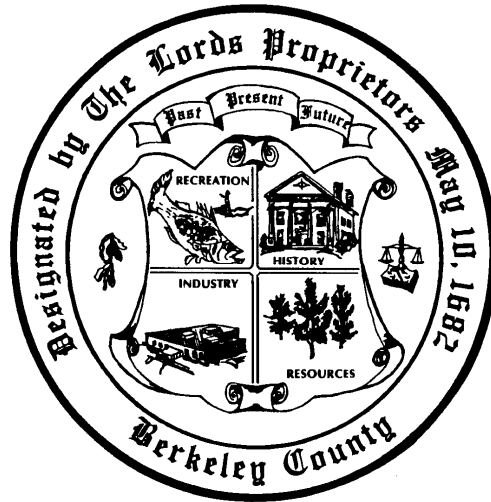


BERKELEY COUNTY, SOUTH CAROLINA

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2013



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BERKELEY COUNTY, SOUTH CAROLINA

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BERKELEY COUNTY, SOUTH CAROLINA

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BERKELEY COUNTY, SOUTH CAROLINA

Established in 1942

LISTING OF ELECTED OFFICIALS

County Council

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

Other Elected Officials

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

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Greene Finney & Horton

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the 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, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The supplementary information, as listed in the table of contents, and the schedule of expenditures of federal awards, as required by the U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 6, 2014 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* in considering the County's internal control over financial reporting and compliance.



Greene, Finney & Horton, LLP
Mauldin, South Carolina
January 6, 2014

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2013

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, 2013. This information should be read in conjunction with the financial statements and the accompanying notes.

FINANCIAL HIGHLIGHTS

- Berkeley County's assets exceeded its liabilities (net position) at June 30, 2013 by approximately \$415.1 million as compared to approximately \$384.5 million at the prior fiscal year end. Unrestricted net position may be used to meet the County's ongoing obligations to citizens and creditors; Berkeley County's unrestricted net position at June 30, 2013 amounted to approximately \$42.0 million which was an increase of approximately \$9.5 million from the previous fiscal year.
- The County's total net position this fiscal year increased approximately \$30.6 million over the previous year: approximately \$8.3 million of the increase is from business-type activities, approximately \$22.3 million from governmental activities.
- At June 30, 2013 the County's governmental funds reported combined ending fund balances of approximately \$124.8 million, an increase of approximately \$15.2 million over the previous fiscal year as revenues and other financing sources totaling approximately \$107.6 million exceeded expenditures and other financing uses of approximately \$92.4 million. Total fund balances include \$13.6 million for the General Fund, \$93.5 million for the Capital Projects Fund, and \$17.7 million for all other governmental funds.
- The General Fund reported an unassigned fund balance of approximately \$12.9 million, which is the same as last year's unassigned amount of approximately \$12.9 million.
- The County's total capital assets were approximately \$477.4 million at June 30, 2013, an increase of approximately \$3.6 million during fiscal 2013.
- The County's total long-term indebtedness was approximately \$250.3 million at June 30, 2013, a decrease of approximately \$10.7 million from the previous year primarily due to principal payments during the year as well as the refunding of a portion of the water and sanitation department debt.
- The water and sanitation department issued \$123.6 million in Series 2013 Combined Utility Refunding Revenue Bonds in June 2013 in order to refund \$139.4 million in outstanding debt. The refunding resulted in net cash flow savings of \$15.2 and a net economic gain of \$12.4 million.
- 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 243%, which exceeded the 120% required by the bond covenants. However, excluding nonrecurring fees (impact and connection fees of \$4.3 million) the debt coverage ratio would be 202% for 2013. The coverage ratio was significantly higher in 2013 due to the debt refunding discussed in detail in the long term debt section below, which significantly reduced principal and interest payments in 2013 due to the timing of the refunding. A rate and fee study was conducted in 2008, as required by the bond documents, which resulted in County Council passing a resolution to increase water and sewer rates and fees approximately 30% effective July 1, 2008.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

The Statement of Net Position shows the County's assets less its liabilities at June 30, 2013. The difference between these assets and liabilities is reported as net position. Changes in net position over time may be helpful in indicating an improving or deteriorating financial condition.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2013

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Government-Wide Financial Statements (Continued)

The Statement of Activities follows the Statement of Net Position and presents information showing how the net position 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 ó 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 Position 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 ó 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 ó 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 Position.

Notes to the 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.

Other Information – In addition to the 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.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2013

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Comparative data for net position as of June 30, 2013 and 2012 are shown below.

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

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Assets:						
Current and Other Assets	\$ 169,378	157,521	83,113	81,072	252,491	\$ 238,593
Capital Assets, Net	150,638	144,791	326,742	328,998	477,380	473,789
Total Assets	<u>320,016</u>	<u>302,312</u>	<u>409,855</u>	<u>410,070</u>	<u>729,871</u>	<u>712,382</u>
Liabilities:						
Current Liabilities	58,599	51,932	14,717	14,741	73,316	66,673
Non-Current Liabilities	69,070	80,336	172,394	180,917	241,464	261,253
Total Liabilities	<u>127,669</u>	<u>132,268</u>	<u>187,111</u>	<u>195,658</u>	<u>314,780</u>	<u>327,926</u>
Net Position:						
Net Investment in						
Capital Assets	88,882	98,346	188,575	188,298	277,457	286,644
Restricted	94,161	64,623	1,438	731	95,599	65,354
Unrestricted	9,304	7,075	32,731	25,383	42,035	32,458
Total Net Position	<u>\$ 192,347</u>	<u>170,044</u>	<u>222,744</u>	<u>214,412</u>	<u>415,091</u>	<u>\$ 384,456</u>

The County reported positive balances in all categories of net position in both governmental and business-type activities for 2013. The County's total unrestricted net position increased approximately \$9.5 million as of June 30, 2013 with total restricted net position increasing approximately \$30.2 million. Unrestricted net position is 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 position (67%) reflects its net 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, 2013

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Information about changes in net position can identify sources of County revenue, and how the County uses its funds. Below is a summary of the change in net position for the fiscal years ending June 30, 2013 and 2012.

Berkeley County Statement of Activities (In Thousands)						
	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program Revenues:						
Charges for Services	\$ 16,697	15,484	50,220	47,458	66,917	\$ 62,942
Operating Grants and Contributions	2,603	1,353	671	878	3,274	2,231
Capital Grants and Contributions	22,259	24,863	4,250	7,847	26,509	32,710
General Revenues:						
Property Taxes	26,618	25,314	679	652	27,297	25,966
Fee in Lieu of Taxes	7,403	10,039	26	28	7,429	10,067
Local Option Sales Tax	11,108	11,157	-	-	11,108	11,157
Transportation Sales Tax	19,440	18,562	-	-	19,440	18,562
Other Taxes	900	871	-	-	900	871
Unrestricted Grants	7,130	6,387	-	-	7,130	6,387
Interest Income	135	163	96	201	231	364
Gain on Sale of Assets	-	-	882	243	882	243
Miscellaneous	809	426	618	-	1,427	426
Total Revenues	<u>115,102</u>	<u>114,619</u>	<u>57,442</u>	<u>57,307</u>	<u>172,544</u>	<u>171,926</u>
Expenses:						
General Government	22,585	20,078	-	-	22,585	20,078
Public Safety	29,831	28,307	-	-	29,831	28,307
Airport, Highways and Streets	28,342	14,232	-	-	28,342	14,232
Culture and Recreation	2,832	2,953	-	-	2,832	2,953
Health and Welfare	2,118	2,080	-	-	2,118	2,080
Community Development	3,819	3,020	-	-	3,819	3,020
Interest and Fiscal Charges	2,772	3,239	-	-	2,772	3,239
Water and Sewer	-	-	38,311	37,069	38,311	37,069
Solid Waste	-	-	9,536	9,465	9,536	9,465
Parks and Recreation	-	-	1,190	1,142	1,190	1,142
Emergency Telephone	-	-	572	651	572	651
Total Expenses	<u>92,299</u>	<u>73,909</u>	<u>49,609</u>	<u>48,327</u>	<u>141,908</u>	<u>122,236</u>
Increase in Net Position before Transfers	22,803	40,710	7,833	8,980	30,636	49,690
Transfers	(500)	(500)	500	500	-	-
Change in Net Position	<u>22,303</u>	<u>40,210</u>	<u>8,333</u>	<u>9,480</u>	<u>30,636</u>	<u>49,690</u>
Net Position, Beginning of Year	<u>170,044</u>	<u>129,834</u>	<u>214,411</u>	<u>204,931</u>	<u>384,455</u>	<u>334,765</u>
Net Position, End of Year	<u>\$ 192,347</u>	<u>170,044</u>	<u>222,744</u>	<u>214,411</u>	<u>415,091</u>	<u>\$ 384,455</u>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2013

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Governmental Activities. The County recognized an overall increase in governmental activities revenues of approximately \$483 thousand (less than 1%) in 2013 as compared to 2012 as revenues were fairly consistent with the prior year. The slight increases in charges for services, operating grants and contributions, property taxes, and unrestricted grants were offset by the decreases in capital grants and contributions and fee in lieu of taxes.

Expenses increased approximately \$18.4 million (25%) in 2013 compared to 2012 primarily due to increased expenses on major road projects that will be owned and maintained by the South Carolina Department of Transportation; thus, these items are recorded as expenditures versus being capitalized.

Business-type Activities. Revenues for business-type activities increased \$135 thousand (less than 1%) mainly due to a \$2.8 million increase in charges for services, a \$639 thousand increase in gain on sale of assets and a \$618 thousand increase in miscellaneous revenues partially offset by a \$3.6 million decrease in capital grants and contributions. Charges for services increased due to increased water/sewer consumption by users as well as increased waste taken in at the landfill. Gain on sale of assets increased due to the water and sanitation department selling several pieces of equipment and vehicles that had nearly no net book value. Miscellaneous revenues increased due to proceeds from legal settlements. Capital grants and contributions decreased due to a number of non-recurring large infrastructure donations in fiscal year 2012.

Expenses for business-type activities increased approximately \$1.3 million (3%) due to a \$1.3 million increase in water and sewer expenses. Water and Sewer expenses increased as a result of a \$432 thousand increase in utilities as a result of increased water purchases and energy expenses, a \$483 thousand increase in other services and charges as a result of various repairs made to the system, and a \$399 thousand increase in depreciation.

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, 2013, and the amount and percentage of increases and decreases in relation to prior year amounts (in thousands):

	Amount	Percent of Total	Increase (Decrease) from 2012	Percent Increase (Decrease)
Revenues				
Property and Accommodations Taxes	\$ 26,724	24.8%	\$ 902	3.5%
Local Taxes (transportation and local option sales tax)	30,990	28.8%	1,271	4.3%
Fee in Lieu of Taxes	7,376	6.9%	(2,613)	-26.2%
Licenses, Fees and Permits	1,648	1.5%	522	46.4%
Fines, Forfeitures and Fees	14,371	13.4%	828	6.1%
Interest Income	135	0.1%	(28)	-17.2%
Local Revenue	512	0.5%	54	11.8%
Intergovernmental - Federal	1,740	1.6%	(293)	-14.4%
Intergovernmental - State and Local	19,728	18.3%	8,255	72.0%
Miscellaneous	1,308	1.2%	264	25.3%
Other Financing Sources				
Premium on Issuance of Debt	-	0.0%	(679)	-100.0%
Proceeds from Issuance of Refunding Debt	-	0.0%	(15,820)	-100.0%
Proceeds from Disposal of Assets	63	0.1%	(4)	-6.0%
Transfers In	2,967	2.8%	(1,777)	-37.5%
Total	<u>\$ 107,562</u>	<u>100%</u>	<u>\$ (9,118)</u>	<u>-7.8%</u>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2013

FINANCIAL ANALYSIS OF BERKELEY COUNTY'S FUNDS (CONTINUED)

Local Taxes increased \$1.3 million mainly due to increased transportation sales tax collections. Fee in Lieu of Taxes decreased \$2.6 million primarily due to the County accounting for these revenues in the agency fund in fiscal year 2013. Intergovernmental State and Local revenues increased as a result of the County receiving an \$8.0 million grant from the State Ports Authority in fiscal year 2013. Proceeds from Issuance of Refunding Debt and Premium on Issuance of Debt decreased due to the County issuing \$15.8 million in Refunding General Obligation Bonds and receiving a premium of \$0.7 million in order to refund \$15.3 million of the outstanding Series 2003 General Obligation Bonds in fiscal year 2012.

The following schedule presents a summary of all governmental funds expenditures and other financing uses for the fiscal year ended June 30, 2013, and the percentage of increases and decreases in relation to prior year amounts (in thousands):

Amount	Percent of Total	Increase (Decrease) from 2012	Percent Increase (Decrease)
\$ 22,191	24.0%	\$ 1,286	6.2%
28,242	30.6%	824	3.0%
6,349	6.9%	348	5.8%
2,930	3.2%	(85)	-2.8%
1,930	2.1%	60	3.2%
3,740	4.0%	1,343	56.0%
18,983	20.5%	7,911	71.5%
1,393	1.5%	(416)	-23.0%
3,175	3.4%	(409)	-11.4%
-	0.0%	(122)	-100.0%
-	0.0%	(16,362)	-100.0%
3,467	3.8%	(1,777)	-33.9%
<u>\$ 92,400</u>	<u>100.0%</u>	<u>\$ (7,399)</u>	<u>-7.4%</u>

Capital outlay increased \$7.9 million due to increased expenditures on large road projects. Deposit to Debt Refunding Agent decreased \$16.4 million due to the County refunding debt in fiscal year 2012 as discussed above.

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 Fund was \$13.6 million of which \$12.9 million was unassigned. As a measure of the General Fund's liquidity, it may be useful to compare total unassigned fund balance to total general fund expenditures and transfers to other funds. Total net unassigned fund balance of approximately \$12.9 million represents 23.1% of total General Fund expenditures and transfers to other funds of approximately \$55.8 million, while total fund balance of \$13.6 million represents 24.3% of that same amount.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2013

FINANCIAL ANALYSIS OF BERKELEY COUNTY'S FUNDS (CONTINUED)

Governmental Funds (Continued)

The Capital Projects fund has a total fund balance of approximately \$93.5 million, all of which is nonspendable due to prepaid assets, restricted for future transportation, restricted for the assessment district capital projects, or restricted for other capital projects. The net increase in fund balance during the current year was approximately \$10.9 million primarily due to the County receiving an \$8.0 million grant from the State Ports Authority for future capital projects.

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, 2013, total net position amounted to approximately \$222.7 million for enterprise funds as compared to approximately \$214.4 million at June 30, 2012. Net position 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)	
	2013	2012
Water and Sewer	\$ 8,144	\$ 8,024
Solid Waste	1,848	1,023
Parks and Recreation	(623)	(613)
Emergency Telephone	(110)	(92)
Total	<u>\$ 9,259</u>	<u>\$ 8,342</u>

The Water and Sewer Fund experienced consistent operating income primarily due to a \$1.6 million increase in charges for sales and services partially offset by a \$1.6 million increase in operating expenses as explained previously. The increase in charges for sales and services is primarily due to increased consumption as well as a rate increase instituted for one of the contract customers. Operating income for the Solid Waste Fund increased \$825 thousand primarily due to a \$1.1 million increase in charges for sales and services partially offset by a \$259 thousand increase in operating expenses. Solid Waste charges for sales and services increased primarily due to increased commercial waste taken in at the landfill. Solid Waste expenses increased primarily due to a \$302 thousand increase in personnel services as a result of the cost of living adjustment approved by County Council.

Cypress Gardens continues to incur significant operating losses, including approximately \$623 thousand for fiscal 2013. However, this loss was more than offset by approximately \$705 thousand 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 \$708 thousand at June 30, 2013, which was a decrease from \$786 thousand at June 30, 2012 as this fund was able to repay \$78 thousand to the General Fund in fiscal 2013. 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.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2013

FINANCIAL ANALYSIS OF BERKELEY COUNTY'S FUNDS (CONTINUED)

General Fund Budgetary Highlights (Continued)

Budget columns are provided for both the original budget adopted for fiscal year 2013 as well as the final budget. The difference between the original budget and the final budget is primarily related to the supplemental appropriations approved by Council in June 2013. The net change between the original budget and the final budget was approximately \$2.5 million.

