				
Operating Income (Loss)	\$ 7,963,904	1,555,521	(653,244)	\$ 8,866,181
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided By Operating Activities:				
Depreciation and Amortization	10,203,384	2,127,219	163,664	12,494,267
Property Taxes and Fee in Lieu of Taxes	-	-	630,076	630,076
(Increase) Decrease in Assets:				
Property Taxes Receivable	-	-	(17,746)	(17,746)
Accounts Receivable	(487,948)	(352,482)	(233)	(840,663)
Inventories	-	-	719	719
Prepaid Items and Deposits	15,600	-	10,200	25,800
Increase (Decrease) in Liabilities:				
Accounts Payable and Accrued Liabilities	775,009	100,605	31,707	907,321
Landfill Closure and Postclosure Cost Liability	-	114,795	-	114,795
Compensated Absences Payable	55,723	27,863	15,028	98,614
Deferred Revenue	44,604	-	(4,370)	40,234
Unfunded OPEB Liability	119,046	46,295	-	165,341
Total Adjustments	<u>10,725,418</u>	<u>2,064,295</u>	<u>829,045</u>	<u>13,618,758</u>
Net Cash Provided by Operating Activities	<u>\$ 18,689,322</u>	<u>3,619,816</u>	<u>175,801</u>	<u>\$ 22,484,939</u>

**Schedule of Noncash Investing, Capital and Financing
Activities:**

Acquisition of Capital Assets Through Developer Contributions	\$ 3,819,122	-	-	\$ 3,819,122
Acquisition of Capital Assets Not Yet Paid For	1,071,008	87,957	294,710	1,453,675
Amortization of Bond Premium, Deferred Refunding Costs and Issuance Costs	306,217	-	-	306,217
Increase in Debt Due to Accretion of Interest	\$ 305,805	-	-	\$ 305,805

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, 2011

	<u>AGENCY FUNDS</u>
ASSETS	
Cash and Cash Equivalents	\$ 23,689,508
Accounts Receivable	4,187,765
TOTAL ASSETS	<u><u>\$ 27,877,273</u></u>
LIABILITIES	
Due to School District	\$ 11,423,963
Due to Other Designated Recipients	16,453,310
TOTAL LIABILITIES	<u><u>\$ 27,877,273</u></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, 2011

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

The 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 Organizations

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

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

B. Government-wide and Fund Financial Statements

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

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2011

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

1. Government-Wide Statements:

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

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

2. Fund Financial Statements:

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

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

3. Major and Nonmajor Funds:

The County reports the following major and nonmajor governmental funds:

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

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

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

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2011

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

3. Major and Nonmajor Funds (Continued):

The County reports the following major and nonmajor special revenue funds:

The *Economic Development Fund, a major special revenue fund* and an unbudgeted fund, is used to account for and report the financial resources received and disbursed related to the promotion of the economic development of the County.

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

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

The County reports the following major and nonmajor proprietary funds:

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

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

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

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

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

C. Measurement Focus and Basis of Accounting

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

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

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2011

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (Continued)

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

Revenue Recognition

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

Expenditure Recognition

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

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

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

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

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2011

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities and Net Assets or Equity

1. Cash and Cash Equivalents and Deposits

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

2. Investments

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

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

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2011

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

2. Investments (Continued)

In addition, South Carolina State statutes authorize the County to invest in the South Carolina Local Government Investment Pool (“SCLGIP”). The SCLGIP was created by state legislation which restricts the types of securities the pool can purchase. Specifically, the pool is permitted to purchase obligations of the United States, its agencies and instrumentalities, and any corporation within the United States if such obligations bear any of the three highest ratings of at least two nationally recognized rating services. The SCLGIP is 2a7-like pool, which is not registered with the Securities and Exchange Commission (SEC) as an investment company, but has a policy that it will operate in a manner consistent with the SEC’s rule 2a7 of the Investment Company Act of 1940. The reported value of the County’s position in the pool, if any, is the same as the fair value of the pool shares. In accordance with Governmental Accounting Standards Board (“GASB”) Statement No. 31, *“Accounting and Financial Reporting for Certain Investments and for External Investment Pools”*, investments are carried at fair value determined annually based upon quoted market prices. The total fair value of the pool is apportioned to the entities with funds invested on an equal basis for each share owned, which are acquired at a cost of \$1.00.

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

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

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

3. Restricted Assets

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

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2011

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

4. Receivables

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

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

The County bills and collects property taxes for itself and all other taxing entities within the County. The County recognizes property taxes in the period for which they are levied and available for financing current expenditures. Property taxes receivable represent delinquent real and personal taxes for the past ten years, less an allowance for amounts estimated to be uncollectible, plus taxes levied on the assessed value of real and personal property, excluding vehicles, as of January 1, 2011. All net property taxes receivable at year-end, except those collected within 60 days, are recorded as deferred revenue and thus not recognized as revenue until collected in the governmental funds.

Taxes on real property and certain personal property attach as an enforceable lien on the property as of January 1. Taxes are levied and billed the following October on all property other than vehicles and are payable without penalty until January 15 of the following year. Penalties are assessed on unpaid taxes on the following dates: January 16 - three percent, February 2 - an additional seven percent, March 16 - an additional five percent. If not paid by the first Monday of November, the property is subject to sale by the delinquent tax office. Taxes on licensed motor vehicles are levied during the month when the taxpayer’s license registration is due for renewal. The taxpayer must provide proof of payment to the Highway Department before that agency will renew the vehicle license.

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

5. Inventories and Prepaid Assets

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

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2011

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

6. Capital Assets

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

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

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

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

7. Compensated Absences

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

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2011

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

8. Long-term Obligations

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

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

9. Net Assets and Fund Balances

Government-Wide and Proprietary Fund Statements

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

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

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

Governmental Fund Statements

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

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2011

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

9. Net Assets and Fund Balances (Continued)

Governmental Fund Statements (Continued)

The implementation of this statement had no impact on the County's total governmental funds' fund balance but it did require that certain beginning fund balances to be reclassified. The beginning fund balance for the Library Special Revenue Fund of \$25,940 was reclassified to the General Fund as the Library Special Revenue Fund no longer qualifies as a Special Revenue Fund under GASB 54; the operations of the library are now included in the General Fund.

The County classifies governmental fund balances as follows:

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

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

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

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

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

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

The County has adopted a fund balance policy for the General Fund, with the goal of 15% of the next year's budget be available as unassigned fund balance. The minimum fund balance amount that is available under the policy is \$8,218,578 as of June 30, 2011 which represents 15% of the original budget of \$54,790,523 for the General Fund for fiscal year 2012.

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2011

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

10. Contributed Capital

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

11. Accounting Estimates

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

12. Reclassifications

Certain amounts in the 2010 statements have been reclassified to conform to the 2011 presentation.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for the General Fund and for all of the Special Revenue Funds except the following: Special Revenue - Clerk of Court, Special Revenue - Sheriff Funds, Planning Grant, Highway "C" Funds, PARD Grant, Impact Fees, Economic Development, National Forest Fund, Legal Forfeiture Proceeds, and various miscellaneous special revenue funds. The excluded Special Revenue Funds and Capital Projects Funds are budgeted over the life of the grant or project. Formal budgetary policies are not employed for the Debt Service Fund because effective budgetary control is alternatively achieved through General Obligation Bond indenture provisions.

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

The level of budgetary control is determined by County Council at the County's total appropriations level. Expenditures by fund, department, and category (i.e., personnel, operating and capital outlay), are further defined in the budget document. The County Supervisor is authorized to make transfers of up to \$25,000 per occurrence between departments and funds as long as total appropriations are not exceeded. The budget ordinance must be amended by Council to effect changes in total appropriations. Budgets, as reported in the financial statements, are as originally passed by ordinance and subsequently amended. During the year ending June 30, 2011, net amendments totaling approximately \$839,000 were made to the General Fund budget.

Encumbrances lapse at the end of the fiscal year.

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2011

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, 2011, \$142,259 of the County’s bank balances of \$195,479,625 (which had a recorded value of \$189,857,895) were exposed to custodial credit risk, as they were uninsured and uncollateralized. This is a result of an error by the bank in their monitoring of the County’s accounts and was corrected subsequent to June 30, 2011.

Investments

As of June 30, 2011, the County had the following investments:

Investment Type	Fair Value	Moody's	Credit Ratings		Weighted Average Maturity
			S & P	Fitch	
First American Treasury Obligations Fund - Class Y	\$ 467,085	AAAm	Aaa-mf	AAAmmf	< 1 year
First American Treasury Obligations Fund - Class D	144,497	AAAm	Aaa-mf	AAAmmf	< 1 year
First American Government Obligations Fund - Class Y	71,676	AAAm	Aaa-mf	Unrated	< 1 year
Newberry County General Obligation Bonds, Series 2010C	171,000	Unrated	Unrated	Unrated	< 1 year
United States Treasury Notes	503,646	N/A	N/A	N/A	< 1 year
Total Investments	<u>\$ 1,357,904</u>				

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

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

Custodial Credit Risk for Investments: Custodial credit risk for investments is the risk that, in the event of a counterparty failure, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County does not have an investment policy for custodial credit risk but follows the investment policy statutes of the State of South Carolina. As of June 30, 2011, none of the County’s investments of \$1,357,904 were exposed to custodial credit risk for investments.

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

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2011

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	\$ 189,857,895
Fair Value of Investments	1,357,904
Total	<u>\$ 191,215,799</u>
Statement of Net Assets:	
Cash and Cash Equivalents	\$ 51,485,161
Cash and Cash Equivalents - Restricted	115,366,485
Investments - Restricted	674,645
Statement of Fiduciary Net Assets:	
Cash and Cash Equivalents	23,689,508
Total	<u>\$ 191,215,799</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 \$286,925 in non-current receivables for the Water and Sewer Fund:

Receivables:	General	Debt Service	Capital Projects Fund	Special Revenue Funds	Water and Sewer	Solid Waste	Parks & Recreation	Emergency Telephone	Totals
Property Taxes	\$ 33,468,564	5,283,772	886,238	5,733,142	-	-	676,582	-	\$ 46,048,298
Transportation Sales Tax	-	-	4,742,732	-	-	-	-	-	4,742,732
Accounts	2,715,172	-	-	47,503	3,828,534	803,578	-	80,298	7,475,085
Federal, State and Local Governments	1,655,232	-	-	973,428	245,451	7,547	-	-	2,881,658
Total	<u>37,838,968</u>	<u>5,283,772</u>	<u>5,628,970</u>	<u>6,754,073</u>	<u>4,073,985</u>	<u>811,125</u>	<u>676,582</u>	<u>80,298</u>	<u>61,147,773</u>
Less Allowance for Uncollectibles:									
Taxes	(1,887,772)	(269,938)	(35,450)	(284,474)	-	-	(43,399)	-	(2,521,033)
Accounts	(1,695,996)	-	-	-	(331,763)	-	-	-	(2,027,759)
Total	<u>(3,583,768)</u>	<u>(269,938)</u>	<u>(35,450)</u>	<u>(284,474)</u>	<u>(331,763)</u>	<u>-</u>	<u>(43,399)</u>	<u>-</u>	<u>(4,548,792)</u>
Net Receivables	<u>\$ 34,255,200</u>	<u>5,013,834</u>	<u>5,593,520</u>	<u>6,469,599</u>	<u>3,742,222</u>	<u>811,125</u>	<u>633,183</u>	<u>80,298</u>	<u>\$ 56,598,981</u>

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2011

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

C. Interfund Receivables and Payables

The composition of interfund balances at June 30, 2011 is as follows:

	Receivable Fund	Payable Fund
	<u> </u>	<u> </u>
General Fund	\$ 1,363,339	\$ 97,145
Special Revenue Funds:		
Emergency Preparedness	-	4,733
State Accommodations Tax	-	2,183
County Accommodations Tax	-	23,981
PARD Grant	-	9,250
Airport Improvements	-	80,352
Miscellaneous Special Revenue Funds	-	341,696
Capital Projects Fund	59,983	-
Enterprise Funds:		
Water and Sewer	14,907,375	106,765
Solid Waste	417,277	15,227,507
Parks and Recreation	-	854,362
Total	<u>\$ 16,747,974</u>	<u>\$ 16,747,974</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.

