

**BERKELEY COUNTY, SOUTH CAROLINA**  
**FINANCIAL STATEMENTS,**  
**YEAR ENDED JUNE 30, 2010**





**BERKELEY COUNTY, SOUTH CAROLINA**

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**YEAR ENDED JUNE 30, 2010**

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# BERKELEY COUNTY, SOUTH CAROLINA

Established in 1942

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## LISTING OF ELECTED OFFICIALS

### County Council

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

### Other Elected Officials

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





## **INDEPENDENT AUDITORS' REPORT**

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Berkeley County, South Carolina (the "County"), as of and for the year ended June 30, 2010, which collectively comprise the County's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these basic financial statements based on our audit.

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

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Berkeley County, South Carolina, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2010 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The accompanying management's discussion and analysis, budgetary comparison schedule for the General Fund, and schedules of employer contributions and funding status for other post-employment benefit plan –defined benefit healthcare plan as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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



Greene, Finney & Horton, LLP  
Mauldin, South Carolina  
December 22, 2010

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2010**

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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, 2010. This information should be read in conjunction with the basic financial statements and the accompanying notes.

**FINANCIAL HIGHLIGHTS**

- Berkeley County's assets exceeded its liabilities (net assets) at June 30 by approximately \$305 million for fiscal year 2010 as compared to approximately \$259 million at the prior fiscal year end. Unrestricted net assets may be used to meet the County's ongoing obligations to citizens and creditors; Berkeley County's unrestricted net assets at June 30, 2010 amounted to approximately \$21 million. Unrestricted net assets increased approximately \$3 million from the previous fiscal year.
- The County's total net assets this fiscal year increased approximately \$46 million over the previous year: approximately \$6 million of the increase is from business-type activities, approximately \$40 million from governmental activities.
- At June 30, 2010 the County's governmental funds reported combined ending fund balances of approximately \$82.4 million, an increase of approximately \$57.3 million over the previous fiscal year as revenues and other financing sources (primarily proceeds from the issuance of bonds) totaling approximately \$143.9 million exceeded expenditures and other financing uses (transfers to other funds) of approximately \$86.7 million. Unreserved fund balances for all governmental fund types was approximately \$11.9 million.
- The General Fund reported an unreserved fund balance of approximately \$9.4 million compared to last year's unreserved amount of approximately \$4.4 million. This increase of approximately \$5.0 million was due primarily to an increase in transfers in (\$2.7 million from Mt. Holly Commerce Park, which was the result of higher FILOT from Google as a result of their expansion) as well as other cost cutting measures during the fiscal year. The General Fund's unreserved fund balance includes approximately \$8.0 million designated for the County's Fund Balance policy, approximately \$813 thousand designated for elected officials' carryover, and approximately \$565 thousand designated for other post-employment benefits. The amount designated for Fund Balance policy represents 15.2% of 2010 actual expenditures and transfers out and 15.0% percent of budgeted 2011 expenditures and transfers out.
- The County's total capital assets were approximately \$414 million at June 30, 2010, an increase of approximately \$31 million during fiscal 2010. Approximately \$15 million of this increase is the result of the County recording building improvements and infrastructure contributed by developers, while business-type activities recorded approximately \$2.8 million in infrastructure contributed by developers.
- The County's total long-term indebtedness was approximately \$277 million at June 30, 2010, an increase of approximately \$24 million from the previous year. This increase was due primarily to the issuance of \$27 million in General Obligation bonds during 2010, partially offset by principal payments and other activities.
- The debt service coverage ratio for the Solid Waste and the Water and Sewer revenue bonds was 216% and 125%, respectively, which exceeded the 120% required by the bond covenants. However, excluding nonrecurring fees (impact and connection fees of \$3.9 million) the debt coverage ratio for the Water and Sewer Fund would be 99% for 2010. 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 rates and fees approximately 30% effective July 1, 2008. The study also stated that a 4% increase will be needed for each of the next 3 years. However, County Council has not increased its rates since July 2008.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

*Government-Wide Financial Statements*

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2010**

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**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

The Statement of Net Assets shows the County's assets less its liabilities at June 30, 2010. The difference between these assets and liabilities is reported as net assets. Changes in net assets over time may be helpful in indicating an improving or deteriorating financial condition.

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

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

Governmental activities reported in the statements include general government, public safety, airport, highways and streets, culture and recreation, health and welfare, and community development. The business-type activities are water and sewer, solid waste, parks and recreation, and emergency telephone.

*Fund Financial Statements*

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

**Governmental Funds** – Governmental funds are used to account for essentially the same functions as reported under the governmental activities column of the government-wide Statement of Net Assets and Statement of Activities. However, this set of financial statements focuses on events that produce near-term inflows and outflows of spendable resources, as well as on the balances of spendable resources available at the end of the fiscal year and is a narrower focus than the government-wide financial statements. Such information may be useful in evaluating Berkeley County's near-term financing requirements and available resources.