A column for actual revenues and a column for differences between final budget and actual revenues follow the budgeted amounts columns. During fiscal year 2013, revenues were less than budgetary estimates by approximately \$1.4 million as fee in lieu of taxes was \$864 thousand under budget and fines, forfeitures, and fees were \$546 thousand under budget.

A column for actual expenditures and a column for differences between final budget and actual expenditures follow the budgeted amounts columns. During fiscal year 2013, expenditures were less than budgetary estimates by approximately \$3.7 million. Most of this savings is attributable to approximately \$2.5 million and approximately \$502 thousand realized in general government and airport, highways and streets, respectively.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. At the end of 2013, the County had approximately \$477.4 million invested in capital assets, net of depreciation. This was an increase of approximately \$3.8 million from the prior year end. The investment in capital assets, both purchased and donated, includes land, buildings and utility systems, improvements, machinery and equipment, parks, roads, bridges and major drainage structures. Notable activity includes additional utility systems, infrastructure, software, computer equipment, and vehicles. The table below reflects the capital asset balances as of June 30, 2013 and 2012, net of accumulated depreciation (in thousands).

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$ 5,631	5,602	3,650	3,648	9,281	\$ 9,250
Construction in Progress	5,533	12,332	34,234	33,321	39,767	45,653
Buildings and Improvements	34,707	32,465	-	-	34,707	32,465
Furniture and Equipment	4,370	4,464	6,376	5,534	10,746	9,998
Utility Systems, Plants and Buildings	-	-	277,019	280,649	277,019	280,649
Infrastructure	95,196	84,460	-	-	95,196	84,460
Other	5,202	5,468	5,463	5,846	10,665	11,314
Total	<u>\$ 150,639</u>	<u>144,791</u>	<u>326,742</u>	<u>328,998</u>	<u>477,381</u>	<u>\$ 473,789</u>

At June 30, 2013, the Capital Projects Fund had commitments under contracts for construction of various projects not completed of approximately \$7,181,000. In addition, the County awarded an additional \$9,711,000 in construction contracts subsequent to June 30, 2013 to be paid out of the Capital Projects Fund. Also at June 30, 2013, the Water and Sewer Fund and Solid Waste Fund had commitments under contracts for construction of various projects not completed of approximately \$3,370,000 and \$1,059,000, respectively. In addition, the County awarded an additional \$9,594,000 and \$2,335,000 in construction contracts subsequent to June 30, 2013 to be paid out of the Water and Sewer Fund and Solid Waste Fund, respectively. More detailed information about the County's capital assets is included in Note III. D. of the Notes to the Financial Statements.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2013

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Long-Term Debt. At June 30, 2013, the County had approximately \$250 million in bonds, loans and notes payable outstanding versus approximately \$261 million at June 30, 2012, or a decrease of approximately \$11 million. The table below reflects the outstanding balances (in thousands) as of June 30, 2013 and 2012.

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
General Obligation Bonds	\$ 67,950	69,598	-	-	67,950	\$ 69,598
SC TIB Loan	5,797	6,010	-	-	5,797	6,010
Revenue Bonds	-	-	175,283	184,050	175,283	184,050
State Revolving Fund Loan	-	-	1,008	1,067	1,008	1,067
Notes Payable	-	-	324	377	324	377
Total	<u>\$ 73,747</u>	<u>75,608</u>	<u>176,615</u>	<u>185,494</u>	<u>250,362</u>	<u>\$ 261,102</u>

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.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2013

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Long Term Debt (Continued)

In May 2013, the County issued \$123,615,000 in Series 2013 Combined Utility System Refunding Revenue Bonds, receiving a premium of \$20,379,805, incurring bond issuance costs of \$944,944, and contributing \$8,936,362 in released Debt Service Reserve Funds in order to current refund \$2,839,120 of the Series 2000 Water and Sewer Revenue Bonds, current refund \$32,575,000 of the Series 2003 Water and Sewer Revenue Bonds and advance refund \$104,000,000 of the Series 2005A Combined Utility Revenue Bonds. The County remitted \$2,897,849 to the City of Hanahan to discharge the Series 2000 Water and Sewer Revenue Bonds, placed \$33,373,094 in an irrevocable trust related to the Series 2003 Water and Sewer Revenue Bonds, and placed \$115,715,280 in an irrevocable trust related to the Series 2005A Combined Utility Revenue Bonds. The amount placed in escrow related to the Series 2003 Water and Sewer Revenue Bonds was used to call \$32,575,000 of the outstanding balance on June 1, 2013. The amount placed in escrow related to the Series 2005A Combined Utility Revenue Bonds will be used to redeem \$104,000,000 of the outstanding balance on the Series 2005A Combined Utility Revenue Bonds maturing on June 1, 2016 through June 1, 2030. The proceeds in the trust will be used to make future debt service payments related to these bonds. The reacquisition price exceeded the net carrying amount of the old debt by \$7,376,165. This amount is being amortized over the life of the new debt, which has the same life as the old debt. This refunding was undertaken to increase gross cash flow savings by \$24,111,020 and resulted in a gross economic gain of \$21,355,284. With the \$8,936,362 contributed from prior Debt Service Reserve Funds taken into consideration, the net cash flow savings were \$15,174,658 and the net economic gain was \$12,418,922. The portion of the bonds that has been refunded is considered to be defeased until redemption beginning on June 1, 2016 has been removed from the Statement of Net Position.

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

ECONOMIC FACTORS AND THE 2013 BUDGET

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

- The County's unemployment rate was ranked 38th in the state.
- The population of the County was approximately 178,000 in 2010, and is expected to reach 192,000 by 2020.

During the current fiscal year, unassigned fund balance in the general fund decreased \$71,100 to approximately \$12,866,000.

OTHER POTENTIALLY SIGNIFICANT MATTERS

Waste Water Treatment

The County operates the Lower Berkeley Wastewater Treatment Plant which had a treatment capacity of 18 million gallons per day (MGD). The County expanded the plant in 2011 to 22.5 MGD. The County also operates the Central Berkeley Wastewater Treatment Plant which has a treatment capacity of 0.35 MGD. A new Central Berkeley Wastewater Treatment Plant is being constructed at a different location with a capacity of 3 MGD. Construction of the new Central Berkeley Wastewater Treatment Plant has been completed and the construction of the pump station that will convey wastewater to the new facility for treatment was nearing completion as of June 30, 2013 and is expected to come on line in 2014.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2013

OTHER POTENTIALLY SIGNIFICANT MATTERS (CONTINUED)

Expansion of Water Systems

The Lake Marion WA was formed in the mid 1990s 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. An 8 MGD water treatment plant came on line in May of 2008. Clarendon County opted out of their membership in the fall of 2013 requiring the remaining members to accept a proportionate amount of water capacity left by Clarendon County and therefore pay additional costs.

In 2012 the Lake Marion WA lost special appropriations in the Federal Budget, thus halting further system expansion beyond that already obligated. The agency has investigated borrowing the additional monies however that option was deemed non-viable. In January 2012 the Lake Marion WA voted to use the remaining funds available for system expansion to lay pipe toward Dorchester County as opposed to Berkeley County. Based on that decision, the lack of a funding source and monthly payments of over \$15,000, the County chose to resign its membership from the Lake Marion WA. Berkeley County Council passed a resolution to withdraw on March 25, 2013. A letter forwarding the resolution to the Lake Marion WA was dated May 3, 2013. The Lake Marion WA subsequently accepted the resignation of membership but claimed the county was still required to pay obligations outlined in the Water Purchase agreement signed in 2007 as a part of membership. In response, the County filed suit in Berkeley County on October 9, 2013. A response to the lawsuit by the Lake Marion WA is expected in January 2014.

The Lake Moultrie Water Agency is in the process of designing an expansion of the Lake Moultrie Water Treatment Facility from 24 MGD to 40 MGD. The expansion will increase BCWS capacity to 13.04MGD. The construction of the project will be in two phases starting the first quarter of 2014 and ending the third quarter of 2016. The budgeted cost for the project is \$33,455,000. The BCWS portion of the cost is estimated to be approximately \$16,000,000. The County is reviewing several financing alternatives to fund the project.

Beneficial Use Of Waste

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

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2013

OTHER POTENTIALLY SIGNIFICANT MATTERS (CONTINUED)

Beneficial Use Of Waste (Continued)

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

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

Bio-Energy Technologies (now doing business as ðGenEarthö) has constructed an anaerobic digester on our landfill property to create methane gas to fuel the generation of electricity. McGill Environmental Systems of NC is a commercial compost production facility that will use wood waste together with FOG and sludge.

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

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

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

SUBSEQUENT EVENTS

In November 2013, the County issued \$3,500,000 in its Series 2013 General Obligation Refunding Bonds incurring \$36,266 in bond issuance costs. The County placed \$3,463,734 in an irrevocable trust, which was used to redeem \$3,425,000 of the outstanding Series 2003 General Obligation Refunding and Improvement Bonds on November 26, 2013. This refunding was undertaken to reduce total debt service payments over the next 15 years by \$362,927 and resulted in an economic gain of \$385,561.

In March 2013, County Council authorized the Water and Sanitation Department to withdraw from the Lake Marion Regional Water Agency. As discussed in Note III. D. of the financial statements, a lawsuit was filed by Berkeley County in October 2013 with Lake Marion Regional Water Agency's response expected in January 2014.

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.

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BERKELEY COUNTY, SOUTH CAROLINA

STATEMENT OF NET POSITION

JUNE 30, 2013

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	\$ 17,075,680	46,606,762	\$ 63,682,442
Receivables, Net of Allowances:			
Property Taxes	40,169,804	617,691	40,787,495
Transportation Sales Tax	5,165,312	-	5,165,312
Accounts Receivable	1,152,367	4,256,366	5,408,733
Federal, State and Local Governments	1,993,764	470,531	2,464,295
Internal Balances	697,685	(697,685)	-
Inventories, at Cost	129,868	20,316	150,184
Prepaid Items	3,626,832	12,296	3,639,128
Restricted Cash and Cash Equivalents	99,366,593	29,746,160	129,112,753
TOTAL CURRENT ASSETS	169,377,905	81,032,437	250,410,342
NON-CURRENT ASSETS			
CAPITAL ASSETS			
Non-Depreciable	11,163,435	37,884,551	49,047,986
Depreciable, Net of Accumulated Depreciation	139,475,178	288,857,545	428,332,723
TOTAL CAPITAL ASSETS	150,638,613	326,742,096	477,380,709
OTHER NON-CURRENT ASSETS			
Accounts Receivable, Due in More Than One Year	-	268,018	268,018
Bond Issuance Costs, Net of Accumulated Amortization	-	1,812,538	1,812,538
TOTAL OTHER NON-CURRENT ASSETS	-	2,080,556	2,080,556
TOTAL NON-CURRENT ASSETS	150,638,613	328,822,652	479,461,265
TOTAL ASSETS	\$ 320,016,518	409,855,089	\$ 729,871,607

(Continued)

BERKELEY COUNTY, SOUTH CAROLINA

STATEMENT OF NET POSITION

JUNE 30, 2013

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
LIABILITIES			
CURRENT LIABILITIES			
Accounts Payable and Accrued Liabilities	\$ 5,123,715	3,221,324	\$ 8,345,039
Accrued Interest Payable	1,021,031	932,809	1,953,840
Accrued Compensated Absences	2,713,467	368,137	3,081,604
Landfill Closure and Postclosure Cost Liability	-	1,700,970	1,700,970
Deferred Revenue	38,670,018	672,530	39,342,548
Bonds, Loans and Notes Payable	11,070,820	7,821,372	18,892,192
TOTAL CURRENT LIABILITIES	58,599,051	14,717,142	73,316,193
NON-CURRENT LIABILITIES			
Accrued Compensated Absences	4,226,781	986,384	5,213,165
Unfunded OPEB Liability	2,166,851	333,786	2,500,637
Landfill Closure and Postclosure Cost Liability	-	2,279,488	2,279,488
Bonds, Loans and Notes Payable	62,676,538	168,793,806	231,470,344
TOTAL NON-CURRENT LIABILITIES	69,070,170	172,393,464	241,463,634
TOTAL LIABILITIES	127,669,221	187,110,606	314,779,827
NET POSITION			
Net Investment in Capital Assets	88,882,097	188,575,051	277,457,148
Restricted For:			
Capital Projects	81,981,919	-	81,981,919
Debt Service	1,678,138	1,438,486	3,116,624
Impact Fees	7,331,487	-	7,331,487
Economic Development	1,884,804	-	1,884,804
Other	1,284,864	-	1,284,864
Unrestricted	9,303,988	32,730,946	42,034,934
TOTAL NET POSITION	\$ 192,347,297	222,744,483	\$ 415,091,780

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

BERKELEY COUNTY, SOUTH CAROLINA

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2013

PRIMARY GOVERNMENT:	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	PRIMARY GOVERNMENT		
					GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Governmental Activities:							
General Government	\$ 22,585,195	7,103,039	492,423	33,158	(14,956,575)	-	\$ (14,956,575)
Public Safety	29,830,716	6,360,969	828,016	37,481	(22,604,250)	-	(22,604,250)
Airport, Highways and Streets	28,341,937	2,932,729	1,000,000	22,110,754	(2,298,454)	-	(2,298,454)
Culture and Recreation	2,832,388	93,157	201,931	77,261	(2,460,039)	-	(2,460,039)
Health and Welfare	2,118,146	25,679	81,066	-	(2,011,401)	-	(2,011,401)
Community Development	3,818,990	181,835	-	-	(3,637,155)	-	(3,637,155)
Interest and Fiscal Charges	2,772,717	-	-	-	(2,772,717)	-	(2,772,717)
Total Governmental Activities	92,300,089	16,697,408	2,603,436	22,258,654	(50,740,591)	-	(50,740,591)
Business-Type Activities:							
Water and Sewer	38,310,795	38,031,584	493,962	4,249,923	-	4,464,674	4,464,674
Solid Waste	9,536,486	11,159,271	58,749	-	-	1,681,534	1,681,534
Parks and Recreation	1,190,368	567,766	1,700	-	-	(620,902)	(620,902)
Emergency Telephone	571,972	461,668	117,069	-	-	6,765	6,765
Total Business-Type Activities	49,609,621	50,220,289	671,480	4,249,923	-	5,532,071	5,532,071
Total Primary Government	\$ 141,909,710	66,917,697	3,274,916	26,508,577	(50,740,591)	5,532,071	(45,208,520)
General Revenues:							
Taxes:							
Property Taxes					26,617,691	678,690	27,296,381
Fee in Lieu of Taxes					7,403,033	26,212	7,429,245
Local Option Sales Tax					11,108,121	-	11,108,121
Transportation Sales Tax					19,440,084	-	19,440,084
County Accommodations					398,355	-	398,355
Franchise Taxes					502,105	-	502,105
Grants and Contributions not Restricted to Specific Programs					7,130,294	-	7,130,294
Interest Income					135,003	95,856	230,859
Gain on Sale of Assets					-	882,000	882,000
Miscellaneous					808,765	618,602	1,427,367
Transfers					(500,000)	500,000	-
Total General Revenues and Transfers					73,043,451	2,801,360	75,844,811
CHANGE IN NET POSITION					22,302,860	8,333,431	30,636,291
NET POSITION - Beginning of Year					170,044,437	214,411,052	384,455,489
NET POSITION - End of Year					192,347,297	222,744,483	\$ 415,091,780