During 2011, the Water and Sewer Fund transferred \$11,800,000 in unspent proceeds from the Water and Sewer Revenue Bond, Series 2005A to the Solid Waste Fund, to be used for various capital projects. This amount is expected to be repaid in connection with the County's repayment of the outstanding principal for this indebtedness. Accordingly, this amount is reflected as a non-current asset and a non-current liability.

All of the other 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. In prior years, Cypress Gardens incurred significant operating losses, and the General Fund transferred funds to Cypress Gardens to assist in the funding of operations. During 2011, Cypress Gardens was able to repay approximately \$86,000 to the General Fund, as the County is using the proceeds from 1.0 mills of property taxes that are being assessed to provide funding for Cypress Gardens, which began in fiscal 2011. As noted in the table above, the current balance owed by Cypress Gardens to the General Fund at June 30, 2011 is approximately \$854,000. This balance is reflected as a current asset and liability as it is currently due, although it is not expected to be fully repaid within one year.

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2011

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

D. Capital Assets

Governmental capital asset activity for the year ended June 30, 2011, is as follows:

	Balance 6/30/2010	Additions	Disposals	Transfers	Balance 6/30/2011
Capital Assets, Not Being Depreciated:					
Land	\$ 3,756,161	1,603,350	-	-	\$ 5,359,511
Construction in Progress	12,394,830	5,036,980	-	(1,747,601)	15,684,209
Total Capital Assets, Not Being Depreciated	<u>16,150,991</u>	<u>6,640,330</u>	<u>-</u>	<u>(1,747,601)</u>	<u>21,043,720</u>
Capital Assets, Being Depreciated:					
Buildings	28,610,266	-	(3,000)	-	28,607,266
Furniture	1,334,512	-	-	44,941	1,379,453
Equipment	11,038,530	560,325	(236,391)	(24,975)	11,337,489
Software	1,954,733	18,360	-	(19,966)	1,953,127
Vehicles	10,406,146	343,130	(420,035)	-	10,329,241
Improvements	12,159,782	295,547	-	301,955	12,757,284
Library Materials	2,169,067	210,678	(254,081)	-	2,125,664
Infrastructure	122,990,368	14,656,525	-	1,445,646	139,092,539
Total Capital Assets, Being Depreciated	<u>190,663,404</u>	<u>16,084,565</u>	<u>(913,507)</u>	<u>1,747,601</u>	<u>207,582,063</u>
Less: Accumulated Depreciation For:					
Buildings	9,856,732	715,182	(2,363)	-	10,569,551
Furniture	602,280	129,991	-	44,941	777,212
Equipment	7,499,566	825,944	(236,391)	(24,975)	8,064,144
Software	923,313	157,343	-	(19,966)	1,060,690
Vehicles	6,002,925	1,111,464	(320,808)	-	6,793,581
Improvements	5,515,670	694,776	-	-	6,210,446
Library Materials	821,213	240,766	(254,081)	-	807,898
Infrastructure	64,172,691	4,682,167	-	-	68,854,858
Total Accumulated Depreciation	<u>95,394,390</u>	<u>8,557,633</u>	<u>(813,643)</u>	<u>-</u>	<u>103,138,380</u>
Total Capital Assets, Being Depreciated, Net	<u>95,269,014</u>	<u>7,526,932</u>	<u>(99,864)</u>	<u>1,747,601</u>	<u>104,443,683</u>
Governmental Activities Capital Assets, Net	<u>\$ 111,420,005</u>	<u>14,167,262</u>	<u>(99,864)</u>	<u>-</u>	<u>\$ 125,487,403</u>

During the year ended June 30, 2011, the County recorded approximately \$14,400,000 in infrastructure contributed from developers.

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2011

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

D. Capital Assets (Continued)

Business-Type capital asset activity for the year ended June 30, 2011, is as follows:

	Balance 6/30/2010	Additions	Disposals	Transfers	Balance 6/30/2011
Capital Assets, Not Being Depreciated:					
Land	\$ 3,648,403	-	-	-	\$ 3,648,403
Construction in Progress	31,684,459	24,879,143	-	(30,287,314)	26,276,288
Total Capital Assets, Not Being Depreciated	<u>35,332,862</u>	<u>24,879,143</u>	<u>-</u>	<u>(30,287,314)</u>	<u>29,924,691</u>
Capital Assets, Being Depreciated:					
Utility Systems, Treatment Plants and Buildings	355,887,142	3,844,247	-	30,287,314	390,018,703
Equipment, Vehicles and Furniture	16,233,459	4,152,843	(1,882,352)	-	18,503,950
Lake Moultrie Water Agency	11,086,345	-	-	-	11,086,345
Total Capital Assets, Being Depreciated	<u>383,206,946</u>	<u>7,997,090</u>	<u>(1,882,352)</u>	<u>30,287,314</u>	<u>419,608,998</u>
Less: Accumulated Depreciation For:					
Utility Systems, Treatment Plants and Buildings	98,001,657	10,432,657	-	-	108,434,314
Equipment, Vehicles and Furniture	13,046,946	1,678,283	(1,860,155)	-	12,865,074
Lake Moultrie Water Agency	4,473,953	383,327	-	-	4,857,280
Total Accumulated Depreciation	<u>115,522,556</u>	<u>12,494,267</u>	<u>(1,860,155)</u>	<u>-</u>	<u>126,156,668</u>
Total Capital Assets, Being Depreciated, Net	<u>267,684,390</u>	<u>(4,497,177)</u>	<u>(22,197)</u>	<u>30,287,314</u>	<u>293,452,330</u>
Business-Type Activities Capital Assets, Net	<u>\$ 303,017,252</u>	<u>20,381,966</u>	<u>(22,197)</u>	<u>-</u>	<u>\$ 323,377,021</u>

During the year ended June 30, 2011, the County recorded approximately \$3,800,000 in utility systems contributed by developers and others.

Depreciation expense for the year ended June 30, 2011 was charged to County functions as follows:

Governmental Activities:	
General Government	\$ 1,284,151
Public Safety	1,134,035
Airport, Highways and Streets	5,568,879
Culture and Recreation	147,479
Health and Welfare	142,559
Community Development	280,530
Total Governmental Activity Depreciation	<u>\$ 8,557,633</u>
Business-Type Activities:	
Water and Sewer	\$ 10,203,384
Solid Waste	2,127,219
Parks and Recreation	98,606
Emergency Telephone	65,058
Total Business-Type Activity Depreciation	<u>\$ 12,494,267</u>

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2011

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

D. Capital Assets (Continued)

Construction Commitments

At June 30, 2011, the Enterprise Funds and the Capital Projects Fund had commitments under contracts for construction of various projects not completed of approximately \$4,000,000 and \$3,258,000, respectively.

Capitalized Interest

For the year ended June 30, 2011, the Water and Sewer Fund incurred \$8,885,141 in interest on its bonds and capitalized \$1,957,590; no interest was capitalized for the other enterprise funds.

Joint Municipal Water Systems

In prior years, the County entered into a contract with the Lake Moultrie WA to purchase 24% of the finished water produced by Lake Moultrie WA. The contract expires on October 2, 2027. Provisions of the contract require a deposit to reserve the capacity and to pay monthly demand (fixed) and volumetric (variable) charges. The original deposit was recognized as a deferred charge and is being amortized over the life of the contract; the remaining unamortized amount is included in other non-current assets. The County paid \$8,921,929 to Lake Moultrie WA to reserve the desired capacity. In June 2007, Segment 7 was sold to the City of Goose Creek for \$44,451, reducing the residual purchase price to \$8,877,478. During 2008, the construction to upgrade the transmission portion of the plant was completed; the County's portion of these charges totaled \$2,208,867, which increased the purchase price to \$11,086,345. Accumulated amortization at June 30, 2011 was \$4,857,280 and amortization recognized during the year was \$383,327, which is included in depreciation expense for the Water and Sewer Fund.

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

<u>Fiscal Year</u>	<u>Amount</u>
2012	\$ 496,208
2013	530,604
2014	565,570
2015	590,001
2016	\$ 614,836

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

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2011

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

D. Capital Assets (Continued)

Joint Municipal Water Systems (Continued)

The 8 MGD water treatment plant for the Lake Marion WA came on line in May of 2008. The Town of Santee is now supplied by the Lake Marion WA and lines are being designed to connect Berkeley County next, along with other areas. Due to recent developments, it appears Clarendon County may opt out of the Lake Marion WA. This will require the remaining members to refund membership fees back to Clarendon. Clarendon's allotted capacity will then be redistributed to the remaining members, giving Berkeley a 3 MGD capacity, up from the previous 2.5MGD. Due to the lack of special appropriations through the Federal Budget, further expansion of the system may require the Lake Marion WA to borrow money. Rate scenarios are being developed to see if this is feasible. It is now projected that Berkeley County could be connected to the Lake Marion WA by 2014 or as late as 2016.

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

The Lake Moultrie WA is planning to commission a preliminary engineering report (PER) after the first of 2012 to evaluate the production capability and projected average and peak demand projections for the Lake Moultrie Water Agency. The County exceeded its allocation once during 2011 during a peak day and average flows are projected to exceed the County's allocation by 2014. Upon completion of the PER, the Lake Moultrie Water Agency will consider when the Moultrie plant will need to be expanded. With the uncertainty of the connection to the Lake Marion WA and concern over the ability of the Lake Moultrie Water Agency to meet peak demands, the County may be forced to choose which agency to support.