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

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

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

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2010**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

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

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Comparative data for net assets as of June 30, 2010 and 2009 are shown below.

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
<b>Assets:</b>						
Current and Other Assets	\$ 129,834	101,280	107,162	119,184	236,996	\$ 220,464
Capital Assets, Net	111,420	96,243	303,017	287,360	414,437	383,603
Total Assets	<u>241,254</u>	<u>197,523</u>	<u>410,179</u>	<u>406,544</u>	<u>651,433</u>	<u>604,067</u>
<b>Liabilities:</b>						
Current Liabilities	54,785	82,680	15,844	12,327	70,629	95,007
Non-Current Liabilities	79,260	47,192	196,682	202,797	275,942	249,989
Total Liabilities	<u>134,045</u>	<u>129,872</u>	<u>212,526</u>	<u>215,124</u>	<u>346,571</u>	<u>344,996</u>
<b>Net Assets:</b>						
Invested in Capital Assets,						
Net of Related Debt	74,599	63,575	177,054	169,646	251,653	233,221
Restricted	30,846	7,205	1,149	621	31,995	7,826
Unrestricted	1,764	(3,130)	19,450	21,154	21,214	18,024
Total Net Assets	<u>\$ 107,209</u>	<u>67,650</u>	<u>197,653</u>	<u>191,421</u>	<u>304,862</u>	<u>\$ 259,071</u>

The County reported positive balances in all categories of net assets in both governmental and business-type activities for 2010. The County's total net assets as of June 30, 2010, increased approximately \$3,190,000 for unrestricted net assets and increased approximately \$24,170,000 for restricted assets. Unrestricted net assets are County resources that may be used to meet the County's ongoing obligations to citizens and creditors while restricted assets are resources subject to external restriction.

The largest portion of the County's net assets (82%) reflects its investment in capital assets (e.g., land, buildings, infrastructure, software, machinery, and equipment). These assets are presented less any outstanding debt related to the acquisition and accumulated depreciation of those assets. The County uses capital assets to provide services to citizens and consequently these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, the capital assets themselves cannot be used to liquidate that liability and other resources will be needed to repay any associated debt.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2010**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)**

Information about changes in net assets can identify sources of County revenue, and how the County uses its funds. Below is a summary of the change in net assets for the fiscal years ending June 30, 2010 and 2009.

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
<b>Revenues:</b>						
Program Revenues:						
Charges for Services	\$ 16,332	13,922	45,253	45,210	61,585	\$ 59,132
Operating Grants and Contributions	1,614	3,070	617	78	2,231	3,148
Capital Grants and Contributions	25,329	17,223	2,773	4,719	28,102	21,942
General Revenues:						
Property Taxes	24,232	21,678	-	-	24,232	21,678
Fee in Lieu of Taxes	10,045	8,727	-	-	10,045	8,727
Transportation Sales Tax	16,430	-	-	-	16,430	-
Local Option Sales Tax	12,740	11,987	-	-	12,740	11,987
Other Taxes	788	821	-	-	788	821
Unrestricted Grants	7,211	8,484	-	-	7,211	8,484
Interest Income	210	45	424	1,840	634	1,885
Gain on Sale of Assets	49	-	6	22	55	22
Miscellaneous	592	450	-	-	592	450
Total Revenues	<u>115,572</u>	<u>86,407</u>	<u>49,073</u>	<u>51,869</u>	<u>164,645</u>	<u>138,276</u>
<b>Expenses:</b>						
General Government	23,083	23,538	-	-	23,083	23,538
Public Safety	26,480	25,804	-	-	26,480	25,804
Airport, Highways and Streets	13,459	10,021	-	-	13,459	10,021
Culture and Recreation	3,047	3,131	-	-	3,047	3,131
Health and Welfare	1,799	1,767	-	-	1,799	1,767
Community Development	4,943	3,906	-	-	4,943	3,906
Interest and Fiscal Charges	2,262	1,904	-	-	2,262	1,904
Water and Sewer	-	-	32,062	33,644	32,062	33,644
Solid Waste	-	-	10,067	10,112	10,067	10,112
Other Nonmajor	-	-	1,652	1,735	1,652	1,735
Total Expenses	<u>75,073</u>	<u>70,071</u>	<u>43,781</u>	<u>45,491</u>	<u>118,854</u>	<u>115,562</u>
Increase in Net Assets before Transfers	40,499	16,336	5,292	6,378	45,791	22,714
Transfers	(940)	(848)	940	848	-	-
Change in Net Assets	<u>39,559</u>	<u>15,488</u>	<u>6,232</u>	<u>7,226</u>	<u>45,791</u>	<u>22,714</u>
Net Assets, Beginning of Year	<u>67,650</u>	<u>52,162</u>	<u>191,421</u>	<u>184,195</u>	<u>259,071</u>	<u>236,357</u>
Net Assets, End of Year	<u>\$ 107,209</u>	<u>67,650</u>	<u>197,653</u>	<u>191,421</u>	<u>304,862</u>	<u>\$ 259,071</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2010**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)**

**Governmental Activities.** The County recognized \$16.4 million in one percent transportation sales tax revenues; this new revenue source was passed via voter referendum in November 2008, effective in fiscal 2010. Capital grants and contributions increased approximately \$8 million (50%) in 2010 compared to 2009 due to donated infrastructure received from developers. Interest income increased 366%.