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

BERKELEY COUNTY, SOUTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2013

	GENERAL FUND	CAPITAL PROJECTS FUND	NONMAJOR FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS				
Cash and Cash Equivalents	\$ 12,042,849	-	5,032,831	\$ 17,075,680
Receivables, Net of Allowances:				
Property Taxes	31,430,217	850,781	7,888,806	40,169,804
Transportation Sales Tax	-	5,165,312	-	5,165,312
Accounts Receivable	1,093,447	-	58,920	1,152,367
Federal, State and Local Governments	1,493,682	47,466	452,616	1,993,764
Due from Other Funds	1,501,841	8,234	-	1,510,075
Inventories, at Cost	129,868	-	-	129,868
Prepaid Items	81,690	666,269	2,878,873	3,626,832
Restricted Cash and Cash Equivalents	-	88,415,224	10,951,369	99,366,593
TOTAL ASSETS	\$ 47,773,594	95,153,286	27,263,415	\$ 170,190,295
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable and Accrued Liabilities	\$ 3,349,639	848,200	925,876	\$ 5,123,715
Due to Other Funds	69,460	-	742,930	812,390
Deferred Revenue	30,779,204	850,781	7,839,104	39,469,089
TOTAL LIABILITIES	34,198,303	1,698,981	9,507,910	45,405,194
FUND BALANCES				
Nonspendable:				
Inventory	129,868	-	-	129,868
Prepaid Items	81,690	666,269	2,878,873	3,626,832
Restricted for:				
Debt Service	-	-	1,678,138	1,678,138
Impact Fees	-	-	7,331,487	7,331,487
Assessment District Projects	-	7,875,659	-	7,875,659
Transportation Projects	-	79,650,145	-	79,650,145
Economic Development	-	-	1,884,804	1,884,804
Victims' Assistance	-	-	8,532	8,532
Clerk of Court	-	-	501,148	501,148
Grants	-	-	96,339	96,339
Other	-	4,892,847	654,189	5,547,036
Committed for:				
Special Tax Districts	-	-	556,365	556,365
Economic Development	-	-	2,703,355	2,703,355
Geographic Information Systems	-	-	56,413	56,413
Assigned for:				
Public Safety	-	-	24,656	24,656
Elected Officials' Carryover	497,491	-	-	497,491
Hanahan Library Construction	-	369,385	-	369,385
Unassigned	12,866,242	-	(618,794)	12,247,448
TOTAL FUND BALANCES	13,575,291	93,454,305	17,755,505	124,785,101
TOTAL LIABILITIES AND FUND BALANCES	\$ 47,773,594	95,153,286	27,263,415	\$ 170,190,295

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

BERKELEY COUNTY, SOUTH CAROLINA

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

JUNE 30, 2013

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS		\$	124,785,101
Amounts reported for the governmental activities in the Statement of Net Position 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 \$271,752,858 and the accumulated depreciation was \$121,114,245.			150,638,613
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			799,071
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			(2,166,851)
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	(66,685,000)		
Deferred Refunding Costs	774,067		
Bond Premium	(2,039,048)		
SC Transportation Infrastructure Bank Loan	(5,797,377)		
Accrued Compensated Absences	(6,940,248)		
Accrued Interest	(1,021,031)		
			<u>(81,708,637)</u>
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES		\$	<u>192,347,297</u>

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

BERKELEY COUNTY, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2013

	GENERAL FUND	CAPITAL PROJECTS FUND	NONMAJOR FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES				
Taxes:				
Property	\$ 23,098,493	-	3,226,991	\$ 26,325,484
Accommodations	-	-	398,355	398,355
Fee in Lieu of Taxes	5,248,502	-	2,127,703	7,376,205
Local Option Sales Tax	8,728,216	2,822,116	-	11,550,332
Transportation Sales Tax	-	19,440,084	-	19,440,084
Licenses, Fees and Permits	1,647,687	-	-	1,647,687
Fines, Forfeitures and Fees	7,560,773	885,924	5,924,546	14,371,243
Interest Income	28,389	104,497	2,117	135,003
Local Revenue	-	-	511,864	511,864
Intergovernmental - Federal	157,716	-	1,581,918	1,739,634
Intergovernmental - State and Local	7,256,232	8,000,000	4,471,976	19,728,208
Miscellaneous	650,351	17,162	640,599	1,308,112
TOTAL REVENUES	54,376,359	31,269,783	18,886,069	104,532,211
EXPENDITURES				
Current:				
General Government	19,858,013	1,254,946	1,077,563	22,190,522
Public Safety	22,833,145	-	5,409,078	28,242,223
Airport, Highways and Streets	5,820,767	-	527,800	6,348,567
Culture and Recreation	2,889,756	-	40,713	2,930,469
Health and Welfare	1,930,062	-	-	1,930,062
Community Development	439,518	-	3,300,799	3,740,317
Capital Outlay	421,776	17,779,932	780,905	18,982,613
Debt Service:				
Principal Retirement	-	213,040	1,180,000	1,393,040
Interest and Fiscal Charges	-	1,717,610	1,457,417	3,175,027
TOTAL EXPENDITURES	54,193,037	20,965,528	13,774,275	88,932,840
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	183,322	10,304,255	5,111,794	15,599,371
OTHER FINANCING SOURCES (USES)				
Proceeds from Disposal of Assets	16,714	46,286	-	63,000
Transfers In	1,133,777	872,857	960,361	2,966,995
Transfers Out	(1,569,204)	(298,108)	(1,599,683)	(3,466,995)
TOTAL OTHER FINANCING SOURCES (USES)	(418,713)	621,035	(639,322)	(437,000)
NET CHANGE IN FUND BALANCES	(235,391)	10,925,290	4,472,472	15,162,371
FUND BALANCE - Beginning of Year	13,810,682	82,529,015	13,283,033	109,622,730
FUND BALANCE - End of Year	\$ 13,575,291	93,454,305	17,755,505	\$ 124,785,101

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's 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, 2013

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS **\$ 15,162,371**

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. (103,656)

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 Position. 1,393,040

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. 9,226

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. 519,881

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. (51,604)

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. (279,881)

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. (194,499)

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. 10,640,116

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 depreciation expense of \$10,459,262 and net disposals of \$98,204 exceeded capital asset additions of \$5,765,332, excluding donated infrastructure additions of \$10,640,116. (4,792,134)

TOTAL CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES **\$ 22,302,860**

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

BERKELEY COUNTY, SOUTH CAROLINA

STATEMENT OF NET POSITION - PROPRIETARY FUNDS

JUNE 30, 2013

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			
	WATER AND SEWER	SOLID WASTE	NONMAJOR FUNDS	TOTALS
ASSETS				
CURRENT ASSETS:				
Cash and Cash Equivalents	\$ 34,087,078	12,200,498	319,186	\$ 46,606,762
Cash and Cash Equivalents-Restricted	27,171,370	2,574,790	-	29,746,160
Property Taxes Receivable, Net of Allowance	-	-	617,691	617,691
Accounts Receivable, Net of Allowance	3,314,215	855,173	86,978	4,256,366
Due from Federal, State and Local Governments, Net of Allowance	456,551	13,980	-	470,531
Inventories, at Cost	-	-	20,316	20,316
Prepaid Items	-	-	12,296	12,296
Due from Other Funds	-	69,460	-	69,460
TOTAL CURRENT ASSETS	65,029,214	15,713,901	1,056,467	81,799,582
NON-CURRENT ASSETS:				
CAPITAL ASSETS:				
Non-Depreciable	34,801,538	2,996,313	86,700	37,884,551
Depreciable, Net of Accumulated Depreciation	266,248,459	20,935,243	1,673,843	288,857,545
TOTAL CAPITAL ASSETS	301,049,997	23,931,556	1,760,543	326,742,096
OTHER NON-CURRENT ASSETS:				
Accounts Receivable, Due in More Than One Year	268,018	-	-	268,018
Bond Issuance Costs, Net	1,784,190	28,348	-	1,812,538
TOTAL OTHER NON-CURRENT ASSETS	2,052,208	28,348	-	2,080,556
TOTAL NON-CURRENT ASSETS	303,102,205	23,959,904	1,760,543	328,822,652
TOTAL ASSETS	\$ 368,131,419	39,673,805	2,817,010	\$ 410,622,234
LIABILITIES				
CURRENT LIABILITIES:				
Accounts Payable and Accrued Liabilities	\$ 2,905,825	245,589	69,910	\$ 3,221,324
Landfill Closure and Postclosure Cost Liability	-	1,700,970	-	1,700,970
Accrued Interest Payable	916,453	16,356	-	932,809
Accrued Compensated Absences	203,357	101,679	63,101	368,137
Due to Other Funds	59,110	-	708,035	767,145
Deferred Revenue	61,700	-	610,830	672,530
Current Portion of Bonds and Notes Payable	6,441,777	1,379,595	-	7,821,372
TOTAL CURRENT LIABILITIES	10,588,222	3,444,189	1,451,876	15,484,287
NON-CURRENT LIABILITIES:				
Unfunded OPEB Liability	240,306	93,480	-	333,786
Accrued Compensated Absences	610,071	305,036	71,277	986,384
Landfill Closure and Postclosure Cost Liability	-	2,279,488	-	2,279,488
Bonds and Notes Payable	161,155,984	7,637,822	-	168,793,806
TOTAL NON-CURRENT LIABILITIES	162,006,361	10,315,826	71,277	172,393,464
TOTAL LIABILITIES	172,594,583	13,760,015	1,523,153	187,877,751
NET POSITION				
Net Investment in Capital Assets	170,007,137	16,807,371	1,760,543	188,575,051
Restricted for Debt Service	728,582	709,904	-	1,438,486
Unrestricted	24,801,117	8,396,515	(466,686)	32,730,946
TOTAL NET POSITION	195,536,836	25,913,790	1,293,857	222,744,483
TOTAL LIABILITIES AND NET POSITION	\$ 368,131,419	39,673,805	2,817,010	\$ 410,622,234

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

BERKELEY COUNTY, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2013

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			
	WATER AND SEWER	SOLID WASTE	NONMAJOR FUNDS	TOTALS
OPERATING REVENUES				
Sales and Services	\$ 32,546,689	10,782,389	996,181	\$ 44,325,259
Impact and Connection Fees	4,268,131	-	-	4,268,131
Other Operating Revenue	1,216,764	376,882	33,253	1,626,899
TOTAL OPERATING REVENUES	38,031,584	11,159,271	1,029,434	50,220,289
OPERATING EXPENSES				
Personnel Services	8,636,389	4,006,396	917,783	13,560,568
Advertising	-	-	49,728	49,728
Utilities	3,118,507	168,393	320,938	3,607,838
Office Expenses	631,635	61,684	28,362	721,681
Maintenance and Repairs	3,268,607	1,602,687	23,894	4,895,188
Contractual Services	880,365	550,551	89,705	1,520,621
Other Services and Charges	1,661,088	471,596	175,390	2,308,074
Depreciation	11,690,776	2,420,092	156,540	14,267,408
Landfill Closure and Postclosure Costs	-	29,959	-	29,959
TOTAL OPERATING EXPENSES	29,887,367	9,311,358	1,762,340	40,961,065
OPERATING INCOME (LOSS)	8,144,217	1,847,913	(732,906)	9,259,224
NON-OPERATING REVENUES (EXPENSES)				
Property Taxes	-	-	678,690	678,690
Fee in Lieu of Taxes	-	-	26,212	26,212
Interest Income	77,047	18,809	-	95,856
Grant Revenue	493,962	58,749	118,769	671,480
Proceeds from Legal Settlement	618,602	-	-	618,602
Gain on Disposition of Assets	219,404	662,596	-	882,000
Interest Expense	(8,423,428)	(225,128)	-	(8,648,556)
TOTAL NON-OPERATING REVENUES (EXPENSES)	(7,014,413)	515,026	823,671	(5,675,716)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	1,129,804	2,362,939	90,765	3,583,508
CAPITAL CONTRIBUTIONS AND TRANSFERS				
Capital Contributions	4,249,923	-	-	4,249,923
Transfers In	500,000	-	-	500,000
TOTAL CAPITAL CONTRIBUTIONS AND TRANSFERS	4,749,923	-	-	4,749,923
CHANGE IN NET POSITION	5,879,727	2,362,939	90,765	8,333,431
NET POSITION, Beginning of Year	189,657,109	23,550,851	1,203,092	214,411,052
NET POSITION, End of Year	\$ 195,536,836	25,913,790	1,293,857	\$ 222,744,483

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

BERKELEY COUNTY, SOUTH CAROLINA

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2013

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			
	WATER AND SEWER	SOLID WASTE	NONMAJOR FUNDS	TOTALS
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Customers and Users	\$ 37,673,182	10,987,950	1,098,747	\$ 49,759,879
Cash Paid to Suppliers	(9,201,019)	(3,190,505)	(723,147)	(13,114,671)
Cash Paid to Employees	(8,559,227)	(3,966,632)	(907,462)	(13,433,321)
NET CASH PROVIDED BY OPERATING ACTIVITIES	19,912,936	3,830,813	(531,862)	23,211,887
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Non-Capital Grant Contributions	597,763	63,107	118,769	779,639
Property Taxes and Fee in Lieu of Taxes	-	-	729,703	729,703
Proceeds from Legal Settlement	618,602	-	-	618,602
Transfers and Advances Between Funds	192,032	520,995	(120,365)	592,662
NET CASH PROVIDED BY (USED IN) NON-CAPITAL FINANCING ACTIVITIES	1,408,397	584,102	728,107	2,720,606
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from Issuance of Debt	139,932,131	4,132,274	-	144,064,405
Bond Issue Costs	(916,596)	(28,348)	-	(944,944)
Capital Contributions	36,487	-	-	36,487
Proceeds from the Sale of Assets	327,186	670,123	-	997,309
Acquisition and Construction of Capital Assets	(5,317,445)	(2,274,602)	(8,878)	(7,600,925)
Payment to Redeem Revenue Refunding Bonds	(148,264,938)	(3,721,285)	-	(151,986,223)
Principal Paid - Bonds and Notes Payable	(997,560)	(1,356,731)	-	(2,354,291)
Interest Paid - Bonds and Notes Payable	(4,997,899)	(229,157)	-	(5,227,056)
NET CASH (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	(20,198,634)	(2,807,726)	(8,878)	(23,015,238)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest Income on Investments	77,047	18,809	-	95,856
NET CASH PROVIDED BY INVESTING ACTIVITIES	77,047	18,809	-	95,856
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,199,746	1,625,998	187,367	3,013,111
CASH AND CASH EQUIVALENTS, Beginning of Year	60,058,702	13,149,290	131,819	73,339,811
CASH AND CASH EQUIVALENTS, End of Year	\$ 61,258,448	14,775,288	319,186	\$ 76,352,922
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position				
Cash and Cash Equivalents - Current Assets	\$ 34,087,078	12,200,498	319,186	\$ 46,606,762
Restricted Cash and Cash Equivalents - Current Assets	27,171,370	2,574,790	-	29,746,160
	\$ 61,258,448	14,775,288	319,186	\$ 76,352,922

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

(Continued)

BERKELEY COUNTY, SOUTH CAROLINA

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2013

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			
	WATER AND SEWER	SOLID WASTE	NONMAJOR FUNDS	TOTALS
Reconciliation of Operating Income (Loss) to Net Cash Provided By Operating Activities:				
Operating Income (Loss)	\$ 8,144,217	1,847,913	(732,906)	\$ 9,259,224
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided By Operating Activities:				
Depreciation and Amortization	11,690,776	2,420,092	156,540	14,267,408
(Increase) Decrease in Assets:				
Accounts Receivable	(36,096)	(171,321)	93,136	(114,281)
Inventories	-	-	6,306	6,306
Prepaid Items and Deposits	-	-	(2,835)	(2,835)
Increase (Decrease) in Liabilities:				
Accounts Payable and Accrued Liabilities	392,062	113,743	(38,601)	467,204
Landfill Closure and Postclosure Cost Liability	-	(397,704)	-	(397,704)
Compensated Absences Payable	7,559	3,780	10,321	21,660
Deferred Revenue	(322,306)	-	(23,823)	(346,129)
Unfunded OPEB Liability	36,724	14,310	-	51,034
Total Adjustments	11,768,719	1,982,900	201,044	13,952,663
Net Cash Provided by Operating Activities	\$ 19,912,936	3,830,813	(531,862)	\$ 23,211,887
Schedule of Noncash Investing, Capital and Financing Activities:				
Acquisition of Capital Assets Through Developer Contributions	\$ 4,213,436	-	-	\$ 4,213,436
Change in Capital Acquisition Included in Accounts Payable	(326,712)	14,569	-	(312,143)
Amortization of Bond Premium, Deferred Refunding Costs and Issuance Costs	\$ 306,217	-	-	\$ 306,217

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

BERKELEY COUNTY, SOUTH CAROLINA

**STATEMENT OF FIDUCIARY NET POSITION -
AGENCY FUNDS**

JUNE 30, 2013

	<u>AGENCY FUNDS</u>
ASSETS	
Cash and Cash Equivalents	\$ 27,148,337
Accounts Receivable	1,356,597
TOTAL ASSETS	<u>\$ 28,504,934</u>
LIABILITIES	
Due to School District	\$ 12,511,481
Due to Other Designated Recipients	15,993,453
TOTAL LIABILITIES	<u>\$ 28,504,934</u>

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

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2013

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

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

Related Organizations

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

During 2008 the County executed an agreement with the Lake Marion Regional Water Agency (“Lake Marion WA”), a joint municipal water system. The County has a 29% voting representation on this system’s board, representing its proportionate commitment to purchase water to the system’s total capacity. Lake Marion WA is not owned by nor is it fiscally dependent upon the County. In March 2013, County Council authorized the Water and Sanitation Department to withdraw from the Lake Marion Regional Water Agency. See notes III. D. and IV. N. below for additional information regarding the potential impact of the withdrawal.