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2011

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

E. Interfund Transfers

Interfund transfers for the year ended June 30, 2011, consisted of the following:

	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ 4,003,089	\$ 653,532
Capital Projects Fund	-	739,032
Economic Development Fund	-	8,472
Nonmajor Special Revenue Funds:		
National Forest Fund	-	440,723
Emergency Preparedness Fund	269,093	-
GIS Fund	288,658	-
Stormwater Management Fund	17,599	-
EMS Equipment Fund	1,252	-
State Accommodations Tax Fund	-	28,051
Impact Fees Fund	-	94,863
Sheriff's Grants Fund	70,000	-
County Accommodations Tax Fund	-	77,317
PARD Grant Fund	3,678	-
Local Economic Development Fund	-	502,825
Airport Improvements Fund	107,293	-
Miscellaneous Special Revenue Funds	3,251	2,719,098
Enterprise Funds:		
Water and Sewer	500,000	-
Total	<u>\$ 5,263,913</u>	<u>\$ 5,263,913</u>

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

In July 2009, County Council passed a resolution regarding tax revenues received from the Mt. Holly Commerce Park, stating that the General Fund will annually transfer \$500,000 in revenues collected to the Water and Sewer Fund until a total of approximately \$4,800,000 has been transferred out. As of June 30, 2011, the County had transferred a total of \$1,795,486 to the Water and Sewer Fund.

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2011

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

F. Deferred Revenues

The government-wide financial statements and the governmental funds defer revenue recognition in connection with resources that have been received, but not yet earned. In addition, governmental funds report deferred revenue in the fund financial 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, 2011, the various components of deferred and unearned revenue reported in the financial statements for governmental activities were as follows:

Unearned:	
Property Taxes	\$ 40,619,103
Other	509,864
Deferred Revenue - Governmental Activities	<u>41,128,967</u>
Unavailable:	
Property Taxes	947,265
Deferred Revenue - Governmental Funds	<u>\$ 42,076,232</u>

G. Operating Leases

The County leases various properties under several operating lease agreements expiring through 2015. Total costs charged to operations were approximately \$209,000 for the year ended June 30, 2011, including approximately \$149,800 in the General Fund, approximately \$59,200 in the Special Revenue Funds. Future minimum payments for these leases are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2012	\$ 119,593
2013	62,103
2014	50,283
2015	51,289
Total	<u>\$ 283,268</u>

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2011

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

I. Long-term Obligations

Presented below is a summary of changes in long-term obligations for the year ended June 30, 2011:

Long-Term Obligations	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
General Obligation Bonds:					
Series 2003 Refunding and Improvement Bond	\$ 21,595,000	-	660,000	20,935,000	\$ 695,000
Series 2006 Bond	7,980,000	-	-	7,980,000	-
Series 2009A Bond	10,000,000	-	-	10,000,000	-
Series 2009B Refunding and Improvement Bond	2,140,000	-	335,000	1,805,000	385,000
Series 2010 Bond	27,710,000	-	-	27,710,000	-
Subtotal	69,425,000	-	995,000	68,430,000	1,080,000
Premium - Series 2003 Bond	237,052	-	13,169	223,883	-
Premium - Series 2010 Bond	2,879,585	-	479,931	2,399,654	-
Deferred Refunding Costs - Series 2003 Bond	(80,556)	-	(36,478)	(44,078)	-
Total - General Obligation Bonds	72,461,081	-	1,451,622	71,009,459	1,080,000
SC Transportation Infrastructure Bank Loan	2,906,000	3,495,000	189,603	6,211,397	200,980
Notes Payable	1,513,108	-	984,840	528,268	528,268
Compensated Absences	6,918,827	2,309,326	2,359,139	6,869,014	2,526,681
Total Governmental Activities	83,799,016	5,804,326	4,985,204	84,618,138	4,335,929
Business-Type Activities:					
Revenue Bonds:					
Capital Appreciation Bonds - Water & Sewer	2,307,139	-	1,191,251	1,115,888	1,115,888
Series 2000 Revenue Bonds - Water & Sewer	3,211,532	-	143,691	3,067,841	150,667
Series 2003 Revenue Bond - Water & Sewer	36,905,000	-	2,115,000	34,790,000	2,215,000
Series 2005A Revenue Bond - Water & Sewer	105,250,000	-	250,000	105,000,000	250,000
Series 2008A Refunding Bond - Water & Sewer	37,300,000	-	455,000	36,845,000	480,000
Series 2002 Revenue Bond - Solid Waste	1,600,000	-	200,000	1,400,000	200,000
Series 2003 Revenue Bond - Solid Waste	5,510,000	-	700,000	4,810,000	725,000
Series 2005 Refunding Bond - Solid Waste	1,645,000	-	280,000	1,365,000	300,000
Subtotal	193,728,671	-	5,334,942	188,393,729	5,436,555
Accretion of Interest - Capital Appreciation Bonds	3,688,466	305,805	2,048,749	1,945,522	1,945,522
Premium - Series 2003 Revenue Bond - Water & Sewer	2,514,867	-	139,714	2,375,153	-
Premium - Series 2005A Revenue Bond - Water & Sewer	2,745,854	-	137,291	2,608,563	-
Premium - Series 2008A Revenue Bond - Water & Sewer	421,469	-	23,524	397,945	-
Deferred Refunding Costs - Series 2003 - Water & Sewer	(1,211,820)	-	(242,361)	(969,459)	-
Deferred Refunding Costs - Series 2008A - Water & Sewer	(3,671,383)	-	(204,916)	(3,466,467)	-
Total Revenue Bonds	198,216,124	305,805	7,236,943	191,284,986	7,382,077
State Revolving Fund Loan - AD Hare Rehab. - Water & Sewer	1,033,950	161,036	70,051	1,124,935	58,215
Notes Payable	690,481	475,983	418,850	747,614	460,420
Landfill Closure and Postclosure Care Cost	4,327,457	114,795	-	4,442,252	600,078
Compensated Absences	1,144,411	404,729	306,115	1,243,025	344,648
Total Business-Type Activities	\$ 205,412,423	1,462,348	8,031,959	198,842,812	\$ 8,845,438

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

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2011

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

I. 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; the Series 2010 General Obligation Bond is repaid using transportation sales tax revenues.

General obligation bonds payable at June 30, 2011 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	\$ 20,935,000
Series 2006 General Obligation Bonds, with interest ranging from 4.00% to 6.00%, matures 2031	7,980,000
Series 2009A General Obligation Bonds, with interest ranging from 3.55% to 4.75%, matures 2029	10,000,000
Series 2009B General Obligation Refunding Bonds, with interest ranging from 2.20% to 3.00%, matures 2015	1,805,000
Series 2010 General Obligation Bonds, with interest at 5.00%; matures 2016	27,710,000
Total	<u>\$ 68,430,000</u>

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 3.57% to 7.53% and mature in various dates through June 2015. The total outstanding principal at June 30, 2011 was \$528,268 and \$747,614 for the County's governmental and business-type activities, respectively.

South Carolina State Drinking Water Revolving Fund Loan

The County entered into an agreement with the South Carolina State Budget and Control Board for a State Drinking Water Revolving Fund Loan in 2009 for a revised amount of \$1,253,812. The proceeds of this loan are being used to partially fund the costs to rehabilitate the AD Hare Water System. The County drew down the remaining amount available of \$161,036 during 2011. As of June 30, 2011, the outstanding balance of the loan was \$1,124,935 and is being repaid through quarterly payments of \$17,312 through June 2029, including interest at 1%.

Revenue Bonds

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

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2011

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

I. 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 Series 2003 Revenue Bonds are considered to be defeased until called for redemption, which is expected to occur in June 2013. In May 2008, the County issued its Series 2008A Water and Sewer System Refunding Revenue Bonds in the amount of \$38,070,000 to provide resources to currently refund its Series 2006A Water and Sewer System Refunding Revenue Bonds.

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

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

There are numerous limitations, restrictions, and covenants contained in the various revenue bond indentures and ordinances. As of June 30, 2011, the County is in compliance with all significant restrictions and covenants, including its debt service coverage ratios for its Revenue Bonds. In 2008, County Council passed a resolution to increase the rates and fees approximately 30% for water and sewer customers, effective July 1, 2008. In addition, per the rate study that the County had conducted in the spring of 2008, additional 4% increases will be needed for each of the next three years in order for the County to continue to meet its debt coverage ratios in future years. However, County Council has not increased its rates since July 2008.

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2011

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

I. Long-term Obligations (Continued)

	Outstanding Principal
Revenue bonds payable at June 30, 2011, are comprised of the following issues:	
Capital Appreciation Bonds, due June 2012, exclusive of \$ 1,945,522 in cumulative accretion of interest at 5.75%. The final payment of \$3,061,410 is due in 2012.	\$ 1,115,888
Water and Sewer System, Series 2000 – Hanahan Project, due December 2025, with annual payments totaling \$296,053, which includes interest at 4.855%.	3,067,841
Water and Sewer System Refunding Revenue Bond, Series 2003, due June 2028, with annual payments ranging from \$480,000 to \$6,360,000 and interest ranging from 2.0% - 5.25%. These bonds have an issuance premium of \$2,375,153 and deferred refunding costs of \$969,459, both of which are net of amortization.	34,790,000
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 \$2,608,563, which is net of amortization.	105,000,000
Water and Sewer System Refunding Bond, Series 2008A, due June 2028, with annual principal payments ranging from \$480,000 to \$3,445,000 and interest ranging from 3.0% to 5.0%. These bonds were issued to currently redeem the outstanding Series 2006A Refunding Revenue Bonds. These bonds have an issuance premium of \$397,945 and deferred refunding costs of \$3,466,468, both of which are net of amortization.	36,845,000
Total Water and Sewer Revenue / Refunding Bonds	180,818,729
Solid Waste System, Series 2002, due December 2017, with annual principal payments of \$200,000 and interest at 4.66%.	1,400,000
Solid Waste System, Refunding Revenue Bond, Series 2003, due December 2016, with annual principal payments ranging from \$300,000 to 345,000 and an interest rate of 3.95%.	4,810,000
Solid Waste System, Refunding Revenue Bond, Series 2005, due December 2014, with annual principal payments ranging from \$725,000 to \$880,000 and an interest rate of 3.56%.	1,365,000
Total Solid Waste Revenue Bonds	7,575,000
Total Revenue Bonds	\$ 188,393,729

South Carolina Transportation Infrastructure Bank Loan

During fiscal 2010, the County obtained a loan from the South Carolina Transportation Infrastructure Bank (“SCTIB”) in the amount of \$6,401,000 with interest at 5.60%. The loan was obtained in order to finance Phase I infrastructure improvements of the Jedburg Road Improvement District (“Improvement District”). As of June 30, 2011, the County had drawn down the full amount available under this loan, including \$3,495,000 during the year ended June 30, 2011. Principal and interest on the loan is due in quarterly installments beginning in July 2010 through April 2029. The principal and interest on the loan is expected to be repaid with assessments from the properties located in the Improvement District as described in further detail in Note IV. J. below.

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2011

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

I. Long-term Obligations (Continued)

Debt Service Requirements to Maturity

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

Year Ending June 30	Bonded Indebtedness		Loans and Notes Payable		Total
	Principal	Interest	Principal	Interest	
<u>Governmental Activities</u>					
2012	\$ 1,080,000	3,218,597	729,246	362,832	\$ 5,390,675
2013	1,180,000	3,170,802	213,040	332,109	4,895,951
2014	10,065,000	3,119,487	225,820	319,911	13,730,218
2015	10,640,000	2,625,649	239,368	306,980	13,811,997
2016	10,625,000	2,105,299	253,732	293,274	13,277,305
2017-2021	9,135,000	6,945,290	1,516,132	1,230,202	18,826,624
2022-2026	13,045,000	4,452,514	2,028,924	740,826	20,267,264
2027-2031	11,980,000	1,342,079	1,533,403	142,877	14,998,359
2032	680,000	14,960	-	-	694,960
Total Governmental Activities	<u>\$ 68,430,000</u>	<u>26,994,677</u>	<u>6,739,665</u>	<u>3,729,011</u>	<u>105,893,353</u>
<u>Business-Type Activities</u>					
2012	\$ 5,436,555	10,826,172	518,635	62,524	\$ 16,843,886
2013	7,797,982	8,508,973	181,234	39,913	16,528,102
2014	8,130,651	8,142,342	191,372	29,775	16,494,140
2015	8,483,693	7,759,771	92,763	11,479	16,347,706
2016	8,457,126	7,424,291	60,588	8,659	15,950,664
2017-2021	44,007,160	31,105,628	312,185	34,048	75,459,021
2022-2026	53,660,562	20,079,986	328,170	18,063	74,086,781
2027-2030	52,420,000	6,144,464	187,602	2,826	58,754,892
Total Business-Type Activities	<u>\$ 188,393,729</u>	<u>99,991,627</u>	<u>1,872,549</u>	<u>207,287</u>	<u>\$ 290,465,192</u>

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.

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2011

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

I. Long-term Obligations (Continued)

Landfill Closure and Postclosure Care Costs (Continued)

The \$4,442,252 reported as an accrual for landfill closure and postclosure care at June 30, 2011, includes the estimated remaining liability of \$258,000 for postclosure care of the previously closed landfill site for another twenty-one 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	82.5%	\$ 4,704,620	367,200	5,071,820	\$ 887,568
DPW-105 (# 081001-1101)	None	100%	-	258,000	258,000	-
			<u>\$ 4,704,620</u>	<u>625,200</u>	<u>5,329,820</u>	<u>\$ 887,568</u>

These amounts are based on what it would cost to perform all closure and postclosure care in fiscal year 2011. Actual costs may be higher due to inflation, changes in technology or changes in regulations. The County provides financial assurance for closure and postclosure care costs through its ability to meet the requirements of the local government financial test as contained in SC DHEC regulations. The Subtitle D landfill site began accepting waste in July 2000.

IV. OTHER INFORMATION

A. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters. For all of these risks, the County is a member of the State of South Carolina Insurance Reserve Fund, a public entity risk trust currently operating as a common risk management and insurance program for local governments. The County pays an annual premium to the State Insurance Reserve Fund for its general insurance coverage. The State Insurance Reserve Fund is self-sustaining through member premiums and reinsures through commercial companies for certain claims. The state accumulates assets to cover risks that its members incur in their normal operations. Specifically, the state assumes substantially all of the risk of the above.

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

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, 2011

IV. OTHER INFORMATION (CONTINUED)

B. Contingent Liabilities

Litigation

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

Sewer Pollutants

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

Grants

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial. Management has not been informed of any significant matters of noncompliance with grant provisions or planned grantor audits.

C. Deferred Compensation Plan

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

D. Employee Retirement Systems and Plans

Plan Description The County contributes to both the South Carolina Retirement System (SCRS) and to the South Carolina Police Officers' Retirement System (SCPORS), which are cost-sharing, multiple-employer defined benefit pension plans administered by the South Carolina Retirement Systems, a Division of the State Budget and Control Board. Both the South Carolina Retirement System and Police Officers Retirement System offer retirement and disability benefits, life insurance benefits, 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 Systems, PO Box 11960, Columbia, SC 29211-1960.

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2011

IV. OTHER INFORMATION (CONTINUED)

D. 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, 2011 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, 2011, 2010, and 2009 were \$2,866,617, \$2,940,099, and \$2,837,597, 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, 2011 was 11.13% 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, 2011, 2010, and 2009 were \$965,866, \$922,114, and \$823,816, respectively, equal to the required contributions for each year.

E. 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 the Water and Sanitation department, 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 SCPORS and has 10 years of service with the County. Information regarding SCRS and SCPORS eligibility may be found in Note IV.D. 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 June 30, 2011, the measurement date, there were 1,059 covered participants, including 225 covered participants from the Water and Sanitation department, and 100 retired participants receiving benefits (11 from Water and Sanitation).

Funding Policy

The County contributes a fixed dollar amount each year. In fiscal year 2011, the County contributed, on a monthly basis, up to \$175 for retiree only and retiree family healthcare coverage. For the OPEB Plan, the retiree contributes the balance between the actuarially calculated costs less the fixed dollar amount. The retiree pays 100% of the actuarially calculated dental costs.

The County's annual other 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.

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2011

IV. OTHER INFORMATION (CONTINUED)

E. Other Post-employment Benefits (Continued)

Actuarial Methods and Assumptions

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

Projections of benefits for financial reporting purposes are based on the substantive OPEB Plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

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

Actuarial Valuation Date:	June 30, 2011
Actuarial Cost Method:	Projected Unit Credit
Amortization Method:	Level Dollar Method
Amortization Period:	30 Years
Actuarial Assumptions:	
Investment Rate of Return:	Discount rate of 4.0% annual return, net of both administrative and investment related expenses
Health Cost Trend:	7.41% to 4.50% in 0.25% annual steps
Coverage Elections:	80% of eligible retirees and 30% of spouses will elect to receive coverage upon retirement
Active Participant Marriage Assumption:	80% of all active employees are assumed to be married with female spouses assumed to be 3 years younger.
Mortality Table:	RP 2000 Employee Mortality Table
Implicit Rate Subsidy:	Total cost of coverage for pre-65 retirees is 50% higher than the average premium rate to account for the implicitly subsidized costs.
Changes in Actuarial Assumptions/Cost Method:	Changes in the mortality table to RP2000 Employee Mortality Table and the cost method to Projected Unit Credit

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2011

IV. OTHER INFORMATION (CONTINUED)

E. Other Post-employment Benefits (Continued)

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

Annual OPEB Costs and Rollforward of Net OPEB Obligation

The County implemented GASB Statement No. 45 in fiscal 2009. For 2011, 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 2011) was as follows:

1.	Net OPEB Obligation, Beginning of the Plan Year	\$ 3,288,289
2.	One Year's Interest on the Net OPEB Obligation	131,532
3.	ARC (Normal Cost Plus Any Amortization Payments)	1,060,983
4.	Adjustment to Annual Required Contribution	(182,848)
5.	Annual OPEB Cost	1,009,667
6.	Contributions Made for the Plan Year	(231,359)
7.	Increase in Net OPEB Obligation	778,308
8.	Net OPEB Obligation, End of the Plan Year	\$ 4,066,597

Schedule of Employer Contributions

The County did not make contributions to the Plan in 2011 to pre-fund benefits; therefore, contributions only include \$231,359 made by the County through payment of covered participants' explicit and implicit subsidized benefits of \$158,317 and \$73,042, respectively.

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

Schedule of Employer Contributions				
Applicable to Fiscal Year Ending	Annual OPEB Cost	Annual OPEB Cost Contributed	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
June 30, 2011	\$ 1,009,667	231,359	22.91%	\$ 4,066,597
June 30, 2010	1,840,992	139,047	7.55%	3,288,289
June 30, 2009	\$ 1,738,318	151,974	8.74%	\$ 1,586,344

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2011

IV. OTHER INFORMATION (CONTINUED)

E. Other Post-employment Benefits (Continued)

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

Funding Progress

Funding progress for the OPEB Plan as of June 30, 2011 is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Aggregate (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)
June 30, 2011	\$ -	8,840,823	\$ 8,840,823	0.00%

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

In July 2011, the County Council amended the OPEB Plan, effective October 1, 2011. The revised plan changed the eligibility requirements so that employees who were hired prior to October 1, 2011 must have ten consecutive years working fulltime with the County and at least twenty years of service with the SCRS or PORS. In addition, coverage is available until Medicare Eligibility Age of 65. For all employees hired after September 30, 2011, the County will not contribute the fixed amount (currently \$175/month) upon their retirement. There were no substantive changes to the Plan for retirees currently receiving benefits. These changes are estimated to decrease the Actuarial Accrued Liability at June 30, 2012 by approximately \$3,866,000 and to decrease the Annual Required Contribution for fiscal 2012 by approximately \$565,000.

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, 2011, there were twenty-four series of Special Source Revenue Bonds with an outstanding aggregate principal amount of approximately \$1.2 billion.

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2011

IV. OTHER INFORMATION (CONTINUED)

H. Reciprocal Interfund Transactions

During the year ended June 30, 2011, the County's General Fund charged the Water and Sewer and the Solid Waste Funds approximately \$187,000 for administrative services and security charges.

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, 2011 was set by County Council in June 2011 for fiscal 2012 at 46.0 mills (\$4.60 per \$100 assessed valuation) for general uses and purposes of the County. Additional tax rates were applied in fiscal year 2011 as follows: 50.0 mills for the Sangaree Special Tax District, 3.0 mills for debt retirement, and 1.0 mills for Cypress Gardens. The assessed valuation of properties within the County's boundaries for the 2010 tax levy year was approximately \$689.0 million, exclusive of vehicles valued at approximately \$68.5 million, according to the records of the County Auditor and Assessor.

J. Jedburg Road Improvement District

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

Principal and interest on the loans is expected to be repaid primarily with the assessments charged to the property owners in the JRID, with a portion to be financed by the County. The assessments on the properties in the JRID will be charged for a period of 20 years, beginning in fiscal 2010 through fiscal 2029, in an amount necessary to pay debt service, including principal and interest, on the loan and administrative expenses related to the JRID. The County will contribute up to \$10,000,000 to partially pay the costs of acquiring and constructing the improvements outlined in the Plan and/or to provide funds for the payment of debt service on the loan, with \$500,000 to be contributed each year for twenty years. The County used funds collected from local option sales taxes to make this contribution for fiscal 2011 and anticipates using subsequent collections of these taxes in future years to fund its annual contribution. Beginning in tax year 2009, and each following tax year through the 2028 tax year, County Council will confirm the annual payment to be collected from each parcel of assessed property in the JRID.