B. Government-wide and Fund Financial Statements

The 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 FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2013

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 position 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 Non-major Funds:*

The County reports the following major and non-major 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 FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

3. *Major and Non-major Funds (Continued):*

The County reports the following non-major special revenue funds:

Non-major special revenue funds: Economic Development, National Forest, Emergency Preparedness, GIS, Storm Water Management, Highway "C" Funds, EMS Equipment, Clerk of Court, State Accommodations Tax, Impact Fees, Sheriff's Grants, Miscellaneous Special Revenue, Victims' Assistance, Solicitor's Grants, County Accommodations Tax, PARD Grant, Local Economic Development, Airport Improvements, Regional Disaster Planning Grant, 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 non-major 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 non-major fund*, accounts for the operation and maintenance of the County's parks, including Cypress Gardens.

The *Emergency Telephone Fund, a non-major 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 FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (Continued)

The government-wide statements are prepared using a different measurement focus from the manner in which governmental fund financial statements are prepared (see further detail below). Governmental fund financial statements, therefore, include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The County implemented Governmental Accounting Standards Board Statement No. 63, "*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*" ("GASB #63") in 2013. GASB #63 establishes financial reporting requirements and related disclosures for certain elements of a statement of financial position that were discussed in the GASB's 2007 Concepts Statement No. 4, "*Elements of Financial Statements*". In Concepts Statement No. 4, the GASB defines a *deferred outflow of resources* as a consumption of net assets by a government that is applicable to a future reporting period; a *deferred inflow of resources* as an acquisition of net assets by a government that is applicable to a future reporting period; and *net position* as the residual of all other elements presented in a statement of financial position (the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources). Under GASB #63, amounts for items that the GASB has designated to be deferred outflows of resources are to be presented in a statement of financial position in a separate section following assets, while amounts for items that the GASB has designated to be deferred inflows of resources are to be presented in a separate section following liabilities. The residual of assets and deferred outflows of resources over liabilities and deferred inflows of resources is to be reported as net position rather than as net assets in a statement of financial position. Since the County had no deferred outflows or inflows of resources at June 30, 2013, the County's implementation of GASB #63 had no material effect on the presentation of its 2013 financial statements.

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

Revenue Recognition

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

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

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

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (Continued)

Expenditure Recognition

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

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 non-operating 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 non-operating revenues and expenses.

D. Assets, Liabilities and Net Position 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 position, 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.

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

2. Investments (Continued)

- (c) (i) General obligations of the State of South Carolina or any of its political units; or (ii) revenue obligations of the State of South Carolina or its political units, if at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations.
- (d) Savings and Loan Associations to the extent that the same are insured by an agency of the federal government.
- (e) Certificates of deposit where the certificates are collaterally secured by securities of the type described in (a) and (b) above held by a third party as escrow agent or custodian, of a market value not less than the amount of the certificates of deposit so secured, including interest; provided, however, such collateral shall not be required to the extent the same are insured by an agency of the federal government.
- (f) Repurchase agreements when collateralized by securities as set forth in this section.
- (g) No load open-end or closed-end management type investment companies or investment trusts registered under the Investment Company Act of 1940, as amended, where the investment is made by a bank or trust company or savings and loan association or other financial institution when acting as trustee or agent for a bond or other debt issue of that local government unit, political subdivision, or county treasurer if the particular portfolio of the investment company or investment trust in which the investment is made (i) is limited to obligations described in items (a), (b), (c), and (f) of this subsection, and (ii) has among its objectives the attempt to maintain a constant net asset value of one dollar a share and to that end, value its assets by the amortized cost method.

In addition, South Carolina State statutes authorize the County to invest in the South Carolina Local Government Investment Pool ("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.

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

2. Investments (Continued)

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.

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.

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, 2012. 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.

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

4. Receivables (Continued)

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.

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:

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

6. Capital Assets (Continued)

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.

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

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

9. Net Position and Fund Balances

Government-Wide and Proprietary Fund Statements

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

- A. *Net investment in capital assets.* 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 position.* Consists of net position 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.

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

9. Net Position and Fund Balances (Continued)

- C. *Unrestricted net position.* Net position that does not meet the definition of “restricted” or “net investment in capital assets.”

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

Governmental Fund Statements

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

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.

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

9. Net Position and Fund Balances (Continued)

Governmental Fund Statements (Continued)

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 \$8,678,649 as of June 30, 2013 which represents 15% of the original budget of \$57,857,660 for the General Fund for fiscal year 2014.

As of June 30, 2013, the Storm Water Management Fund, a non-major Special Revenue Fund, has a deficit fund balance of \$618,794 and the Parks and Recreation Fund has deficit unrestricted net position of \$641,425. The County is investigating possible funding sources for the Storm Water Management Fund to eliminate the deficit. As discussed in Note III. C., the County allocated 1.0 mill of property taxes for funding the Cypress Gardens operations beginning in fiscal year 2011, and the deficit unrestricted net position balance is expected to be reduced over the next several years; however, the County reduced the allocation to 0.75 mills of property taxes for fiscal year 2014.

10. Contributed Capital

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

11. Accounting Estimates

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

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for the General Fund and for all of the Special Revenue Funds except the following: Special Revenue - Clerk of Court, Special Revenue - Sheriff's Grants, 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.

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2013

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

A. Budgetary Information (Continued)

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, 2013, net amendments totaling approximately \$2,471,000 were made to the General Fund budget.

Encumbrances lapse at the end of the fiscal year.

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES

A. Deposits and Investments

Deposits

Custodial Credit Risk for Deposits: Custodial credit risk for deposits is the risk that, in the event of a bank failure, the County's deposits might not be recovered. The County does not have a deposit policy for custodial credit risk but follows the investment policy statutes of the State of South Carolina. As of June 30, 2013, none of the County's bank balances of \$186,070,742 (which had a recorded value of \$187,748,961) were exposed to custodial credit risk.

Investments

As of June 30, 2013, the County had the following investments:

Investment Type	Fair Value	Moody's	Credit Ratings S & P	Fitch	Weighted Average Maturity
First American Treasury Obligations Fund - Class Y	\$ 753,114	AAAm	Aaa-mf	Unrated	< 1 year
First American Treasury Obligations Fund - Class D	200,546	AAAm	Aaa-mf	Unrated	< 1 year
Morgan Stanley Institutional Liquidity Fund	31,240,911	AAAm	Aaa-mf	Unrated	< 1 year
Total Investments	<u>\$ 32,194,571</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, 2013, none of the County's investments were exposed to custodial credit risk for investments.

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2013

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

A. Deposits and Investments (Continued)

Investments (Continued)

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.

Reconciliation to the Financial Statements

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

Description:	Amount
Carrying Amount of Deposits	\$ 187,748,961
Fair Value of Investments	32,194,571
Total	<u>\$ 219,943,532</u>
Statement of Net Position:	
Cash and Cash Equivalents	\$ 63,682,442
Restricted Cash and Cash Equivalents	129,112,753
Statement of Fiduciary Net Position:	
Cash and Cash Equivalents	27,148,337
Total	<u>\$ 219,943,532</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 \$268,018 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	\$ 33,539,102	2,285,977	886,230	6,139,336	-	-	662,332	-	\$ 43,512,977
Transportation Sales Tax	-	-	5,165,312	-	-	-	-	-	5,165,312
Accounts	2,345,983	-	-	58,920	3,807,721	855,173	-	86,978	7,154,775
Federal, State and Local Governments	1,493,682	-	47,466	452,616	456,551	13,980	-	-	2,464,295
Total	<u>37,378,767</u>	<u>2,285,977</u>	<u>6,099,008</u>	<u>6,650,872</u>	<u>4,264,272</u>	<u>869,153</u>	<u>662,332</u>	<u>86,978</u>	<u>58,297,359</u>
Less Allowance for Uncollectibles:									
Taxes	(2,108,885)	(148,653)	(35,449)	(387,854)	-	-	(44,641)	-	(2,725,482)
Accounts	(1,252,536)	-	-	-	(225,488)	-	-	-	(1,478,024)
Total	<u>(3,361,421)</u>	<u>(148,653)</u>	<u>(35,449)</u>	<u>(387,854)</u>	<u>(225,488)</u>	<u>-</u>	<u>(44,641)</u>	<u>-</u>	<u>(4,203,506)</u>
Net Receivables	<u>\$ 34,017,346</u>	<u>2,137,324</u>	<u>6,063,559</u>	<u>6,263,018</u>	<u>4,038,784</u>	<u>869,153</u>	<u>617,691</u>	<u>86,978</u>	<u>\$ 54,093,853</u>

BERKELEY COUNTY, SOUTH CAROLINA**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED JUNE 30, 2013**

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)**C. Interfund Receivables and Payables**

The composition of interfund balances at June 30, 2013 is as follows:

	Receivable Fund	Payable Fund
General Fund	\$ 1,501,841	\$ 69,460
Special Revenue Funds:		
Emergency Preparedness	-	24,672
Storm Water Management	-	479,509
State Accommodations Tax	-	948
Miscellaneous Special Revenue Funds	-	33,158
Solicitor's Grants	-	108,332
County Accommodations Tax	-	25,528
PARD Grant	-	3,170
Airport Improvements	-	67,613
Capital Projects Fund	8,234	-
Enterprise Funds:		
Water and Sewer	-	59,110
Solid Waste	69,460	-
Parks and Recreation	-	708,035
Total	<u>\$ 1,579,535</u>	<u>\$ 1,579,535</u>

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

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

The operations of the County's Storm Water Management programs are accounted for in a non-major Special Revenue Fund. As noted in the table above, the balance owed by the Storm Water Management Fund to the General Fund as of June 30, 2013 is \$479,509. This balance is reflected as a current asset and liability as it is currently due, although it is not expected to be fully repaid within one year.

The operations of Cypress Gardens are accounted for in the Parks and Recreation Fund. In prior years, Cypress Gardens incurred significant operating losses, and the General Fund transferred funds to Cypress Gardens to assist in the funding of operations. During 2013, Cypress Gardens was able to repay approximately \$78,000 to the General Fund, as the County is using the proceeds from 1.0 mill of property taxes that are being assessed to provide funding for Cypress Gardens, which began in fiscal 2011. The County Council decreased the millage allocated to Cypress Gardens to 0.75 mills beginning in fiscal year 2014. As noted in the table above, the current balance owed by Cypress Gardens to the General Fund at June 30, 2013 is \$708,035. 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 FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2013

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

D. Capital Assets

Governmental capital asset activity for the year ended June 30, 2013, is as follows:

	Balance 6/30/2012	Additions	Disposals	Transfers	Balance 6/30/2013
Capital Assets, Not Being Depreciated:					
Land	\$ 5,601,525	29,400	-	-	\$ 5,630,925
Construction in Progress	12,332,110	3,834,311	-	(10,633,911)	5,532,510
Total Capital Assets, Not Being Depreciated	17,933,635	3,863,711	-	(10,633,911)	11,163,435
Capital Assets, Being Depreciated:					
Buildings	37,933,076	-	-	-	37,933,076
Furniture	1,538,944	-	-	-	1,538,944
Equipment	12,589,288	851,390	(567,211)	69,786	12,943,253
Software	1,964,736	-	-	200,069	2,164,805
Vehicles	10,760,111	774,362	(418,247)	-	11,116,226
Improvements	12,853,052	-	-	4,012,432	16,865,484
Library Materials	2,190,267	275,869	(205,247)	-	2,260,889
Infrastructure	158,775,006	10,640,116	-	6,351,624	175,766,746
Total Capital Assets, Being Depreciated	238,604,480	12,541,737	(1,190,705)	10,633,911	260,589,423
Less: Accumulated Depreciation For:					
Buildings	11,401,305	931,893	-	-	12,333,198
Furniture	913,264	143,511	-	-	1,056,775
Equipment	8,750,618	869,470	(564,852)	-	9,055,236
Software	1,200,563	150,457	-	-	1,351,020
Vehicles	7,389,759	1,025,950	(322,402)	-	8,093,307
Improvements	6,919,512	838,377	-	-	7,757,889
Library Materials	857,634	243,120	(205,247)	-	895,507
Infrastructure	74,314,829	6,256,484	-	-	80,571,313
Total Accumulated Depreciation	111,747,484	10,459,262	(1,092,501)	-	121,114,245
Total Capital Assets, Being Depreciated, Net	126,856,996	2,082,475	(98,204)	10,633,911	139,475,178
Governmental Activities Capital Assets, Net	\$ 144,790,631	5,946,186	(98,204)	-	\$ 150,638,613

During the year ended June 30, 2013, the County recorded approximately \$10,640,000 in infrastructure contributed from developers for its governmental activities.

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2013

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

D. Capital Assets (Continued)

Business-Type capital asset activity for the year ended June 30, 2013, is as follows:

	Balance 6/30/2012	Additions	Disposals	Transfers	Balance 6/30/2013
Capital Assets, Not Being Depreciated:					
Land	\$ 3,648,403	1,700	-	-	\$ 3,650,103
Construction in Progress	33,321,103	4,754,576	-	(3,841,231)	34,234,448
Total Capital Assets, Not Being Depreciated	<u>36,969,506</u>	<u>4,756,276</u>	<u>-</u>	<u>(3,841,231)</u>	<u>37,884,551</u>
Capital Assets, Being Depreciated:					
Utility Systems, Treatment Plants and Buildings	400,442,555	4,324,431	(195,639)	3,841,231	408,412,578
Equipment, Vehicles and Furniture	19,248,349	3,045,797	(2,711,448)	-	19,582,698
Lake Moultrie Water Agency	11,086,345	-	-	-	11,086,345
Total Capital Assets, Being Depreciated	<u>430,777,249</u>	<u>7,370,228</u>	<u>(2,907,087)</u>	<u>3,841,231</u>	<u>439,081,621</u>
Less: Accumulated Depreciation For:					
Utility Systems, Treatment Plants and Buildings	119,793,628	11,705,192	(105,145)	-	131,393,675
Equipment, Vehicles and Furniture	13,714,211	2,178,889	(2,686,633)	-	13,206,467
Lake Moultrie Water Agency	5,240,607	383,327	-	-	5,623,934
Total Accumulated Depreciation	<u>138,748,446</u>	<u>14,267,408</u>	<u>(2,791,778)</u>	<u>-</u>	<u>150,224,076</u>
Total Capital Assets, Being Depreciated, Net	<u>292,028,803</u>	<u>(6,897,180)</u>	<u>(115,309)</u>	<u>3,841,231</u>	<u>288,857,545</u>
Business-Type Activities Capital Assets, Net	<u>\$ 328,998,309</u>	<u>(2,140,904)</u>	<u>(115,309)</u>	<u>-</u>	<u>\$ 326,742,096</u>

During the year ended June 30, 2013, the County recorded approximately \$4,213,000 in utility systems contributed by developers and others. No interest was capitalized for the business-type activities during the year ended June 30, 2013.

Depreciation expense for the year ended June 30, 2013 was charged to County functions as follows:

Governmental Activities:	
General Government	\$ 1,289,484
Public Safety	1,274,200
Airport, Highways and Streets	7,295,171
Culture and Recreation	382,125
Health and Welfare	172,957
Community Development	45,325
Total Governmental Activity Depreciation	<u>\$ 10,459,262</u>
Business-Type Activities:	
Water and Sewer	\$ 11,690,776
Solid Waste	2,420,092
Parks and Recreation	93,304
Emergency Telephone	63,236
Total Business-Type Activity Depreciation	<u>\$ 14,267,408</u>

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2013

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

D. Capital Assets (Continued)

Construction Commitments

At June 30, 2013, the Capital Projects Fund had commitments under contracts for construction of various projects not completed of approximately \$7,181,000. In addition, the County awarded an additional \$9,711,000 in construction contracts subsequent to June 30, 2013 to be paid out of the Capital Projects Fund. Also at June 30, 2013, the Water and Sewer Fund and Solid Waste Fund had commitments under contracts for construction of various projects not completed of approximately \$3,370,000 and \$1,059,000, respectively. In addition, the County awarded an additional \$9,594,000 and \$2,335,000 in construction contracts subsequent to June 30, 2013 to be paid out of the Water and Sewer Fund and Solid Waste Fund, respectively.