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

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2011

IV. OTHER INFORMATION (CONTINUED)

K. Local Option Sales Tax

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

L. Transportation Sales Tax

The County has a special one percent transportation sales tax that was approved via voter referendum in November of 2008. The tax is to be imposed for not more than seven years to fund the construction and maintenance of highways, roads, streets, bridges, and road amenities such as sidewalks, curbs, gutter repairs, and repairs to drainage facilities relating to highways, roads, streets and bridges and other transportation-related projects in the County. The SC DOR collects the tax and disburses it to the County. Transportation Sales Tax revenues for fiscal year 2011 totaled approximately \$17,800,000.

M. Subsequent Events

On November 28, 2011, the County enacted an ordinance to provide for the issuance and sale of General Obligation Refunding Bonds in an amount not to exceed \$21,000,000 for the purpose of refunding its outstanding Series 2003 General Obligation Refunding and Improvement Bonds, provided that a savings can be effected through refunding. At the date of the issuance of these financial statements, the refunding has not occurred due to unfavorable market conditions.

Subsequent to June 30, 2011, the County executed construction contracts totaling approximately \$4,500,000

BERKELEY COUNTY, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION

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

YEAR ENDED JUNE 30, 2011

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL		
REVENUES				
Property Taxes	\$ 22,421,237	22,421,237	22,290,453	\$ (130,784)
Fee in Lieu of Taxes	5,060,300	5,060,300	5,120,452	60,152
Local Options Sales Tax	8,208,868	8,208,868	8,159,616	(49,252)
Licenses, Fees and Permits	1,804,100	1,804,100	1,157,539	(646,561)
Fines, Forfeitures and Fees	7,409,469	7,421,677	7,642,231	220,554
Interest Income	42,230	42,230	-	(42,230)
Intergovernmental - Federal	186,000	252,411	262,716	10,305
Intergovernmental - State and Local	6,364,876	6,366,076	6,552,106	186,030
Miscellaneous	361,512	420,784	487,210	66,426
TOTAL REVENUES	51,858,592	51,997,683	51,672,323	(325,360)
EXPENDITURES				
Current:				
General Government				
Legislative	505,828	505,828	474,580	31,248
Judicial	5,737,910	5,900,878	5,461,653	439,225
Executive	302,665	302,665	286,312	16,353
Finance and Administration	13,386,693	13,478,178	12,527,063	951,115
Elections	424,445	424,445	356,211	68,234
Total General Government	20,357,541	20,611,994	19,105,819	1,506,175
Public Safety				
Sheriff	11,207,179	10,515,103	10,950,644	(435,541)
Crime Stoppers	2,850	2,850	2,850	-
Corrections	1,934,101	3,005,600	2,958,486	47,114
Fire	272,267	272,267	270,339	1,928
Communications	1,297,963	1,184,443	1,182,297	2,146
Emergency Medical Services	5,081,096	5,245,795	5,153,437	92,358
Coroner	394,587	500,778	378,627	122,151
Total Public Safety	20,190,043	20,726,836	20,896,680	(169,844)
Airport, Highways and Streets				
Airport	320,811	323,811	271,758	52,053
Highways and Streets	4,398,084	4,447,646	4,283,539	164,107
Fleet Management	601,032	601,032	572,271	28,761
Engineering	784,705	784,705	775,836	8,869
Total Airport, Highways and Streets	6,104,632	6,157,194	5,903,404	253,790
Culture and Recreation				
Berkeley Museum	47,500	47,500	47,500	-
Library	2,711,040	2,808,618	2,794,386	14,232
Total Culture and Recreation	\$ 2,758,540	2,856,118	2,841,886	\$ 14,232

(Continued)

BERKELEY COUNTY, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION

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

YEAR ENDED JUNE 30, 2011

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL		
EXPENDITURES (CONTINUED)				
Current (Continued):				
Health and Welfare				
Health State	\$ 112,670	112,670	112,288	\$ 382
Mosquito Abatement	675,467	697,730	633,255	64,475
Veterans Services	164,723	164,723	160,849	3,874
Other Programs Assistance	914,203	914,203	879,220	34,983
Total Health and Welfare	<u>1,867,063</u>	<u>1,889,326</u>	<u>1,785,612</u>	<u>103,714</u>
Community Development				
Santee Cooper Country	4,750	4,750	4,750	-
Regional Development Alliance	299,250	299,250	299,250	-
BCD Council of Governments	135,518	135,518	135,518	-
Total Community Development	<u>439,518</u>	<u>439,518</u>	<u>439,518</u>	<u>-</u>
Capital Outlay	-	7,380	68,985	(61,605)
Debt Service:				
Principal Retirement	984,207	984,207	984,842	(635)
Interest and Fiscal Charges	54,327	54,327	53,691	636
Total Debt Service	<u>1,038,534</u>	<u>1,038,534</u>	<u>1,038,533</u>	<u>1</u>
TOTAL EXPENDITURES	<u>52,755,871</u>	<u>53,726,900</u>	<u>52,080,437</u>	<u>1,646,463</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(897,279)</u>	<u>(1,729,217)</u>	<u>(408,114)</u>	<u>1,321,103</u>
OTHER FINANCING SOURCES (USES)				
Reserved for Contingency	(240,000)	(175,534)	-	175,534
Proceeds from Disposal of Assets	-	4,250	33,569	29,319
Transfers In	1,776,343	1,776,343	4,003,089	2,226,746
Transfers Out	(639,064)	(714,504)	(653,532)	60,972
Total Other Financing Sources (Uses)	<u>897,279</u>	<u>890,555</u>	<u>3,383,126</u>	<u>2,492,571</u>
NET CHANGE IN FUND BALANCES	<u>-</u>	<u>(838,662)</u>	<u>2,975,012</u>	<u>3,813,674</u>
FUND BALANCE - Beginning of Year	9,639,920	9,639,920	9,639,920	-
Restatement Due to Implementation of GASB54	25,940	25,940	25,940	-
FUND BALANCE, Beginning of Year - Restated	<u>9,665,860</u>	<u>9,665,860</u>	<u>9,665,860</u>	<u>-</u>
FUND BALANCE - End of Year	<u>\$ 9,665,860</u>	<u>8,827,198</u>	<u>12,640,872</u>	<u>\$ 3,813,674</u>

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

BERKELEY COUNTY, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2011

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Applicable to Fiscal Year Ending	Annual OPEB Cost	Contribution for Calendar Year	Annual Percentage Contributed	Net OPEB Obligation (Asset)
June 30, 2011	\$ 1,009,667	231,359	22.91%	\$ 4,066,597
June 30, 2010	1,840,992	139,047	7.55%	3,288,289
June 30, 2009	\$ 1,738,318	151,974	8.74%	\$ 1,586,344

SCHEDULE OF FUNDING PROGRESS

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

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

BERKELEY COUNTY, SOUTH CAROLINA

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2011

	DEBT SERVICE FUND	NONMAJOR SPECIAL REVENUE FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
ASSETS			
Cash and Cash Equivalents	\$ -	3,547,104	\$ 3,547,104
Receivables, Net of Allowances:			
Property Taxes	5,013,834	5,448,668	10,462,502
Accounts Receivable	-	47,503	47,503
Federal, State and Local Governments	-	973,428	973,428
Restricted Cash and Cash Equivalents	2,280,249	5,172,329	7,452,578
TOTAL ASSETS	<u>\$ 7,294,083</u>	<u>15,189,032</u>	<u>\$ 22,483,115</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable and Accrued Liabilities	\$ -	861,629	\$ 861,629
Due to Other Funds	-	462,195	462,195
Deferred Revenue	4,974,540	5,500,250	10,474,790
TOTAL LIABILITIES	<u>4,974,540</u>	<u>6,824,074</u>	<u>11,798,614</u>
FUND BALANCES			
Restricted for:			
Debt Service	2,319,543	-	2,319,543
Impact Fees	-	5,117,152	5,117,152
Economic Development	-	1,424,287	1,424,287
Victims' Assistance	-	100,366	100,366
Clerk of Court	-	331,288	331,288
Grants	-	148,191	148,191
Other	-	386,956	386,956
Committed For:			
Special Tax Districts	-	734,882	734,882
Geographic Information Systems	-	121,836	121,836
TOTAL FUND BALANCES	<u>2,319,543</u>	<u>8,364,958</u>	<u>10,684,501</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 7,294,083</u>	<u>15,189,032</u>	<u>\$ 22,483,115</u>

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

BERKELEY COUNTY, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2011

	DEBT SERVICE FUND	NONMAJOR SPECIAL REVENUE FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
REVENUES			
Taxes:			
Property	\$ 2,046,266	1,120,822	\$ 3,167,088
Accommodations	-	386,586	386,586
Fee in Lieu of Taxes	384,023	4,174,643	4,558,666
Fines, Forfeitures and Fees	-	5,773,587	5,773,587
Interest Income	25,013	11,134	36,147
Local Revenue	-	450,608	450,608
Intergovernmental - Federal	-	5,198,200	5,198,200
Intergovernmental - State and Local	-	356,897	356,897
Miscellaneous	-	202,872	202,872
TOTAL REVENUES	<u>2,455,302</u>	<u>17,675,349</u>	<u>20,130,651</u>
EXPENDITURES			
Current:			
General Government	-	1,251,802	1,251,802
Public Safety	-	5,180,936	5,180,936
Airport, Highways and Streets	-	59,015	59,015
Culture and Recreation	-	29,876	29,876
Community Development	-	1,720,586	1,720,586
Capital Outlay	-	4,120,709	4,120,709
Debt Service:			
Principal Retirement	995,000	-	995,000
Interest and Fiscal Charges	1,878,788	-	1,878,788
TOTAL EXPENDITURES	<u>2,873,788</u>	<u>12,362,924</u>	<u>15,236,712</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(418,486)</u>	<u>5,312,425</u>	<u>4,893,939</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	760,824	760,824
Transfers Out	-	(3,862,877)	(3,862,877)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>(3,102,053)</u>	<u>(3,102,053)</u>
NET CHANGE IN FUND BALANCES	<u>(418,486)</u>	<u>2,210,372</u>	<u>1,791,886</u>
FUND BALANCE - Beginning of Year	2,738,029	6,180,526	8,918,555
Restatement Due to Implementation of GASB54	-	(25,940)	(25,940)
FUND BALANCE, Beginning of Year - Restated	<u>2,738,029</u>	<u>6,154,586</u>	<u>8,892,615</u>
FUND BALANCE - End of Year	<u>\$ 2,319,543</u>	<u>8,364,958</u>	<u>\$ 10,684,501</u>