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, 2013 was \$5,623,934 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>
2014	\$ 653,090
2015	732,350
2016	789,341
2017	828,150
2018	\$ 1,004,847

The Lake Moultrie Water Agency is in the process of designing an expansion of the Lake Moultrie Water Treatment Facility from 24 MGD to 40 MGD. The expansion will increase BCWS capacity to 13.04MGD. The construction of the project will be in two phases starting the first quarter of 2014 and ending the third quarter of 2016. The budgeted cost for the project is \$33,455,000. The BCWS portion of the cost is estimated to be approximately \$16,000,000. The County is reviewing several financing alternatives to fund the project.

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. An 8 MGD water treatment plant came on line in May of 2008.

BERKELEY COUNTY, SOUTH CAROLINA**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED JUNE 30, 2013**

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)**D. Capital Assets (Continued)***Joint Municipal Water Systems (Continued)*

Clarendon County opted out of their membership in the fall of 2013 requiring the remaining members to accept a proportionate amount of water capacity left by Clarendon County and therefore pay additional costs.

In 2012 the Lake Marion WA lost special appropriations in the Federal Budget, thus halting further system expansion beyond that already obligated. The agency has investigated borrowing the additional monies however that option was deemed non-viable. In January 2012 the Lake Marion WA voted to use the remaining funds available for system expansion to lay pipe toward Dorchester County as opposed to Berkeley County. Based on that decision, the lack of a funding source and monthly payments of over \$15,000, the County chose to resign its membership from the Lake Marion WA. Berkeley County Council passed a resolution to withdraw on March 25, 2013. A letter forwarding the resolution to the Lake Marion WA was dated May 3, 2013. The Lake Marion WA subsequently accepted the resignation of membership but claimed the county was still required to pay obligations outlined in the Water Purchase agreement signed in 2007 as a part of membership. In response, the County filed suit in Berkeley County on October 9, 2013. A response to the lawsuit by the Lake Marion WA is expected in January 2014.

E. Interfund Transfers

Interfund transfers for the year ended June 30, 2013, consisted of the following:

	Transfer In	Transfer Out
General Fund	\$ 1,133,777	\$ 1,569,204
Capital Projects Fund	872,857	298,108
Non-major Special Revenue Funds:		
Economic Development Fund	-	129,684
National Forest Fund	-	350,641
Emergency Preparedness Fund	295,969	-
GIS Fund	292,898	-
EMS Equipment Fund	802	-
State Accommodations Tax Fund	-	26,850
Impact Fees Fund	-	111,997
Sheriff's Grants Fund	212,096	-
Miscellaneous Special Revenue Fund	3,686	500,000
Solicitor's Grants	18,284	-
County Accommodations Tax Fund	-	79,671
Local Economic Development Fund	-	400,840
Airport Improvements Fund	136,626	-
Enterprise Funds:		
Water and Sewer	500,000	-
Total	<u>\$ 3,466,995</u>	<u>\$ 3,466,995</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.

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2013

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

E. Interfund Transfers (Continued)

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, 2013, the County had transferred a total of \$2,795,486 to the Water and Sewer Fund.

F. Deferred Revenues

The government-wide financial statements and the governmental funds defer revenue recognition in connection with resources that have been received, but not yet earned. In addition, governmental funds report deferred revenue in the fund financial statements in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. As of June 30, 2013, the various components of deferred and unearned revenue reported in the financial statements for governmental activities were as follows:

Unearned:	
Property Taxes	\$ 38,168,769
Other	501,249
Deferred Revenue - Governmental Activities	<u>38,670,018</u>
Unavailable:	
Property Taxes	799,071
Deferred Revenue - Governmental Funds	<u>\$ 39,469,089</u>

G. Operating Leases

The County leases various properties under several operating lease agreements expiring through 2015. Total costs charged to operations were approximately \$194,000 for the year ended June 30, 2013, including approximately \$136,000 in the General Fund and approximately \$58,000 in the Special Revenue Funds. Future minimum payments for these leases are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2014	\$ 50,283
2015	51,289
Total	<u>\$ 101,572</u>

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2013

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

H. Long-term Obligations

Presented below is a summary of changes in long-term obligations for the year ended June 30, 2013:

Long-Term Obligations	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
General Obligation Bonds:					
Series 2003 Refunding and Improvement Bond	\$ 4,935,000	-	735,000	4,200,000	\$ 775,000
Series 2006 Bond	7,980,000	-	-	7,980,000	-
Series 2009A Bond	10,000,000	-	-	10,000,000	35,000
Series 2009B Refunding and Improvement Bond	1,420,000	-	445,000	975,000	475,000
Series 2010 Bond	27,710,000	-	-	27,710,000	8,780,000
Series 2012 Refunding Bond	15,820,000	-	-	15,820,000	780,000
Subtotal	67,865,000	-	1,180,000	66,685,000	10,845,000
Premium - Series 2010 Bond	1,919,723	-	479,931	1,439,792	-
Premium - Series 2012 Bond	639,206	-	39,950	599,256	-
Deferred Refunding Costs - Series 2012 Bond	(825,671)	-	(51,604)	(774,067)	-
Total - General Obligation Bonds	69,598,258	-	1,648,277	67,949,981	10,845,000
SC Transportation Infrastructure Bank Loan	6,010,417	-	213,040	5,797,377	225,820
Other Post-employment Benefits	1,972,352	400,664	206,165	2,166,851	-
Compensated Absences	6,660,367	2,629,767	2,349,886	6,940,248	2,713,467
Total Governmental Activities	\$ 84,241,394	3,030,431	4,417,368	82,854,457	\$ 13,784,287
Business-Type Activities:					
Revenue Bonds:					
Series 2000 Revenue Bonds - Water & Sewer	\$ 2,917,174	-	2,917,174	-	\$ -
Series 2003 Revenue Bond - Water & Sewer	32,575,000	-	32,575,000	-	-
Series 2005A Revenue Bond - Combined Utilities	104,750,000	-	104,250,000	500,000	250,000
Series 2008A Refunding Bond - Water & Sewer	36,365,000	-	525,000	35,840,000	555,000
Series 2002 Revenue Bond - Solid Waste	1,200,000	-	200,000	1,000,000	200,000
Series 2003 Refunding Bond - Solid Waste	4,085,000	-	755,000	3,330,000	785,000
Series 2005 Refunding Bond - Solid Waste	1,065,000	-	365,000	700,000	355,000
Series 2013 Refunding Bond - Combined Utilities	-	123,615,000	-	123,615,000	5,485,000
Subtotal	182,957,174	123,615,000	141,587,174	164,985,000	7,630,000
Premium - Series 2003 Revenue Bond - Water & Sewer	2,235,438	-	2,235,438	-	-
Premium - Series 2005A Revenue Bond - Combined Utilities	2,471,271	-	2,471,271	-	-
Premium - Series 2008A Revenue Bond - Water & Sewer	374,419	-	23,523	350,896	-
Premium - Series 2013 Refunding Bond - Combined Utilities	-	20,379,805	-	20,379,805	-
Deferred Refunding Costs - Series 2003 - Water & Sewer	(727,094)	-	(727,094)	-	-
Deferred Refunding Costs - Series 2008A - Water & Sewer	(3,261,553)	-	(204,916)	(3,056,637)	-
Deferred Refunding Costs - Series 2013 - Combined Utilities	-	(7,376,165)	-	(7,376,165)	-
Total Revenue Bonds	184,049,655	136,618,640	145,385,396	175,282,899	7,630,000
State Revolving Fund Loan - AD Hare Rehab. - Water & Sewer	1,066,720	-	58,800	1,007,920	59,390
Notes Payable	377,194	69,600	122,435	324,359	131,982
Landfill Closure and Postclosure Care Cost	4,378,162	29,959	427,663	3,980,458	1,700,970
Other Post-employment Benefits	282,752	73,450	22,416	333,786	-
Compensated Absences	1,332,861	829,289	797,629	1,364,521	368,137
Total Business-Type Activities	\$ 191,487,344	137,620,938	146,814,339	182,293,943	\$ 9,890,479

BERKELEY COUNTY, SOUTH CAROLINA**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED JUNE 30, 2013****III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)****H. Long-term Obligations (Continued)**

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

General Obligation Bonds

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

General obligation bonds payable at June 30, 2013 are comprised of the following issues:

Title of Issues	Principal Amount Outstanding
Series 2003 General Obligation Refunding and Improvement Bonds, with interest ranging from 2.00% to 5.00%, matures 2028	\$ 4,200,000
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	975,000
Series 2010 General Obligation Bonds, with interest at 5.00%; matures 2016	27,710,000
Series 2012 General Obligation Refunding Bonds, with interest ranging from 2.0% to 4.0%, matures 2026.	15,820,000
Total	<u>\$ 66,685,000</u>

In March 2012, the County issued \$15,820,000 in Series 2012 General Obligation Refunding Bonds, receiving a net premium of \$679,156, and incurring bond issuance costs of \$137,076. The County placed \$16,362,080 in an irrevocable trust, which will be used to redeem \$20,240,000 of the outstanding balance on the Series 2003A General Obligation Bonds maturing on March 1, 2015 through March 1, 2029. The proceeds in the trust will be used to make future debt service payments related to these bonds and redeem the bonds on September 1, 2013, the date the bonds are first callable, at a redemption price of par. The portion of the bonds that has been refunded is considered to be defeased until redemption in fiscal year 2014 and the liability has been removed from the governmental activities column of the Statement of Net Position.

Notes Payable

The County has entered into a note agreement to finance the acquisition of computer software. The interest rate on this note is 7.53% and matures in October 2015. The total outstanding principal at June 30, 2013 was \$324,359 for the County's business-type activities.

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2013

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

H. Long-term Obligations (Continued)

South Carolina State Drinking Water Revolving Fund Loan

The County entered into an agreement with the South Carolina State Budget and Control Board for a State Drinking Water Revolving Fund Loan in 2009 for a revised amount of \$1,253,812. The proceeds of this loan are being used to partially fund the costs to rehabilitate the AD Hare Water System. As of June 30, 2013, the outstanding balance of the loan was \$1,007,920 and is being repaid through quarterly payments of \$17,312 through June 2029, including interest at 1%.

Revenue Bonds

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

In May 2013, the County issued \$123,615,000 in Series 2013 Combined Utility System Refunding Revenue Bonds, receiving a premium of \$20,379,805, incurring bond issuance costs of \$944,944, and contributing \$8,936,362 in released Debt Service Reserve Funds in order to current refund \$2,839,120 of the Series 2000 Water and Sewer Revenue Bonds, current refund \$32,575,000 of the Series 2003 Water and Sewer Revenue Bonds and advance refund \$104,000,000 of the Series 2005A Combined Utility Revenue Bonds. The County remitted \$2,897,849 to the City of Hanahan to discharge the Series 2000 Water and Sewer Revenue Bonds, placed \$33,373,094 in an irrevocable trust related to the Series 2003 Water and Sewer Revenue Bonds, and placed \$115,715,280 in an irrevocable trust related to the Series 2005A Combined Utility Revenue Bonds. The amount placed in escrow related to the Series 2003 Water and Sewer Revenue Bonds was used to call \$32,575,000 of the outstanding balance on June 1, 2013. The amount placed in escrow related to the Series 2005A Combined Utility Revenue Bonds will be used to redeem \$104,000,000 of the outstanding balance on the Series 2005A Combined Utility Revenue Bonds maturing on June 1, 2016 through June 1, 2030. The proceeds in the trust will be used to make future debt service payments related to these bonds. The reacquisition price exceeded the net carrying amount of the old debt by \$7,376,165. This amount is being amortized over the life of the new debt, which has the same life as the old debt. This refunding was undertaken to increase gross cash flow savings by \$24,111,020 and resulted in a gross economic gain of \$21,355,284. With the \$8,936,362 contributed from prior Debt Service Reserve Funds taken into consideration, the net cash flow savings were \$15,174,658 and the net economic gain was \$12,418,922. The portion of the bonds that has been refunded is considered to be defeased until redemption beginning on June 1, 2016 has been removed from the Statement of Net Position.

On August 23, 2010, County Council enacted Ordinance Nos. 10-08-28 and 10-08-29 (together, the "Combining Ordinances"). Ordinance No. 10-08-29 amended General Bond Ordinance No. 91-4-10 and General Bond Ordinance No. 03-03-12, each of which authorized and provided for the issuance of Water and Sewer System Revenue Bonds of the County (collectively, the "Water and Sewer Bond Ordinances"), and Ordinance No. 10-08-28 amended General Bond Ordinance No. 96-7-33, which authorized and provided for the issuance of Solid Waste System Revenue Bonds of the County (the "Solid Waste Bond Ordinance" and, together with the Water and Sewer Bond Ordinances, the "Bond Ordinances"). The amendments effected by the Combining Ordinances became effective as of November 12, 2010 (the "Effective Date"). As of June 30, 2013, the County has allocated \$3,500,000 in outstanding principal to the Solid Waste Fund.

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2013

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

H. Long-term Obligations (Continued)

Revenue Bonds (Continued)

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.

Revenue bonds payable at June 30, 2013, are comprised of the following issues:	Outstanding Principal
Combined Utilities System Revenue Bond, Series 2005A, due June 2030, with annual principal payments ranging from \$250,000 to \$14,025,000 and interest ranging from 3.5% - 5.0%.	\$ 500,000
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 \$350,896 and deferred refunding costs of \$3,056,638, both of which are net of amortization.	35,840,000
Solid Waste System, Series 2002, due December 2017, with annual principal payments of \$200,000 and interest at 4.66%.	1,000,000
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%.	3,330,000
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%.	700,000
Combined Utilities System Revenue Bond, Series 2013, due June 2030, with annual principal payments ranging from \$4,895,000 to \$13,170,000 and interest ranging from 2.0% - 5.0%. These bonds have an issuance premium of \$20,379,805 and deferred refunding costs of \$7,376,165, which are net of amortization.	123,615,000
Total Revenue Bonds	\$ 164,985,000

BERKELEY COUNTY, SOUTH CAROLINA**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED JUNE 30, 2013****III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)****H. Long-term Obligations (Continued)*****Revenue Bonds (Continued)***

There are numerous limitations, restrictions, and covenants contained in the various revenue bond indentures and ordinances. As of June 30, 2013, 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.

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"). 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. K. below.

Debt Service Requirements to Maturity

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

Year Ending June 30	Bonded Indebtedness		Loans and Notes Payable		Total
	Principal	Interest	Principal	Interest	
<u>Governmental Activities</u>					
2014	\$ 10,845,000	2,823,162	225,820	319,911	\$ 14,213,893
2015	10,505,000	2,330,224	239,368	306,980	13,381,572
2016	11,470,000	1,826,749	253,732	293,274	13,843,755
2017	1,990,000	1,286,149	268,956	278,745	3,823,850
2018	1,450,000	1,223,449	285,092	263,345	3,221,886
2019-2023	12,055,000	5,163,432	1,703,528	1,051,366	19,973,326
2024-2028	12,860,000	2,747,810	2,279,702	501,507	18,389,019
2029-2032	5,510,000	365,578	541,179	18,942	6,435,699
Total Governmental Activities	<u>\$ 66,685,000</u>	<u>17,766,553</u>	<u>5,797,377</u>	<u>3,034,070</u>	<u>\$ 93,283,000</u>
<u>Business-Type Activities</u>					
2014	\$ 7,630,000	7,723,081	191,372	29,775	\$ 15,574,228
2015	8,130,000	7,188,779	202,260	18,887	15,539,926
2016	8,030,000	6,928,281	110,691	9,444	15,078,416
2017	8,340,000	6,605,412	61,196	8,051	15,014,659
2018	7,820,000	6,217,833	61,810	7,436	14,107,079
2019-2023	43,860,000	25,313,065	318,483	27,750	69,519,298
2024-2028	55,460,000	13,718,476	334,791	11,442	69,524,709
2029-2032	25,715,000	1,944,250	51,676	259	27,711,185
Total Business-Type Activities	<u>\$ 164,985,000</u>	<u>75,639,177</u>	<u>1,332,279</u>	<u>113,044</u>	<u>\$ 242,069,500</u>

BERKELEY COUNTY, SOUTH CAROLINA**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED JUNE 30, 2013****III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)****H. Long-term Obligations (Continued)*****Landfill Closure and Postclosure Care Costs***

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

The \$3,980,458 reported as an accrual for landfill closure and postclosure care at June 30, 2013, includes the estimated remaining liability of \$256,000 for postclosure care of the previously closed landfill site for another nineteen 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)	5.5	89.0%	\$ 4,437,640	367,200	4,804,840	\$ 528,532
DPW-105 (# 081001-1101)	None	100%	-	234,000	234,000	-
			<u>\$ 4,437,640</u>	<u>601,200</u>	<u>5,038,840</u>	<u>\$ 528,532</u>

These amounts are based on what it would cost to perform all closure and postclosure care in fiscal year 2013. 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.

Pending Implementation of GASB Statement on Deferred Inflows and Outflows of Resources

GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities" ("GASB #65" or "Statement") was issued by the GASB in March 2012. The primary objective of this Statement is to establish accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. In particular, this Statement requires that bond issuance costs (as defined) should be recognized as an expense in the period incurred. It is GASB's intention that this new Statement will improve financial reporting by clarifying the appropriate use of the financial statement elements deferred outflows and inflows of resources to ensure consistency in financial reporting.

The effect of implementation of this Statement will result in the County writing off its bond issuance costs and will result in decreases in net position of approximately \$1,784,000 and \$28,000 for the water and sewer fund and the solid waste fund, respectively, as of June 30, 2013. The requirements of this Statement are effective for the County for the year ended June 30, 2014.

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2013

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 Public Employee Benefit Authority ("PEBA") through December 2012. Effective January 2013, the County enrolled substantially all of its employees in a plan provided by Blue Cross. 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.

B. Contingent Liabilities

Litigation

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

Sewer Pollutants

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

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2013

IV. OTHER INFORMATION (CONTINUED)

B. Contingent Liabilities (Continued)

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. Both the South Carolina Retirement System and Police Officers Retirement System offer retirement and disability benefits, life insurance benefits, cost of living adjustments on an ad-hoc basis, group life insurance benefits and survivor benefits. The Plan's provisions are established under Title 9 of the SC Code of Laws and were originally administered by the South Carolina Budget and Control Board. Effective July 1, 2012, the South Carolina General Assembly transferred administration of the SCRS and PORS to the newly created South Carolina Public Employee Benefit Authority ("PEBA"). The PEBA has the authority to establish and amend benefits and funding policy. 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 Public Employee Benefit Authority, PO Box 11960, Columbia, SC 29211-1960.

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

Funding Policy SCRS Plan members are required to contribute 7.0% of their annual covered salary and the County is required to contribute at an actuarially determined rate. The rate at June 30, 2013 was 10.45% 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, 2013, 2012, and 2011 were \$3,265,862, \$2,924,918, and \$2,866,617, respectively, equal to the required contributions for each year.

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2013

IV. OTHER INFORMATION (CONTINUED)

D. Employee Retirement Systems and Plans (Continued)

Funding Policy (Continued)

SCPORS Plan members are required to contribute 7.0% of their annual covered salary and the County is required to contribute at an actuarially determined rate. The rate at June 30, 2013 was 11.9% 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, 2013, 2012, and 2011 were \$1,107,894, \$1,038,485, and \$965,866, respectively, equal to the required contributions for each year.

E. Pending Implementation of GASB Statement on Pensions

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

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

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

F. Other Post-employment Benefits

Plan Description

The County sponsors a single-employer defined benefit healthcare plan (the "Plan") that provides medical and dental insurance for retirees for the duration of their lives with the exception of Water & Sanitation, which provides medical and dental insurance for retirees under the Medicare eligible age of 65. Employees who: (1) were hired prior to October 1, 2011, (2) retire having worked full-time with Berkeley County or Berkeley County Water & Sanitation for 10 consecutive years, (3) are SRCS or PORS retirement eligible with at least 20 years of service in that program are eligible for post-employment benefits. Information regarding SCRS and PORS eligibility may be found in Note IV. 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. The Plan does not issue a stand-alone financial report.

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2013

IV. OTHER INFORMATION (CONTINUED)

F. Other Post-employment Benefits (Continued)

Plan Description (Continued)

As of June 30, 2013, the measurement date, there were 977 covered participants, including 198 covered participants from the Water and Sanitation department, and 112 retired participants receiving benefits (11 from Water and Sanitation).

Funding Policy

The County contributes a fixed dollar amount each year. In fiscal year 2013, the County contributed, on a monthly basis, up to \$175 for retiree only and retiree family healthcare coverage. For the OPEB Plan, the retiree contributes the balance between the actuarially calculated costs less the fixed dollar amount. The retiree pays 100% of the actuarially calculated dental costs.

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

Actuarial Methods and Assumptions

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

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

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

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2013

IV. OTHER INFORMATION (CONTINUED)

F. Other Post-employment Benefits (Continued)

Actuarial Methods and Assumptions (Continued)

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

Actuarial Valuation Date:	June 30, 2013
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:	7.25% 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:	Change in healthcare plan provider.

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 2013, 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 2013) was as follows:

1.	Net OPEB Obligation, Beginning of the Plan Year	<u>\$ 2,255,104</u>
2.	One Year's Interest on the Net OPEB Obligation	89,989
3.	ARC (Normal Cost Plus Any Amortization Payments)	514,613
4.	Adjustment to Annual Required Contribution	<u>(130,488)</u>
5.	Annual OPEB Cost	474,114
6.	Contributions Made for the Plan Year	<u>(228,581)</u>
7.	Increase (Decrease) in Net OPEB Obligation	245,533
8.	Net OPEB Obligation, End of the Plan Year	<u><u>\$ 2,500,637</u></u>

BERKELEY COUNTY, SOUTH CAROLINA**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED JUNE 30, 2013****IV. OTHER INFORMATION (CONTINUED)****F. Other Post-employment Benefits (Continued)*****Annual OPEB Cost, Net OPEB Obligation, Funded Status and Funding Progress (Continued)******Schedule of Employer Contributions***

The County did not make contributions to the Plan in 2013 to pre-fund benefits; therefore, contributions only include \$228,581 made by the County through payment of covered participants' explicit and implicit subsidized benefits.

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

Schedule of Employer Contributions				
Applicable to Fiscal Year Ending	Annual OPEB Cost	Annual OPEB Cost Contributed	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
June 30, 2013	\$ 474,114	228,581	48.21%	\$ 2,500,637
June 30, 2012	432,236	224,922	52.04%	2,255,104
June 30, 2011	\$ 1,009,667	231,359	22.91%	\$ 4,066,597

The Annual OPEB Cost decreased from June 30, 2011 to June 30, 2012 due primarily to changes in the eligibility requirements of the Plan, which became effective July 25, 2011.

Funding Progress

Funding progress for the OPEB Plan as of June 30, 2013 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, 2013	\$ -	3,790,374	\$ 3,790,374	0.00%

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

G. Concentrations of Credit Risk

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

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

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2013

IV. OTHER INFORMATION (CONTINUED)

H. Conduit Debt

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

As of June 30, 2013, there were twenty-three series of Special Source Revenue Bonds with an outstanding aggregate principal amount of approximately \$1.2 billion.

I. Reciprocal Interfund Transactions

During the year ended June 30, 2013, the County's General Fund charged the Water and Sewer and the Solid Waste Funds approximately \$157,000 for administrative services.

J. Property Taxes

The County is permitted under South Carolina law to levy property taxes for general governmental services and for the principal and interest on long-term debt. The County tax rate to finance general governmental services payments for the year ended June 30, 2013 was set by County Council in June 2012 for fiscal 2013 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 2013 as follows: 50.0 mills for the Sangaree Special Tax District, 3.0 mills for debt retirement, and 1.0 mill for Cypress Gardens. The assessed valuation of properties within the County's boundaries for the 2012 tax levy year was approximately \$703.8 million, exclusive of vehicles valued at approximately \$75.3 million, according to the records of the County Auditor and Assessor.

K. Jedburg Road Improvement District

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

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2013

IV. OTHER INFORMATION (CONTINUED)

K. Jedburg Road Improvement District (Continued)

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 2013 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.

L. Local Option Sales Tax

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

M. Transportation Sales Tax

The County has a special one percent transportation sales tax that was approved via voter referendum in November of 2008. The tax is to be imposed for not more than seven years to fund the construction and maintenance of highways, roads, streets, bridges, and road amenities such as sidewalks, curbs, gutter repairs, and repairs to drainage facilities relating to highways, roads, streets and bridges and other transportation-related projects in the County. The South Carolina Department of Revenue collects the tax and disburses it to the County. Transportation Sales Tax revenues for fiscal year 2013 totaled approximately \$19,400,000.

N. Subsequent Events

In November 2013, the County issued \$3,500,000 in its Series 2013 General Obligation Refunding Bonds incurring \$36,266 in bond issuance costs. The County placed \$3,463,734 in an irrevocable trust, which was used to redeem \$3,425,000 of the outstanding Series 2003 General Obligation Refunding and Improvement Bonds on November 26, 2013. This refunding was undertaken to reduce total debt service payments over the next 15 years by \$362,927 and resulted in an economic gain of \$385,561.

In March 2013, County Council authorized the Water and Sanitation Department to withdraw from the Lake Marion Regional Water Agency. As discussed in Note III. D. above, a lawsuit was filed by Berkeley County in October 2013 with Lake Marion Regional Water Agency's response expected in January 2014.

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, 2013

	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL	FINAL	AMOUNTS	WITH FINAL BUDGET
REVENUES				
Property Taxes	\$ 23,344,951	23,344,951	23,098,493	\$ (246,458)
Fee in Lieu of Taxes	6,112,868	6,112,868	5,248,502	(864,366)
Local Options Sales Tax	8,861,166	8,861,166	8,728,216	(132,950)
Licenses, Fees and Permits	1,208,000	1,208,000	1,647,687	439,687
Fines, Forfeitures and Fees	8,095,779	8,106,540	7,560,773	(545,767)
Interest Income	2,050	2,050	28,389	26,339
Intergovernmental - Federal	223,000	244,500	157,716	(86,784)
Intergovernmental - State and Local	7,244,451	7,322,483	7,256,232	(66,251)
Miscellaneous	427,600	597,720	650,351	52,631
TOTAL REVENUES	55,519,865	55,800,278	54,376,359	(1,423,919)
EXPENDITURES				
Current:				
General Government				
Legislative	534,753	535,298	375,548	159,750
Judicial	6,039,804	6,180,737	5,941,215	239,522
Executive	309,738	314,493	300,165	14,328
Finance and Administration	14,374,540	14,903,279	12,737,125	2,166,154
Elections	450,991	461,448	503,960	(42,512)
Total General Government	21,709,826	22,395,255	19,858,013	2,537,242
Public Safety				
Sheriff	11,190,236	11,504,748	11,413,275	91,473
Crime Stoppers	2,850	2,850	2,850	-
Corrections	3,733,646	3,960,712	4,079,908	(119,196)
Fire	290,367	290,367	288,696	1,671
Communications	1,287,081	1,311,856	1,258,077	53,779
Emergency Medical Services	5,529,013	5,613,213	5,403,822	209,391
Coroner	356,895	517,372	386,517	130,855
Total Public Safety	22,390,088	23,201,118	22,833,145	367,973
Airport, Highways and Streets				
Airport	376,012	378,295	331,511	46,784
Highways and Streets	4,583,271	4,668,599	4,314,627	353,972
Fleet Management	630,748	644,431	583,570	60,861
Engineering	611,037	631,623	591,059	40,564
Total Airport, Highways and Streets	6,201,068	6,322,948	5,820,767	502,181
Culture and Recreation				
Berkeley Museum	47,500	47,500	47,500	-
Library	2,858,430	3,036,408	2,842,256	194,152
Total Culture and Recreation	\$ 2,905,930	3,083,908	2,889,756	\$ 194,152

(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, 2013

	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL	FINAL	AMOUNTS	WITH FINAL BUDGET
EXPENDITURES (CONTINUED)				
Current (Continued):				
Health and Welfare				
Health State	\$ 112,670	112,670	105,469	\$ 7,201
Mosquito Abatement	691,757	799,546	799,449	97
Veterans Services	165,005	168,565	167,063	1,502
Other Programs Assistance	877,130	877,130	858,081	19,049
Total Health and Welfare	1,846,562	1,957,911	1,930,062	27,849
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	439,518	439,518	439,518	-
Capital Outlay	-	466,115	421,776	44,339
TOTAL EXPENDITURES	55,492,992	57,866,773	54,193,037	3,673,736
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	26,873	(2,066,495)	183,322	2,249,817
OTHER FINANCING SOURCES (USES)				
Reserved for Contingency	(250,000)	(10,140)	-	10,140
Proceeds from Disposal of Assets	12,000	12,000	16,714	4,714
Transfers In	904,898	1,204,898	1,133,777	(71,121)
Transfers Out	(693,771)	(1,611,196)	(1,569,204)	41,992
Total Other Financing Sources (Uses)	(26,873)	(404,438)	(418,713)	(14,275)
NET CHANGE IN FUND BALANCES	-	(2,470,933)	(235,391)	2,235,542
FUND BALANCE - Beginning of Year	13,810,682	13,810,682	13,810,682	-
FUND BALANCE - End of Year	\$ 13,810,682	11,339,749	13,575,291	\$ 2,235,542

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, 2013****SCHEDULE OF EMPLOYER CONTRIBUTIONS**

Applicable to Fiscal Year Ending	Annual OPEB Cost	Contribution for Fiscal Year	Annual Percentage Contributed	Net OPEB Obligation
June 30, 2013	\$ 474,114	228,581	48.21%	\$ 2,500,637
June 30, 2012	432,236	224,922	52.04%	2,255,104
June 30, 2011	\$ 1,009,667	231,359	22.91%	\$ 4,066,597

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, 2013	\$ -	3,790,374	\$ 3,790,374	0.00%
June 30, 2012	-	5,157,766	5,157,766	0.00%
June 30, 2011	\$ -	8,840,823	\$ 8,840,823	0.00%

The Actuarial Accrued Liability decreased from June 30, 2011 to June 30, 2012 due primarily to changes in the eligibility requirements of the Plan, which were effective July 25, 2011. The Actuarial Accrued Liability decreased from June 30, 2012 to June 30, 2013 due primarily to the change in the County's healthcare provider.