BERKELEY COUNTY, SOUTH CAROLINA

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2011

	NATIONAL FOREST	EMERGENCY PREPAREDNESS	GIS
ASSETS			
Cash and Cash Equivalents	\$ -	-	143,267
Receivables, Net of Allowances:			
Property Taxes	-	-	-
Accounts Receivable	-	-	-
Federal, State and Local Governments	-	16,123	-
Restricted Cash and Cash Equivalents	42,126	-	-
TOTAL ASSETS	42,126	16,123	143,267
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable and Accrued Liabilities	-	11,390	21,431
Due to Other Funds	-	4,733	-
Deferred Revenue	-	-	-
TOTAL LIABILITIES	-	16,123	21,431
FUND BALANCES			
Restricted For:			
Impact Fees	-	-	-
Economic Development	-	-	-
Victims' Assistance	-	-	-
Clerk of Court	-	-	-
Grants	42,126	-	-
Other	-	-	-
Committed For:			
Special Tax Districts	-	-	-
Geographic Information Systems	-	-	121,836
TOTAL FUND BALANCES	42,126	-	121,836
TOTAL LIABILITIES AND FUND BALANCES	\$ 42,126	16,123	143,267

STORM WATER MANAGEMENT	HIGHWAY "C" FUNDS	CLERK OF COURT	STATE ACCOMMODATIONS TAX
5,022	25,261	267,232	\$ -
-	-	-	-
-	-	-	-
-	-	84,062	43,653
-	-	-	-
5,022	25,261	351,294	43,653
5,022	25,261	20,006	41,470
-	-	-	2,183
-	-	-	-
5,022	25,261	20,006	43,653
-	-	-	-
-	-	-	-
-	-	-	-
-	-	331,288	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	331,288	-
5,022	25,261	351,294	\$ 43,653

(Continued)

BERKELEY COUNTY, SOUTH CAROLINA

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2011

	IMPACT FEES	SHERIFF'S GRANTS	MISCELLANEOUS SPECIAL REVENUE
ASSETS			
Cash and Cash Equivalents	\$ -	179,976	361,269
Receivables, Net of Allowances:			
Property Taxes	-	-	-
Accounts Receivable	-	2,947	-
Federal, State and Local Governments	-	47,758	342,145
Restricted Cash and Cash Equivalents	5,119,203	-	11,000
TOTAL ASSETS	5,119,203	230,681	714,414
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable and Accrued Liabilities	2,051	31,296	449
Due to Other Funds	-	-	341,696
Deferred Revenue	-	151,676	-
TOTAL LIABILITIES	2,051	182,972	342,145
FUND BALANCES			
Restricted For:			
Impact Fees	5,117,152	-	-
Economic Development	-	-	-
Victims' Assistance	-	-	-
Clerk of Court	-	-	-
Grants	-	47,709	-
Other	-	-	372,269
Committed For:			
Special Tax Districts	-	-	-
Geographic Information Systems	-	-	-
TOTAL FUND BALANCES	5,117,152	47,709	372,269
TOTAL LIABILITIES AND FUND BALANCES	\$ 5,119,203	230,681	714,414

VICTIM'S ASSISTANCE	COUNTY ACCOMMODATIONS TAX	PARD GRANT	LOCAL ECONOMIC DEVELOPMENT	AIRPORT IMPROVEMENTS
108,865	79,084	-	1,444,261	\$ -
-	-	-	614,115	-
3,734	40,822	-	-	-
-	-	9,250	-	430,437
-	-	-	-	-
112,599	119,906	9,250	2,058,376	430,437
12,233	95,925	-	14,974	350,085
-	23,981	9,250	-	80,352
-	-	-	619,115	-
12,233	119,906	9,250	634,089	430,437
-	-	-	-	-
-	-	-	1,424,287	-
100,366	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
100,366	-	-	1,424,287	-
112,599	119,906	9,250	2,058,376	\$ 430,437

(Continued)

BERKELEY COUNTY, SOUTH CAROLINA

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2011

	SANGAREE SPECIAL TAX DISTRICT	PIMLICO SPECIAL TAX DISTRICT	TALL PINES SPECIAL TAX DISTRICT
ASSETS			
Cash and Cash Equivalents	\$ 768,998	-	-
Receivables, Net of Allowances:			
Property Taxes	925,733	27,767	76,620
Accounts Receivable	-	-	-
Federal, State and Local Governments	-	-	-
Restricted Cash and Cash Equivalents	-	-	-
TOTAL ASSETS	<u>1,694,731</u>	<u>27,767</u>	<u>76,620</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable and Accrued Liabilities	56,553	125	500
Due to Other Funds	-	-	-
Deferred Revenue	903,296	27,642	76,120
TOTAL LIABILITIES	<u>959,849</u>	<u>27,767</u>	<u>76,620</u>
FUND BALANCES			
Restricted For:			
Impact Fees	-	-	-
Economic Development	-	-	-
Victims' Assistance	-	-	-
Clerk of Court	-	-	-
Grants	-	-	-
Other	-	-	-
Committed For:			
Special Tax Districts	734,882	-	-
Geographic Information Systems	-	-	-
TOTAL FUND BALANCES	<u>734,882</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,694,731</u>	<u>27,767</u>	<u>76,620</u>

DEVON FOREST SPECIAL TAX DISTRICT	SPECIAL COUNTY TAX DISTRICT	LAKE MOULTRIE PARK	LEGAL FORFEITURE PROCEEDS	TOTAL SPECIAL REVENUE FUNDS
-	90,826	58,356	14,687	\$ 3,547,104
42,105	3,762,328	-	-	5,448,668
-	-	-	-	47,503
-	-	-	-	973,428
-	-	-	-	5,172,329
42,105	3,853,154	58,356	14,687	15,189,032
305	172,553	-	-	861,629
-	-	-	-	462,195
41,800	3,680,601	-	-	5,500,250
42,105	3,853,154	-	-	6,824,074
-	-	-	-	5,117,152
-	-	-	-	1,424,287
-	-	-	-	100,366
-	-	-	-	331,288
-	-	58,356	-	148,191
-	-	-	14,687	386,956
-	-	-	-	734,882
-	-	-	-	121,836
-	-	58,356	14,687	8,364,958
42,105	3,853,154	58,356	14,687	\$ 15,189,032

BERKELEY COUNTY, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2011

	LIBRARY FUND	NATIONAL FOREST	EMERGENCY PREPAREDNESS
REVENUES			
Taxes:			
Property	\$ -	-	-
Accommodations	-	-	-
Fee in Lieu of Taxes	-	-	-
Fines, Forfeitures and Fees	-	-	-
Interest Income	-	-	-
Local Revenue	-	-	-
Intergovernmental - Federal	-	440,723	72,068
Intergovernmental - State and Local	-	-	869
Miscellaneous	-	-	54
TOTAL REVENUES	-	440,723	72,991
EXPENDITURES			
Current:			
General Government	-	-	-
Public Safety	-	-	331,511
Airport, Highways and Streets	-	-	-
Culture and Recreation	-	13,647	-
Community Development	-	-	-
Capital Outlay	-	-	10,573
TOTAL EXPENDITURES	-	13,647	342,084
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	427,076	(269,093)
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	269,093
Transfers Out	-	(440,723)	-
TOTAL OTHER FINANCING SOURCES (USES)	-	(440,723)	269,093
NET CHANGE IN FUND BALANCES	-	(13,647)	-
FUND BALANCE - Beginning of Year	25,940	55,773	-
Restatement Due to Implementation of GASB54	(25,940)	-	-
FUND BALANCE, Beginning of Year - Restated	-	55,773	-
FUND BALANCE - End of Year	\$ -	42,126	-

GIS	STORM WATER MANAGEMENT	HIGHWAY "C" FUNDS	EMS EQUIPMENT	CLERK OF COURT
-	-	-	-	\$ -
-	-	-	-	-
-	-	-	-	-
13,657	32,358	900	-	-
-	-	-	-	-
130,720	-	-	-	-
-	-	-	-	525,790
-	-	149,004	17,857	-
-	-	-	-	-
144,377	32,358	149,904	17,857	525,790
428,402	-	-	-	367,982
-	-	-	8,309	-
-	49,957	586	-	-
-	-	-	-	-
-	-	-	-	-
-	-	149,318	10,800	-
428,402	49,957	149,904	19,109	367,982
(284,025)	(17,599)	-	(1,252)	157,808
288,658	17,599	-	1,252	-
-	-	-	-	-
288,658	17,599	-	1,252	-
4,633	-	-	-	157,808
117,203	-	-	-	173,480
-	-	-	-	-
117,203	-	-	-	173,480
121,836	-	-	-	\$ 331,288

(Continued)

BERKELEY COUNTY, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2011

	STATE ACCOMMODATIONS TAX	IMPACT FEES	SHERIFF'S GRANTS
REVENUES			
Taxes:			
Property	\$ -	-	-
Accommodations	-	-	-
Fee in Lieu of Taxes	-	-	-
Fines, Forfeitures and Fees	-	1,547,426	14,978
Interest Income	-	11,000	27
Local Revenue	-	-	308,889
Intergovernmental - Federal	-	-	280,737
Intergovernmental - State and Local	86,024	-	-
Miscellaneous	-	-	-
TOTAL REVENUES	86,024	1,558,426	604,631
EXPENDITURES			
Current:			
General Government	-	-	-
Public Safety	-	-	673,875
Airport, Highways and Streets	-	-	-
Culture and Recreation	-	-	-
Community Development	57,973	-	-
Capital Outlay	-	-	13,761
TOTAL EXPENDITURES	57,973	-	687,636
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	28,051	1,558,426	(83,005)
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	70,000
Transfers Out	(28,051)	(94,863)	-
TOTAL OTHER FINANCING SOURCES (USES)	(28,051)	(94,863)	70,000
NET CHANGE IN FUND BALANCES	-	1,463,563	(13,005)
FUND BALANCE - Beginning of Year	-	3,653,589	60,714
Restatement Due to Implementation of GASB54	-	-	-
FUND BALANCE, Beginning of Year - Restated	-	3,653,589	60,714
FUND BALANCE - End of Year	\$ -	5,117,152	47,709

MISCELLANEOUS SPECIAL REVENUE	VICTIMS' ASSISTANCE	COUNTY ACCOMMODATIONS TAX	PARD GRANT	LOCAL ECONOMIC DEVELOPMENT
-	-	-	-	\$ 88,843
-	-	386,586	-	-
3,057,848	-	-	-	1,116,795
253,735	201,362	-	-	19,814
107	-	-	-	-
10,999	-	-	-	-
386,406	-	-	-	-
-	-	-	12,551	-
200,663	-	-	-	-
3,909,758	201,362	386,586	12,551	1,225,452
453,286	-	-	-	-
384,768	204,561	-	-	-
-	-	-	-	-
-	-	-	16,229	-
-	-	309,269	-	292,759
304,368	-	-	-	-
1,142,422	204,561	309,269	16,229	292,759
2,767,336	(3,199)	77,317	(3,678)	932,693
3,251	-	-	3,678	-
(2,719,098)	-	(77,317)	-	(502,825)
(2,715,847)	-	(77,317)	3,678	(502,825)
51,489	(3,199)	-	-	429,868
320,780	103,565	-	-	994,419
-	-	-	-	-
320,780	103,565	-	-	994,419
372,269	100,366	-	-	\$ 1,424,287