BERKELEY COUNTY, SOUTH CAROLINA

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2013

	DEBT SERVICE FUND	NONMAJOR SPECIAL REVENUE FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
ASSETS			
Cash and Cash Equivalents	\$ -	5,032,831	\$ 5,032,831
Receivables, Net of Allowances:			
Property Taxes	2,137,324	5,751,482	7,888,806
Accounts Receivable	-	58,920	58,920
Federal, State and Local Governments	-	452,616	452,616
Prepaid Items	-	2,878,873	2,878,873
Restricted Cash and Cash Equivalents	1,647,404	9,303,965	10,951,369
TOTAL ASSETS	\$ 3,784,728	23,478,687	\$ 27,263,415
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable and Accrued Liabilities	\$ -	925,876	\$ 925,876
Due to Other Funds	-	742,930	742,930
Deferred Revenue	2,106,590	5,732,514	7,839,104
TOTAL LIABILITIES	2,106,590	7,401,320	9,507,910
FUND BALANCES			
Nonspendable:			
Prepaid Items	-	2,878,873	2,878,873
Restricted for:			
Debt Service	1,678,138	-	1,678,138
Impact Fees	-	7,331,487	7,331,487
Economic Development	-	1,884,804	1,884,804
Victims' Assistance	-	8,532	8,532
Clerk of Court	-	501,148	501,148
Grants	-	96,339	96,339
Other	-	654,189	654,189
Committed For:			
Special Tax Districts	-	556,365	556,365
Economic Development	-	2,703,355	2,703,355
Geographic Information Systems	-	56,413	56,413
Assigned for:			
Public Safety	-	24,656	24,656
Unassigned	-	(618,794)	(618,794)
TOTAL FUND BALANCES	1,678,138	16,077,367	17,755,505
TOTAL LIABILITIES AND FUND BALANCES	\$ 3,784,728	23,478,687	\$ 27,263,415

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

BERKELEY COUNTY, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2013

	DEBT SERVICE FUND	NONMAJOR SPECIAL REVENUE FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
REVENUES			
Taxes:			
Property	\$ 2,078,673	1,148,318	\$ 3,226,991
Accommodations	-	398,355	398,355
Fee in Lieu of Taxes	382,508	1,745,195	2,127,703
Fines, Forfeitures and Fees	-	5,924,546	5,924,546
Interest Income	800	1,317	2,117
Local Revenue	-	511,864	511,864
Intergovernmental - Federal	-	1,581,918	1,581,918
Intergovernmental - State and Local	-	4,471,976	4,471,976
Miscellaneous	-	640,599	640,599
TOTAL REVENUES	<u>2,461,981</u>	<u>16,424,088</u>	<u>18,886,069</u>
EXPENDITURES			
Current:			
General Government	-	1,077,563	1,077,563
Public Safety	-	5,409,078	5,409,078
Airport, Highways and Streets	-	527,800	527,800
Culture and Recreation	-	40,713	40,713
Community Development	-	3,300,799	3,300,799
Capital Outlay	-	780,905	780,905
Debt Service:			
Principal Retirement	1,180,000	-	1,180,000
Interest and Fiscal Charges	1,457,417	-	1,457,417
TOTAL EXPENDITURES	<u>2,637,417</u>	<u>11,136,858</u>	<u>13,774,275</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(175,436)</u>	<u>5,287,230</u>	<u>5,111,794</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	960,361	960,361
Transfers Out	-	(1,599,683)	(1,599,683)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>(639,322)</u>	<u>(639,322)</u>
NET CHANGE IN FUND BALANCES	<u>(175,436)</u>	<u>4,647,908</u>	<u>4,472,472</u>
FUND BALANCE - Beginning of Year	1,853,574	11,429,459	13,283,033
FUND BALANCE - End of Year	<u>\$ 1,678,138</u>	<u>16,077,367</u>	<u>\$ 17,755,505</u>

BERKELEY COUNTY, SOUTH CAROLINA

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2013

	<u>ECONOMIC DEVELOPMENT</u>	<u>NATIONAL FOREST</u>	<u>EMERGENCY PREPAREDNESS</u>
ASSETS			
Cash and Cash Equivalents	\$ -	-	-
Receivables, Net of Allowances:			
Property Taxes	-	-	-
Accounts Receivable	2,000	-	-
Federal, State and Local Governments	-	-	36,605
Prepaid Items	-	-	-
Restricted Cash and Cash Equivalents	1,886,304	14,832	-
TOTAL ASSETS	<u>1,888,304</u>	<u>14,832</u>	<u>36,605</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable and Accrued Liabilities	3,500	-	11,933
Due to Other Funds	-	-	24,672
Deferred Revenue	-	-	-
TOTAL LIABILITIES	<u>3,500</u>	<u>-</u>	<u>36,605</u>
FUND BALANCES			
Nonspendable:			
Prepaid Items	-	-	-
Restricted For:			
Impact Fees	-	-	-
Economic Development	1,884,804	-	-
Victims' Assistance	-	-	-
Clerk of Court	-	-	-
Grants	-	14,832	-
Other	-	-	-
Committed For:			
Special Tax Districts	-	-	-
Economic Development	-	-	-
Geographic Information Systems	-	-	-
Assigned For:			
Public Safety	-	-	-
Unassigned	-	-	-
TOTAL FUND BALANCES	<u>1,884,804</u>	<u>14,832</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,888,304</u>	<u>14,832</u>	<u>36,605</u>

GIS	STORM WATER MANAGEMENT	HIGHWAY "C" FUNDS	EMS EQUIPMENT	CLERK OF COURT	STATE ACCOMMODATIONS TAX
77,714	-	193,550	4,710	493,454	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	36,964	18,952
-	-	2,878,873	-	-	-
-	-	-	-	-	-
77,714	-	3,072,423	4,710	530,418	18,952
21,301	139,285	193,550	4,710	29,270	18,004
-	479,509	-	-	-	948
-	-	-	-	-	-
21,301	618,794	193,550	4,710	29,270	18,952
-	-	2,878,873	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	501,148	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
56,413	-	-	-	-	-
-	-	-	-	-	-
-	(618,794)	-	-	-	-
56,413	(618,794)	2,878,873	-	501,148	-
77,714	-	3,072,423	4,710	530,418	\$ 18,952

(Continued)

BERKELEY COUNTY, SOUTH CAROLINA

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2013

	IMPACT FEES	SHERIFF'S GRANTS	MISCELLANEOUS SPECIAL REVENUE
ASSETS			
Cash and Cash Equivalents	\$ -	47,822	562,048
Receivables, Net of Allowances:			
Property Taxes	-	-	-
Accounts Receivable	-	4,639	2,550
Federal, State and Local Governments	-	72,039	33,158
Prepaid Items	-	-	-
Restricted Cash and Cash Equivalents	7,336,879	-	65,950
TOTAL ASSETS	7,336,879	124,500	663,706
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable and Accrued Liabilities	5,392	33,225	-
Due to Other Funds	-	-	33,158
Deferred Revenue	-	43,468	-
TOTAL LIABILITIES	5,392	76,693	33,158
FUND BALANCES			
Reserved for:			
Prepaid Items	-	-	-
Restricted For:			
Impact Fees	7,331,487	-	-
Economic Development	-	-	-
Victims' Assistance	-	-	-
Clerk of Court	-	-	-
Grants	-	23,151	-
Other	-	-	630,548
Committed For:			
Special Tax Districts	-	-	-
Economic Development	-	-	-
Geographic Information Systems	-	-	-
Assigned For:			
Public Safety	-	24,656	-
Unassigned	-	-	-
TOTAL FUND BALANCES	7,331,487	47,807	630,548
TOTAL LIABILITIES AND FUND BALANCES	\$ 7,336,879	124,500	663,706

<u>VICTIMS' ASSISTANCE</u>	<u>SOLICITOR'S GRANTS</u>	<u>COUNTY ACCOMMODATIONS TAX</u>	<u>PARD GRANT</u>	<u>LOCAL ECONOMIC DEVELOPMENT</u>	<u>AIRPORT IMPROVEMENTS</u>
13,643	-	85,746	-	2,721,322	\$ -
-	-	-	-	734,914	-
7,790	-	41,892	-	-	-
-	118,698	-	4,305	-	131,895
-	-	-	-	-	-
-	-	-	-	-	-
<u>21,433</u>	<u>118,698</u>	<u>127,638</u>	<u>4,305</u>	<u>3,456,236</u>	<u>131,895</u>
12,901	10,366	102,110	1,135	12,967	64,282
-	108,332	25,528	3,170	-	67,613
-	-	-	-	739,914	-
<u>12,901</u>	<u>118,698</u>	<u>127,638</u>	<u>4,305</u>	<u>752,881</u>	<u>131,895</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
8,532	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	2,703,355	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>8,532</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,703,355</u>	<u>-</u>
<u>21,433</u>	<u>118,698</u>	<u>127,638</u>	<u>4,305</u>	<u>3,456,236</u>	<u>\$ 131,895</u>

(Continued)

BERKELEY COUNTY, SOUTH CAROLINA**COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS****JUNE 30, 2013**

	REGIONAL DISASTER PLANNING GRANT	SANGAREE SPECIAL TAX DISTRICT	PIMLICO SPECIAL TAX DISTRICT
ASSETS			
Cash and Cash Equivalents	\$ 18,504	609,074	-
Receivables, Net of Allowances:			
Property Taxes	-	932,196	28,030
Accounts Receivable	-	49	-
Federal, State and Local Governments	-	-	-
Prepaid Items	-	-	-
Restricted Cash and Cash Equivalents	-	-	-
TOTAL ASSETS	18,504	1,541,319	28,030
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable and Accrued Liabilities	18,504	68,026	-
Due to Other Funds	-	-	-
Deferred Revenue	-	916,928	28,030
TOTAL LIABILITIES	18,504	984,954	28,030
FUND BALANCES			
Reserved for:			
Prepaid Items	-	-	-
Restricted For:			
Impact Fees	-	-	-
Economic Development	-	-	-
Victims' Assistance	-	-	-
Clerk of Court	-	-	-
Grants	-	-	-
Other	-	-	-
Committed For:			
Special Tax Districts	-	556,365	-
Economic Development	-	-	-
Geographic Information Systems	-	-	-
Assigned For:			
Public Safety	-	-	-
Unassigned	-	-	-
TOTAL FUND BALANCES	-	556,365	-
TOTAL LIABILITIES AND FUND BALANCES	\$ 18,504	1,541,319	28,030

TALL PINES SPECIAL TAX DISTRICT	DEVON FOREST SPECIAL TAX DISTRICT	SPECIAL COUNTY TAX DISTRICT	LAKE MOULTRIE PARK	LEGAL FORFEITURE PROCEEDS	TOTAL SPECIAL REVENUE FUNDS
-	-	123,247	58,356	23,641	\$ 5,032,831
76,019	42,005	3,938,318	-	-	5,751,482
-	-	-	-	-	58,920
-	-	-	-	-	452,616
-	-	-	-	-	2,878,873
-	-	-	-	-	9,303,965
76,019	42,005	4,061,565	58,356	23,641	23,478,687
400	210	174,805	-	-	925,876
-	-	-	-	-	742,930
75,619	41,795	3,886,760	-	-	5,732,514
76,019	42,005	4,061,565	-	-	7,401,320
-	-	-	-	-	2,878,873
-	-	-	-	-	7,331,487
-	-	-	-	-	1,884,804
-	-	-	-	-	8,532
-	-	-	-	-	501,148
-	-	-	58,356	-	96,339
-	-	-	-	23,641	654,189
-	-	-	-	-	556,365
-	-	-	-	-	2,703,355
-	-	-	-	-	56,413
-	-	-	-	-	24,656
-	-	-	-	-	(618,794)
-	-	-	58,356	23,641	16,077,367
76,019	42,005	4,061,565	58,356	23,641	\$ 23,478,687

BERKELEY COUNTY, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2013

	<u>ECONOMIC DEVELOPMENT</u>	<u>NATIONAL FOREST</u>	<u>EMERGENCY PREPAREDNESS</u>
REVENUES			
Taxes:			
Property	\$ -	-	-
Accommodations	-	-	-
Fee in Lieu of Taxes	-	-	-
Fines, Forfeitures and Fees	-	-	-
Interest Income	-	-	-
Local Revenue	-	-	-
Intergovernmental - Federal	-	373,402	71,997
Intergovernmental - State and Local	1,000,000	-	666
Miscellaneous	452,000	-	-
TOTAL REVENUES	<u>1,452,000</u>	<u>373,402</u>	<u>72,663</u>
EXPENDITURES			
Current:			
General Government	-	-	-
Public Safety	-	-	346,291
Airport, Highways and Streets	-	-	-
Culture and Recreation	-	36,408	-
Community Development	1,352,000	-	-
Capital Outlay	-	-	22,341
TOTAL EXPENDITURES	<u>1,352,000</u>	<u>36,408</u>	<u>368,632</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>100,000</u>	<u>336,994</u>	<u>(295,969)</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	295,969
Transfers Out	(129,684)	(350,641)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(129,684)</u>	<u>(350,641)</u>	<u>295,969</u>
NET CHANGE IN FUND BALANCES	<u>(29,684)</u>	<u>(13,647)</u>	<u>-</u>
FUND BALANCE - Beginning of Year	1,914,488	28,479	-
FUND BALANCE - End of Year	<u>\$ 1,884,804</u>	<u>14,832</u>	<u>-</u>

GIS	STORM WATER MANAGEMENT	HIGHWAY "C" FUNDS	EMS EQUIPMENT	CLERK OF COURT	STATE ACCOMMODATIONS TAX
-	-	-	-	-	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
10,522	83,048	-	-	-	-
-	-	-	-	-	-
133,666	-	-	-	-	-
-	-	-	-	492,758	-
-	-	3,381,164	16,142	760	61,997
-	-	-	-	-	-
<u>144,188</u>	<u>83,048</u>	<u>3,381,164</u>	<u>16,142</u>	<u>493,518</u>	<u>61,997</u>
439,167	-	-	-	444,874	-
-	-	-	16,944	-	-
-	465,143	62,657	-	-	-
-	-	-	-	-	-
-	-	-	-	-	35,147
21,483	-	439,634	-	-	-
<u>460,650</u>	<u>465,143</u>	<u>502,291</u>	<u>16,944</u>	<u>444,874</u>	<u>35,147</u>
(316,462)	(382,095)	2,878,873	(802)	48,644	26,850
292,898	-	-	802	-	-
-	-	-	-	-	(26,850)
<u>292,898</u>	<u>-</u>	<u>-</u>	<u>802</u>	<u>-</u>	<u>(26,850)</u>
(23,564)	(382,095)	2,878,873	-	48,644	-
79,977	(236,699)	-	-	452,504	-
<u>56,413</u>	<u>(618,794)</u>	<u>2,878,873</u>	<u>-</u>	<u>501,148</u>	<u>\$ -</u>

(Continued)

BERKELEY COUNTY, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2013

	IMPACT FEES	SHERIFF'S GRANTS	MISCELLANEOUS SPECIAL REVENUE
REVENUES			
Taxes:			
Property	\$ -	-	-
Accommodations	-	-	-
Fee in Lieu of Taxes	-	-	500,000
Fines, Forfeitures and Fees	1,582,304	16,221	294,960
Interest Income	1,103	8	206
Local Revenue	-	349,598	28,600
Intergovernmental - Federal	-	313,518	33,158
Intergovernmental - State and Local	-	-	-
Miscellaneous	-	-	171,135
TOTAL REVENUES	1,583,407	679,345	1,028,059
EXPENDITURES			
Current:			
General Government	-	-	7,009
Public Safety	-	777,656	378,383
Airport, Highways and Streets	-	-	-
Culture and Recreation	-	-	-
Community Development	-	-	-
Capital Outlay	-	37,481	33,866
TOTAL EXPENDITURES	-	815,137	419,258
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,583,407	(135,792)	608,801
OTHER FINANCING SOURCES (USES)			
Transfers In	-	212,096	3,686
Transfers Out	(111,997)	-	(500,000)
TOTAL OTHER FINANCING SOURCES (USES)	(111,997)	212,096	(496,314)
NET CHANGE IN FUND BALANCES	1,471,410	76,304	112,487
FUND BALANCE - Beginning of Year	5,860,077	(28,497)	518,061
FUND BALANCE - End of Year	\$ 7,331,487	47,807	630,548

VICTIMS' ASSISTANCE	SOLICITOR'S GRANTS	COUNTY ACCOMMODATIONS TAX	PARD GRANT	LOCAL ECONOMIC DEVELOPMENT	AIRPORT IMPROVEMENTS
-	-	-	-	105,874	\$ -
-	-	398,355	-	-	-
-	-	-	-	1,245,018	-
171,692	-	-	-	5,740	-
-	-	-	-	-	-
-	-	-	-	-	-
-	164,553	-	-	-	82,532
-	-	-	4,305	-	6,942
4,051	-	-	-	10,782	-
175,743	164,553	398,355	4,305	1,367,414	89,474
-	182,837	-	-	-	-
234,972	-	-	-	-	-
-	-	-	-	-	-
-	-	-	4,305	-	-
-	-	318,684	-	297,103	-
-	-	-	-	-	226,100
234,972	182,837	318,684	4,305	297,103	226,100
(59,229)	(18,284)	79,671	-	1,070,311	(136,626)
-	18,284	-	-	-	136,626
-	-	(79,671)	-	(400,840)	-
-	18,284	(79,671)	-	(400,840)	136,626
(59,229)	-	-	-	669,471	-
67,761	-	-	-	2,033,884	-
8,532	-	-	-	2,703,355	\$ -

(Continued)

BERKELEY COUNTY, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2013

	REGIONAL DISASTER PLANNING GRANT	SANGAREE SPECIAL TAX DISTRICT	PIMLICO SPECIAL TAX DISTRICT
REVENUES			
Taxes:			
Property	\$ -	1,042,444	-
Accommodations	-	-	-
Fee in Lieu of Taxes	-	177	-
Fines, Forfeitures and Fees	-	-	28,450
Interest Income	-	-	-
Local Revenue	-	-	-
Intergovernmental - Federal	50,000	-	-
Intergovernmental - State and Local	-	-	-
Miscellaneous	-	2,631	-
TOTAL REVENUES	50,000	1,045,252	28,450
EXPENDITURES			
Current:			
General Government	-	-	-
Public Safety	50,000	-	-
Airport, Highways and Streets	-	-	-
Culture and Recreation	-	-	-
Community Development	-	1,150,370	28,450
Capital Outlay	-	-	-
TOTAL EXPENDITURES	50,000	1,150,370	28,450
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	(105,118)	-
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-
NET CHANGE IN FUND BALANCES	-	(105,118)	-
FUND BALANCE - Beginning of Year	-	661,483	-
FUND BALANCE - End of Year	\$ -	556,365	-

TALL PINES SPECIAL TAX DISTRICT	DEVON FOREST SPECIAL TAX DISTRICT	SPECIAL COUNTY TAX DISTRICT	LAKE MOULTRIE PARK	LEGAL FORFEITURE PROCEEDS	TOTAL SPECIAL REVENUE FUNDS
-	-	-	-	-	\$ 1,148,318
-	-	-	-	-	398,355
-	-	-	-	-	1,745,195
76,750	42,295	3,604,832	-	7,732	5,924,546
-	-	-	-	-	1,317
-	-	-	-	-	511,864
-	-	-	-	-	1,581,918
-	-	-	-	-	4,471,976
-	-	-	-	-	640,599
<u>76,750</u>	<u>42,295</u>	<u>3,604,832</u>	<u>-</u>	<u>7,732</u>	<u>16,424,088</u>
-	-	-	-	3,676	1,077,563
-	-	3,604,832	-	-	5,409,078
-	-	-	-	-	527,800
-	-	-	-	-	40,713
76,750	42,295	-	-	-	3,300,799
-	-	-	-	-	780,905
<u>76,750</u>	<u>42,295</u>	<u>3,604,832</u>	<u>-</u>	<u>3,676</u>	<u>11,136,858</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,056</u>	<u>5,287,230</u>
-	-	-	-	-	960,361
-	-	-	-	-	(1,599,683)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(639,322)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,056</u>	<u>4,647,908</u>
-	-	-	58,356	19,585	11,429,459
<u>-</u>	<u>-</u>	<u>-</u>	<u>58,356</u>	<u>23,641</u>	<u>\$ 16,077,367</u>

BERKELEY COUNTY, SOUTH CAROLINA

COMBINING SCHEDULE OF NET POSITION -
NONMAJOR PROPRIETARY FUNDS

JUNE 30, 2013

	PARKS AND RECREATION	EMERGENCY TELEPHONE	TOTALS
ASSETS			
CURRENT ASSETS:			
Cash and Cash Equivalents	\$ 222,259	96,927	\$ 319,186
Property Taxes Receivable, Net of Allowance	617,691	-	617,691
Accounts Receivable, Net of Allowance	-	86,978	86,978
Inventories, at Cost	20,316	-	20,316
Prepaid Items and Deposits	-	12,296	12,296
TOTAL CURRENT ASSETS	860,266	196,201	1,056,467
NON-CURRENT ASSETS:			
CAPITAL ASSETS:			
Non-Depreciable	86,700	-	86,700
Depreciable, Net of Accumulated Depreciation	1,461,534	212,309	1,673,843
TOTAL CAPITAL ASSETS	1,548,234	212,309	1,760,543
TOTAL NON-CURRENT ASSETS	1,548,234	212,309	1,760,543
TOTAL ASSETS	\$ 2,408,500	408,510	\$ 2,817,010
LIABILITIES			
CURRENT LIABILITIES:			
Accounts Payable and Accrued Liabilities	\$ 57,290	12,620	\$ 69,910
Accrued Compensated Absences	56,268	6,833	63,101
Due to Other Funds	708,035	-	708,035
Deferred Revenue	610,830	-	610,830
TOTAL CURRENT LIABILITIES	1,432,423	19,453	1,451,876
NON-CURRENT LIABILITIES:			
Accrued Compensated Absences	69,268	2,009	71,277
TOTAL NON-CURRENT LIABILITIES	69,268	2,009	71,277
TOTAL LIABILITIES	1,501,691	21,462	1,523,153
NET POSITION			
Net Investment in Capital Assets	1,548,234	212,309	1,760,543
Unrestricted	(641,425)	174,739	(466,686)
TOTAL NET POSITION	906,809	387,048	1,293,857
TOTAL LIABILITIES AND NET POSITION	\$ 2,408,500	408,510	\$ 2,817,010

BERKELEY COUNTY, SOUTH CAROLINA**COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION -
NONMAJOR PROPRIETARY FUNDS****YEAR ENDED JUNE 30, 2013**

	PARKS AND RECREATION	EMERGENCY TELEPHONE	TOTALS
OPERATING REVENUES			
Sales and Services	\$ 534,513	461,668	\$ 996,181
Other Operating Revenue	33,253	-	33,253
TOTAL OPERATING REVENUES	567,766	461,668	1,029,434
OPERATING EXPENSES			
Personnel Services	762,071	155,712	917,783
Advertising	49,237	491	49,728
Utilities	70,246	250,692	320,938
Office Expenses	19,298	9,064	28,362
Maintenance and Repairs	20,157	3,737	23,894
Contractual Services	13,535	76,170	89,705
Other Services and Charges	162,520	12,870	175,390
Depreciation	93,304	63,236	156,540
TOTAL OPERATING EXPENSES	1,190,368	571,972	1,762,340
OPERATING INCOME (LOSS)	(622,602)	(110,304)	(732,906)
NON-OPERATING REVENUES (EXPENSES)			
Property Taxes	678,690	-	678,690
Fee in Lieu of Taxes	26,212	-	26,212
State Grant Revenue	1,700	117,069	118,769
TOTAL NON-OPERATING REVENUES (EXPENSES)	706,602	117,069	823,671
CHANGE IN NET POSITION	84,000	6,765	90,765
NET POSITION, Beginning of Year	822,809	380,283	1,203,092
NET POSITION, End of Year	\$ 906,809	387,048	\$ 1,293,857

BERKELEY COUNTY, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2013

	<u>PARKS AND RECREATION</u>	<u>EMERGENCY TELEPHONE</u>	<u>TOTALS</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Customers and Users	\$ 543,943	554,804	\$ 1,098,747
Cash Paid to Suppliers	(346,304)	(376,843)	(723,147)
Cash Paid to Employees	(751,682)	(155,780)	(907,462)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>(554,043)</u>	<u>22,181</u>	<u>(531,862)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Non-Capital Grant Contributions	1,700	117,069	118,769
Property Taxes and Fee In Lieu of Taxes	729,703	-	729,703
Transfers and Advances Between Funds	(78,042)	(42,323)	(120,365)
NET CASH PROVIDED BY (USED IN) NON-CAPITAL FINANCING ACTIVITIES	<u>653,361</u>	<u>74,746</u>	<u>728,107</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and Construction of Capital Assets	(8,878)	-	(8,878)
NET CASH PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(8,878)</u>	<u>-</u>	<u>(8,878)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENT	90,440	96,927	187,367
CASH AND CASH EQUIVALENTS, Beginning of Year	<u>131,819</u>	<u>-</u>	<u>131,819</u>
CASH AND CASH EQUIVALENTS, End of Year	<u>\$ 222,259</u>	<u>96,927</u>	<u>\$ 319,186</u>
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position			
Cash and Cash Equivalents - Current Assets	\$ 222,259	96,927	\$ 319,186
	<u>\$ 222,259</u>	<u>96,927</u>	<u>\$ 319,186</u>

(Continued)

BERKELEY COUNTY, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2013

	<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	\$ (622,602)	(110,304)	\$ (732,906)
Adjustments to Reconcile Operating Loss to Net Cash Provided By (Used) In Operating Activities:			
Depreciation and Amortization	93,304	63,236	156,540
(Increase) Decrease in Assets:			
Accounts Receivable	-	93,136	93,136
Inventories	6,306	-	6,306
Prepaid Items and Deposits	-	(2,835)	(2,835)
Increase (Decrease) in Liabilities:			
Accounts Payable and Accrued Liabilities	(17,617)	(20,984)	(38,601)
Compensated Absences Payable	10,389	(68)	10,321
Deferred Revenue	(23,823)	-	(23,823)
Total Adjustments	68,559	132,485	201,044
Net Cash Provided By (Used In) Operating Activities	\$ (554,043)	22,181	\$ (531,862)

BERKELEY COUNTY, SOUTH CAROLINA

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

JUNE 30, 2013

	CLERK OF COURT	MASTER IN EQUITY	TAX COLLECTOR
ASSETS			
Cash and Cash Equivalents	\$ 944,881	254,745	2,623,693
Accounts Receivable	-	-	-
TOTAL ASSETS	944,881	254,745	2,623,693
LIABILITIES			
Due to School District	-	-	-
Due to Other Designated Recipients	944,881	254,745	2,623,693
TOTAL LIABILITIES	\$ 944,881	254,745	2,623,693

SHERIFF	MAGISTRATES	TREASURER	"C" FUNDS ADMINISTRATION	TOTALS
405,982	558,184	15,883,334	6,477,518	\$ 27,148,337
-	-	933,052	423,545	1,356,597
405,982	558,184	16,816,386	6,901,063	28,504,934
-	-	12,511,481	-	12,511,481
405,982	558,184	4,304,905	6,901,063	15,993,453
405,982	558,184	16,816,386	6,901,063	\$ 28,504,934

BERKELEY COUNTY, SOUTH CAROLINA

SUPPLEMENTAL SCHEDULE OF FINES, ASSESSMENTS, AND SURCHARGES COLLECTED

JUNE 30, 2013

	<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	\$ 677,286	3,590	673,696	673,696	-	\$ 673,696
Wildlife/Littering	18,044	18,044	-	-	-	-
DUI/DUS	41,463	41,463	-	-	-	-
Fees	432,558	53,204	379,354	379,290	64	379,354
Assessments	733,479	664,986	68,493	-	68,493	68,493
Surcharges	297,507	255,505	42,002	-	42,002	42,002
Total Magistrates	<u>2,200,337</u>	<u>1,036,792</u>	<u>1,163,545</u>	<u>1,052,986</u>	<u>110,559</u>	<u>1,163,545</u>
CLERK OF COURT						
Fines:						
General Sessions	88,164	37,795	50,369	50,369	-	50,369
DUI/DUS	4,162	4,162	-	-	-	-
Fees	1,617,280	1,001,509	615,771	615,771	-	615,771
Assessments	59,995	45,723	14,272	-	14,272	14,272
Surcharges	61,335	14,475	46,860	-	46,860	46,860
Total Clerk of Court	<u>1,830,936</u>	<u>1,103,664</u>	<u>727,272</u>	<u>666,140</u>	<u>61,132</u>	<u>727,272</u>
TOTAL MAGISTRATES AND CLERK OF COURT	<u>\$ 4,031,273</u>	<u>2,140,456</u>	<u>1,890,817</u>	<u>1,719,126</u>	<u>171,691</u>	<u>\$ 1,890,817</u>

BERKELEY COUNTY, SOUTH CAROLINA**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS****YEAR ENDED JUNE 30, 2013**

FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANT / CONTRACT NUMBER	FEDERAL EXPENDITURES
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Passed through South Carolina Office of the Governor - Division of Economic Development/ Community Development Block Grant			
Local Planning Assistance	14.228	4-RP-10-009	\$ 50,000
Regional Disaster Planning - COG:			
Burntwood	14.228	4CI-10-001	143,357
St. Stephen Water Tower	14.228	4CI-11-028	206,605
Total U.S. Department of Housing and Urban Development			399,962
U.S. INSTITUTE OF MUSEUM AND LIBRARY SERVICES			
Passed through South Carolina State Library:			
LTAI: Making Sense of the Civil War	45.129	CP-12-497-5	500
LSTA Project IID: Competitive Grant	45.310	IID-11-08	50,000
LSTA Project IID Competitive Grant - Planning	45.310	IID-11-12	1,250
LSTA Project IID: Conference Attendance Grant	45.310	IIIA-12-11	1,000
			52,250
Total U.S. Institute of Museum and Library Services			52,750
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through South Carolina Department of Social Services:			
Child Support Enforcement IV-D Transaction Reimbursement	93.563	G1301SC1401	431,934
Child Support Enforcement IV-D Incentive Payment	93.563	G1301SC1401	40,200
Child Support Enforcement IV-D Service of Process	93.563	G1301SC1401	20,625
Clerk of Court - Filing Fees	93.563	G1301SC1401	23,188
Sheriff's Department	93.563	G1301SC1401	3,515
Federal Financial Participation, Passed Through South Carolina Department of Social Services -			
Administration for Children and Families			
Family Preservation (CWS-Part II)	93.556	G1310SCFPSS	214
Temporary Assistance for Needy Families - TANF Block Grant	93.558	G1302SCTANF	25,734
Child Support Enforcement	93.563	G1301SC1401	34
Child Care & Development Block Grant	93.575	G1301SCCCDF	326
Child Welfare Services - State Grants	93.645	G1301SC1400	1,133
Title IV-E Foster Care	93.658	G1301SC1401	10,472
Social Services Block Grant	93.667	GS1302SCSOSR	7,073
Center for Medicare and Medicare Services			
Medicaid Programs	93.778	n/a	16,154
Total U.S. Department of Health and Human Services			\$ 580,602

(Continued)

BERKELEY COUNTY, SOUTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2013

FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANT / CONTRACT NUMBER	FEDERAL EXPENDITURES
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Direct Programs			
Federal Aviation Administration - Airport Improvement Program	20.106	3-45-0041-019-2013	\$ 82,532
Passed Through South Carolina Public Safety			
Highway Safety - DUI	20.601	2H10024	93,860
Highway Safety - DUI	20.601	2H13033	64,618
			<u>158,478</u>
Total U.S. Department of Transportation			<u>241,010</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Passed Through South Carolina State Treasurer			
National Forest Fund	10.665	n/a	373,402
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	19,923
Total U.S. Department of Agriculture			<u>393,325</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Passed Through Adjutant General's Office			
Citizens Corp Program	97.067	09SHSP51	3,203
Local Emergency Management Performance	97.042	11LEMPG01	9,573
Local Emergency Management Performance	97.042	12LEMPG01	59,221
			<u>71,997</u>
Passed Through South Carolina Department of Public Safety			
2007 Law Enforcement Terrorism Prevention Program	97.067	7LETP15	14,613
Total U.S. Department of Homeland Security			<u>86,610</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Direct Programs			
ARRA - Edward Byrne Memorial Justice Assistance Grant - 2009 Recovery	16.804	2009-SB-B9-0665	11,637
Edward Byrne Memorial Justice Assistance Grant	16.738	2010-DJ-BX-0761	61,340
Edward Byrne Memorial Justice Assistance Grant	16.738	2011-DJ-BX-2139	25,402
Edward Byrne Memorial Justice Assistance Grant	16.738	2012-DJ-BX-0816	31,293
2012 Bulletproof Vest Grant	16.607	N/A	7,241
			<u>\$ 136,913</u>

(Continued)

BERKELEY COUNTY, SOUTH CAROLINA**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS****YEAR ENDED JUNE 30, 2013**

FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANT / CONTRACT NUMBER	FEDERAL EXPENDITURES
Passed Through South Carolina Public Safety			
Edward Byrne Memorial Justice Assistance Grant	16.738	1G10048	\$ 33,158
Edward Byrne Memorial Justice Assistance Grant	16.738	1G11040	64,170
Drug and Violent Crimes Attorney and Investigator	16.738	1G12014	100,383
Total U.S. Department of Justice			334,624
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 2,088,883

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, 2013

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 financial statements. Expenditures for federal financial assistance awarded directly from the federal agencies, as well as those passed through other government agencies, are included on the Schedule of Expenditures of Federal Awards. The non-federal share of certain program costs and loans are not included in the accompanying Schedule of Expenditures of Federal Awards. Of the federal expenditures presented in the accompanying schedule, the County provided federal awards of \$50,000 to sub-recipients from the CDBG Local Planning Assistance Grant.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the 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, 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, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated January 6, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

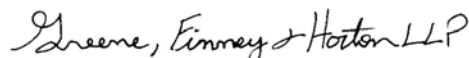
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from 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 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Greene, Finney & Horton, LLP
Mauldin, South Carolina
January 6, 2014

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND
REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major Federal Program

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, 2013. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of 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, 2013.

Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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. 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 by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Greene, Finney & Horton, LLP
Mauldin, South Carolina
January 6, 2013

BERKELEY COUNTY, SOUTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2013

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

Federal Awards

Internal control over major programs:

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

Type of auditor's report issued on compliance for major programs: Unmodified

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

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
20.601	Highway Safety Grant
10.665	National Forest Fund

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

No matters to report.

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

No matters to report.

BERKELEY COUNTY, SOUTH CAROLINA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2013

There were no prior audit findings.