(Continued)

BERKELEY COUNTY, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2011

	<u>AIRPORT IMPROVEMENTS</u>	<u>REGIONAL DISASTER PLANNING GRANT</u>	<u>SANGAREE SPECIAL TAX DISTRICT</u>	<u>PIMLICO SPECIAL TAX DISTRICT</u>
REVENUES				
Taxes:				
Property	\$ -	-	1,031,979	-
Accommodations	-	-	-	-
Fee in Lieu of Taxes	-	-	-	-
Fines, Forfeitures and Fees	-	-	-	28,075
Interest Income	-	-	-	-
Local Revenue	-	-	-	-
Intergovernmental - Federal	3,442,476	50,000	-	-
Intergovernmental - State and Local	90,592	-	-	-
Miscellaneous	-	-	2,155	-
TOTAL REVENUES	<u>3,533,068</u>	<u>50,000</u>	<u>1,034,134</u>	<u>28,075</u>
EXPENDITURES				
Current:				
General Government	-	-	-	-
Public Safety	-	50,000	-	-
Airport, Highways and Streets	8,472	-	-	-
Culture and Recreation	-	-	-	-
Community Development	-	-	913,355	28,075
Capital Outlay	3,631,889	-	-	-
TOTAL EXPENDITURES	<u>3,640,361</u>	<u>50,000</u>	<u>913,355</u>	<u>28,075</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(107,293)</u>	<u>-</u>	<u>120,779</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	107,293	-	-	-
Transfers Out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>107,293</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>-</u>	<u>-</u>	<u>120,779</u>	<u>-</u>
FUND BALANCE - Beginning of Year	-	-	614,103	-
Restatement Due to Implementation of GASB54	-	-	-	-
FUND BALANCE, Beginning of Year - Restated	<u>-</u>	<u>-</u>	<u>614,103</u>	<u>-</u>
FUND BALANCE - End of Year	<u>\$ -</u>	<u>-</u>	<u>734,882</u>	<u>-</u>

TALL PINES SPECIAL TAX DISTRICT	DEVON FOREST SPECIAL TAX DISTRICT	SPECIAL COUNTY TAX DISTRICT	LAKE MOULTRIE PARK	LEGAL FORFEITURE PROCEEDS	TOTAL SPECIAL REVENUE FUNDS
-	-	-	-	-	\$ 1,120,822
-	-	-	-	-	386,586
-	-	-	-	-	4,174,643
77,100	42,055	3,527,912	-	14,215	5,773,587
-	-	-	-	-	11,134
-	-	-	-	-	450,608
-	-	-	-	-	5,198,200
-	-	-	-	-	356,897
-	-	-	-	-	202,872
77,100	42,055	3,527,912	-	14,215	17,675,349
-	-	-	-	2,132	1,251,802
-	-	3,527,912	-	-	5,180,936
-	-	-	-	-	59,015
-	-	-	-	-	29,876
77,100	42,055	-	-	-	1,720,586
-	-	-	-	-	4,120,709
77,100	42,055	3,527,912	-	2,132	12,362,924
-	-	-	-	12,083	5,312,425
-	-	-	-	-	760,824
-	-	-	-	-	(3,862,877)
-	-	-	-	-	(3,102,053)
-	-	-	-	12,083	2,210,372
-	-	-	58,356	2,604	6,180,526
-	-	-	-	-	(25,940)
-	-	-	58,356	2,604	6,154,586
-	-	-	58,356	14,687	\$ 8,364,958

BERKELEY COUNTY, SOUTH CAROLINA

**COMBINING SCHEDULE OF NET ASSETS -
NONMAJOR PROPRIETARY FUNDS**

JUNE 30, 2011

	PARKS AND RECREATION	EMERGENCY TELEPHONE	TOTALS
ASSETS			
CURRENT ASSETS:			
Cash and Cash Equivalents	\$ 60,170	51,325	\$ 111,495
Property Taxes Receivable, Net of Allowance	633,183	-	633,183
Accounts Receivable, Net of Allowance	-	80,298	80,298
Inventories, at Cost	24,793	-	24,793
TOTAL CURRENT ASSETS	718,146	131,623	849,769
NON-CURRENT ASSETS:			
CAPITAL ASSETS:			
Non-Depreciable	85,000	-	85,000
Depreciable, Net of Accumulated Depreciation	1,602,711	377,867	1,980,578
TOTAL CAPITAL ASSETS	1,687,711	377,867	2,065,578
TOTAL NON-CURRENT ASSETS	1,687,711	377,867	2,065,578
TOTAL ASSETS	\$ 2,405,857	509,490	\$ 2,915,347
LIABILITIES			
CURRENT LIABILITIES:			
Accounts Payable and Accrued Liabilities	\$ 60,119	29,206	\$ 89,325
Accrued Compensated Absences	58,214	6,403	64,617
Due to Other Funds	854,362	-	854,362
Deferred Revenue	623,011	-	623,011
TOTAL CURRENT LIABILITIES	1,595,706	35,609	1,631,315
NON-CURRENT LIABILITIES:			
Accrued Compensated Absences	55,627	2,658	58,285
TOTAL NON-CURRENT LIABILITIES	55,627	2,658	58,285
TOTAL LIABILITIES	1,651,333	38,267	1,689,600
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	1,687,711	377,867	2,065,578
Unrestricted Assets	(933,187)	93,356	(839,831)
TOTAL NET ASSETS	754,524	471,223	1,225,747
TOTAL LIABILITIES AND NET ASSETS	\$ 2,405,857	509,490	\$ 2,915,347

BERKELEY COUNTY, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2011

	PARKS AND RECREATION	EMERGENCY TELEPHONE	TOTALS
OPERATING REVENUES			
Sales and Services	\$ 501,764	491,104	\$ 992,868
Other Operating Revenue	14,016	-	14,016
TOTAL OPERATING REVENUES	515,780	491,104	1,006,884
OPERATING EXPENSES			
Personnel Services	635,856	151,172	787,028
Advertising	42,710	-	42,710
Utilities	86,229	272,043	358,272
Office Expenses	23,669	20,715	44,384
Maintenance and Repairs	23,436	81,355	104,791
Contractual Services	34,009	-	34,009
Other Services and Charges	117,774	7,496	125,270
Depreciation	98,606	65,058	163,664
TOTAL OPERATING EXPENSES	1,062,289	597,839	1,660,128
OPERATING INCOME (LOSS)	(546,509)	(106,735)	(653,244)
NON-OPERATING REVENUES (EXPENSES)			
Property Taxes	600,472	-	600,472
Fee in Lieu of Taxes	29,604	-	29,604
State Grant Revenue	2,000	-	2,000
Interest Expense	-	(220)	(220)
TOTAL NON-OPERATING REVENUES (EXPENSES)	632,076	(220)	631,856
CHANGE IN NET ASSETS	85,567	(106,955)	(21,388)
NET ASSETS, Beginning of Year	668,957	578,178	1,247,135
NET ASSETS, End of Year	\$ 754,524	471,223	\$ 1,225,747

BERKELEY COUNTY, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2011

	PARKS AND RECREATION	EMERGENCY TELEPHONE	TOTALS
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Customers and Users	\$ 511,410	490,871	\$ 1,002,281
Cash Received from Property Taxes and Fee In Lieu of Taxes	612,330	-	612,330
Cash Paid to Suppliers	(315,137)	(351,673)	(666,810)
Cash Paid to Employees	(622,056)	(149,944)	(772,000)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	186,547	(10,746)	175,801
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Non-Capital Grant Contributions	2,000	-	2,000
Transfers and Advances Between Funds	(85,566)	-	(85,566)
NET CASH PROVIDED BY (USED IN) NON-CAPITAL FINANCING ACTIVITIES	(83,566)	-	(83,566)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and Construction of Capital Assets	(42,811)	(294,710)	(337,521)
Principal Paid - Notes Payable	-	(5,886)	(5,886)
Interest Paid - Notes Payable	-	(220)	(220)
NET CASH PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	(42,811)	(300,816)	(343,627)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENT	60,170	(311,562)	(251,392)
CASH AND CASH EQUIVALENTS, Beginning of Year	-	362,887	362,887
CASH AND CASH EQUIVALENTS, End of Year	\$ 60,170	51,325	\$ 111,495
Reconciliation of Cash and Cash Equivalents to the Statement of Net Assets			
Cash and Cash Equivalents - Current Assets	\$ 60,170	51,325	\$ 111,495
	\$ 60,170	51,325	\$ 111,495

(Continued)

BERKELEY COUNTY, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2011

	<u>PARKS AND RECREATION</u>	<u>EMERGENCY TELEPHONE</u>	<u>TOTALS</u>
Reconciliation of Operating Loss to Net Cash Provided By (Used In) Operating Activities:			
Operating Loss	\$ (546,509)	(106,735)	\$ (653,244)
Adjustments to Reconcile Operating Loss to Net Cash Provided By (Used) In Operating Activities:			
Depreciation and Amortization	98,606	65,058	163,664
Property Taxes and Fee in Lieu of Taxes	630,076	-	630,076
(Increase) Decrease in Assets:			
Property Taxes Receivable	(17,746)	-	(17,746)
Accounts Receivable	-	(233)	(233)
Inventories	719	-	719
Prepaid Items and Deposits	-	10,200	10,200
Increase (Decrease) in Liabilities:			
Accounts Payable and Accrued Liabilities	11,971	19,736	31,707
Compensated Absences Payable	13,800	1,228	15,028
Deferred Revenue	(4,370)	-	(4,370)
Total Adjustments	<u>733,056</u>	<u>95,989</u>	<u>829,045</u>
Net Cash Provided By (Used In) Operating Activities	<u>\$ 186,547</u>	<u>(10,746)</u>	<u>\$ 175,801</u>

**Schedule of Noncash Investing, Capital and Financing
Activities:**

Acquisition of Capital Assets Not Yet Paid For	\$ -	294,710	\$ 294,710
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BERKELEY COUNTY, SOUTH CAROLINA

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

JUNE 30, 2011

	<u>CLERK OF COURT</u>	<u>MASTER IN EQUITY</u>	<u>TAX COLLECTOR</u>
ASSETS			
Cash and Cash Equivalents	\$ 1,079,893	161,707	2,442,560
Accounts Receivable	-	-	-
TOTAL ASSETS	<u>1,079,893</u>	<u>161,707</u>	<u>2,442,560</u>
LIABILITIES			
Due to School District	-	-	-
Due to Other Designated Recipients	1,079,893	161,707	2,442,560
TOTAL LIABILITIES	<u>\$ 1,079,893</u>	<u>161,707</u>	<u>2,442,560</u>

SHERIFF	MAGISTRATES	TREASURER	"C" FUNDS ADMINISTRATION	TOTALS
316,259	230,573	9,064,446	10,394,070	\$ 23,689,508
-	-	3,670,525	517,240	4,187,765
316,259	230,573	12,734,971	10,911,310	27,877,273
-	-	11,423,963	-	11,423,963
316,259	230,573	1,311,008	10,911,310	16,453,310
316,259	230,573	12,734,971	10,911,310	\$ 27,877,273

BERKELEY COUNTY, SOUTH CAROLINA

SUPPLEMENTAL SCHEDULE OF FINES, ASSESSMENTS, AND SURCHARGES COLLECTED

JUNE 30, 2011

	<u>TOTAL COLLECTIONS</u>	<u>REMITTANCE TO STATE</u>	<u>RETAINED BY COUNTY</u>	<u>GENERAL FUND</u>	<u>VICTIM ASSISTANCE</u>	<u>TOTAL COUNTY REVENUES</u>
MAGISTRATES						
Fines:						
Traffic/Criminal	\$ 779,955	3,045	776,910	776,910	-	\$ 776,910
Wildlife/Littering	20,695	20,695	-	-	-	-
DUI/DUS	56,647	56,647	-	-	-	-
Fees	495,691	57,999	437,692	437,692	-	437,692
Assessments	878,922	796,738	82,184	-	82,184	82,184
Surcharges	343,712	289,470	54,242	-	54,242	54,242
Total Magistrates	<u>2,575,622</u>	<u>1,224,594</u>	<u>1,351,028</u>	<u>1,214,602</u>	<u>136,426</u>	<u>1,351,028</u>
CLERK OF COURT						
Fines:						
General Sessions	48,934	19,005	29,929	29,929	-	29,929
DUI/DUS	1,456	1,456	-	-	-	-
Fees	1,777,829	1,111,904	665,925	665,925	-	665,925
Assessments	52,563	39,248	13,315	-	13,315	13,315
Surcharges	65,706	14,085	51,621	-	51,621	51,621
Total Clerk of Court	<u>1,946,488</u>	<u>1,185,698</u>	<u>760,790</u>	<u>695,854</u>	<u>64,936</u>	<u>760,790</u>
TOTAL MAGISTRATES AND CLERK OF COURT	<u>\$ 4,522,110</u>	<u>2,410,292</u>	<u>2,111,818</u>	<u>1,910,456</u>	<u>201,362</u>	<u>\$ 2,111,818</u>

BERKELEY COUNTY, SOUTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2011

FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANT / CONTRACT NUMBER	FEDERAL EXPENDITURES
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Passed through South Carolina Office of the Governor - Division of Economic Development/ Community Development Block Grant			
Local Planning Assistance	14.228	4-RP-09-009	\$ 50,000
Regional Disaster Planning - COG:			
Wassamassaw	14.228	4CI-08-003	69,042
St. Stephen Sewer Rehab	14.228	4CI-09-019	7,995
Total U.S. Department of Housing and Urban Development			127,037
U.S. DEPARTMENT OF ENERGY			
Passed through South Carolina Energy Office			
ARRA - Energy Efficiency and Conservation Block Grant Program	81.128	DE-EE0000952	324,629
Total U.S. Department of Energy			324,629
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through South Carolina Department of Social Services:			
Child Support Enforcement IV-D Transaction Reimbursement	93.563	n/a	456,677
Child Support Enforcement IV-D Incentive Payment	93.563	C11008C	42,729
Child Support Enforcement IV-D Service of Process	93.563	C1108CSP	26,384
Clerk of Court - Filing Fees	93.563	C11208C	30,640
Sheriff's Department	93.563	C11008S	5,462
Federal Financial Participation, Passed Through South Carolina Department of Social Services -			
Administration for Children and Families			
Family Preservation (CWS-Part II)	93.556	n/a	469
Temporary Assistance for Needy Families - TANF Block Grant	93.558	n/a	56,267
Child Support Enforcement	93.563	n/a	75
Child Care & Development Block Grant	93.575	n/a	713
Child Welfare Services - State Grants	93.645	n/a	2,477
Title IV-E Foster Care	93.658	n/a	22,897
Social Services Block Grant	93.667	n/a	13,870
Center for Medicare and Medicare Services			
Medicaid Programs	93.778	n/a	36,917
Total U.S. Department of Health and Human Services			\$ 695,577

(Continued)

BERKELEY COUNTY, SOUTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2011

FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANT / CONTRACT NUMBER	FEDERAL EXPENDITURES
U.S. DEPARTMENT OF EDUCATION			
Passed Through the South Carolina State Library Program ARRA - State Stabilization Funds	84.397	H8701AARA110	\$ 41,697
Total U.S. Department of Education			41,697
NATIONAL ENDOWMENT FOR HUMANITIES			
Passed Through South Carolina State Library Program Project IID Fast Track Grant - LSTA	45.310	IID-09-77	13,133
Total National Endowment for Humanities			13,133
U.S. DEPARTMENT OF TRANSPORTATION			
Direct			
Federal Aviation Administration - Airport Improvement Program	20.106	3-45-0041-16	7,647
Federal Aviation Administration - Airport Improvement Program	20.106	3-45-0041-17	3,219
Federal Aviation Administration - Airport Improvement Program	20.106	3-45-0041-18	3,431,610
			<u>3,442,476</u>
Passed Through South Carolina Public Safety Highway Safety - DUI	20.601	2H10024	162,644
Total U.S. Department of Transportation			3,605,120
U.S. DEPARTMENT OF AGRICULTURE			
Passed Through South Carolina State Treasurer National Forest Fund	10.665	n/a	440,723
Passed Through South Carolina Department of Social Services USDA Food Nutrition Services State Administration Matching Grant Food Stamp Program and Food Stamp Fraud	10.561	n/a	43,561
Total U.S. Department of Agriculture			484,284
U.S. DEPARTMENT OF HOMELAND SECURITY			
Passed Through Adjutant General's Office			
Local Emergency Management Performance	97.067	9EMPG01	8,937
Local Emergency Management Performance	97.067	10EMPG01	55,945
Local Emergency Management Performance	97.067	11EMPG01	7,186
Total U.S. Department of Homeland Security			\$ 72,068

(Continued)

BERKELEY COUNTY, SOUTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2011

<u>FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>GRANT / CONTRACT NUMBER</u>	<u>FEDERAL EXPENDITURES</u>
U.S. DEPARTMENT OF JUSTICE			
Direct Program:			
ARRA - Edward Byrne Memorial Justice Assistance Grant - 2009 Recovery	16.804	2009-SB-B9-0665	\$ 85,202
Edward Byrne Memorial Justice Assistance Grant	16.738	2009-DJ-BX-0005	18,015
Passed Through South Carolina Public Safety			
State Criminal Alien Assistance Program	16.606	2009-AP-BX-0781	9,415
Edward Byrne Memorial Justice Assistance Grant	16.738	1G10048	61,778
Total U.S. Department of Justice			<u>174,410</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 5,537,955</u>

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

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2011

Basis of Presentation

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

**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, 2011, which collectively comprise the County's basic financial statements, and have issued our report thereon dated January 27, 2012. 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 opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

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

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

Compliance and Other Matters

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

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


Greene, Finney & Horton, LLP
Mauldin, South Carolina
January 27, 2012

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

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

Compliance

We have audited Berkeley County, South Carolina's (the "County") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2011. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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

In our opinion, the County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2011-1 and 2011-2.

Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as items 2011-1 and 2011-2. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention of those charged with governance.

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the County's responses and, accordingly, we express no opinion on the responses.

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


Greene, Finney & Horton, LLP
Mauldin, South Carolina
January 27, 2012

BERKELEY COUNTY, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2011

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?	_____ <u>X</u> Yes	_____ 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?	_____ <u>X</u> Yes	_____ No
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Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
16.738 & 16.804	Edward Byrne Memorial Justice Assistance Grant Programs, including ARRA
20.106	Federal Aviation Administration - Airport Improvement Program
81.128	ARRA - Energy Efficiency and Conservation Block Grant Program
93.563	Child Support Enforcement Program

Dollar threshold used to distinguish between type A and type B programs:	\$ _____ <u>300,000</u>
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Auditee qualified as low-risk auditee?	_____ <u>X</u> Yes	_____ No
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BERKELEY COUNTY, SOUTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2011

Section II – Current Year Financial Statement Findings

No matters to report.

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

Major Program

QUESTIONED COSTS

Federal Agency: U.S. Department of Transportation

Pass-Through Agency: N/A

Airport Improvement Program: CFDA # 20.106

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

2011-1: CASH MANAGEMENT

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

\$ -0-

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

Context and Effect: Total expenditures as of the date of the first claim on March 29, 2011 were \$1,988,501, of which 95% were federal expenditures. When preparing the claim, the County mistakenly entered \$1,998,501 as the total expenditures, or \$10,000 more than actual total expenditures, which resulted in the County over-claiming federal expenditures by \$9,500 (95% of the difference). On the second claim on June 21, 2011, the County reduced the expenditures for the claim by \$10,000, which effectively corrected the \$9,500 over-claim of federal expenditures from the first claim.

Cause: The County did not formally review the first claim prior to submitting it for reimbursement; however, they have since implemented additional controls over the cash management process, which includes a formal review of claims prior to their being submitted for reimbursement.

Recommendation: We recommend that the County continue following the additional review controls implemented over the cash management requirement.

Response: The County has implemented additional controls over the cash management process, which includes an independent review of claims prior to the request for reimbursement.

BERKELEY COUNTY, SOUTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2011

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

Major Program

QUESTIONED COSTS

Federal Agency: U.S. Department of Transportation

Pass-Through Agency: N/A

Airport Improvement Program: CFDA # 20.106

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

2011-2: REPORTING

Condition:	The County did not submit the required quarterly reports to the awarding agency on a timely basis.	<u>\$ -0-</u>
Criteria:	The grant agreement with the U.S. Department of Transportation requires the County to submit various financial reports on a quarterly basis to the awarding agency.	
Context, Effect and Cause:	The County did not submit the required quarterly reports until it was brought to their attention during the audit; however, the County has since submitted the required reports for all quarters during the year under audit.	
Recommendation:	We recommend that the county continue filing the required reports on a timely basis as required by the grant agreement.	
Response:	The County will submit all required grant reports on a timely basis.	

BERKELEY COUNTY, SOUTH CAROLINA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2011

There were no federal award-related audit findings in the prior year.