Expenditures increased approximately \$5.0 million (7%) in 2010 compared to 2009 due primarily to the recognition of OPEB expenses of approximately \$1.6 million, approximately \$2.5 million in pass thru funds received from the State for a local industry and approximately \$0.9 million in additional depreciation expenses.

**Business-type Activities.** Charges for services were basically flat for 2010, with an insignificant increase of approximately \$43,000 in 2010 compared to 2009. Capital grants and contributions decreased approximately \$1.9 million due to a decrease in infrastructure projects completed by developers and turned over to the County for maintenance in 2010, due to the economic downturn.

Expenses decreased approximately \$1.7 million (4%) due to lower maintenance and interest expenses, which were partially offset by higher landfill closure care costs. Interest decreased approximately \$2 million due to a higher amount capitalized and reflected in capital assets in 2010 compared to 2009.

**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, 2010, and the amount and percentage of increases and decreases in relation to prior year amounts (in thousands):

	Amount	Percent of Total	Increase (Decrease) from 2009	Percent Increase (Decrease)
Revenues				
Property and Accommodations Taxes	\$ 24,448	17.0%	\$ 4,689	23.7%
Local Taxes (transportation and local option sales tax)	29,170	20.3%	17,183	N/A
Fee in Lieu of Taxes	10,039	7.0%	2,074	26.0%
Licenses, Fees and Permits	1,720	1.2%	496	40.5%
Fines, Forfeitures and Fees	13,946	9.7%	(965)	-6.5%
Interest Income	210	0.1%	165	366.7%
Local Revenue	780	0.5%	238	43.9%
Intergovernmental - Federal	2,200	1.5%	488	28.5%
Intergovernmental - State and Local	16,717	11.6%	5,293	46.3%
Miscellaneous	1,115	0.8%	(120)	-9.7%
Other Financing Sources				
Issuance of General Obligation Bonds	27,710	19.3%	17,710	N/A
Issuance of Intergovernmental Loan	2,906	2.0%	2,906	N/A
Premium on Issuance of Debt	3,359	2.3%	3,359	N/A
Proceeds from Refunding	-	0.0%	(2,900)	N/A
Proceeds from Notes Payable	405	0.3%	(1,132)	-73.6%
Proceeds from Disposal of Assets	81	0.1%	(6)	-6.9%
Transfers In	9,130	6.3%	1,671	22.4%
<b>Total</b>	<b>\$ 143,936</b>	<b>100%</b>	<b>\$ 51,149</b>	<b>55.1%</b>

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

**MANAGEMENT’S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2010**

**FINANCIAL ANALYSIS OF BERKELEY COUNTY’S FUNDS (CONTINUED)**

Property and Accommodations taxes increased due to increases in assessed values and local taxes increased due to the receipt of the one percent transportation sales tax revenue which began in 2010. Intergovernmental-State and Local increased due to pass thru funds received from state agencies related to economic development activities within the County. Licenses, permits and fees increased due to the issuance of construction permits for local industries.

Also during 2010, the County issued a General Obligation Bond in the amount of \$27.7 million to begin the design and construction of road projects being funded by the one percent transportation tax and executed a note payable in the amount of \$405,000 to finance the acquisition of capital assets. The County also received a loan from the SC Infrastructure Bank in the amount of \$6.4 million to fund the first phase of design and construction at the Jedburg Road Improvement District area; the County has drawn down \$2.9 million as of June 30, 2010.

The following schedule presents a summary of all governmental funds expenditures and other financing uses for the fiscal year ended June 30, 2010, and the percentage of increases and decreases in relation to prior year amounts (in thousands):

	Amount	Percent of Total	Increase (Decrease) from 2009	Percent Increase (Decrease)
<b>Expenditures:</b>				
General Government	\$ 20,283	23.4%	\$ (213)	-1.0%
Public Safety	25,146	29.0%	710	2.9%
Airport, Highways and Streets	5,910	6.8%	(163)	-2.7%
Culture and Recreation	2,886	3.3%	14	0.5%
Health and Welfare	1,663	1.9%	19	1.2%
Community Development	4,695	5.4%	810	20.8%
Capital Outlay	10,451	12.1%	(804)	-7.1%
Debt Service:				
Principal Retirement	3,085	3.6%	152	5.2%
Interest and Fiscal Charges	2,321	2.7%	522	29.0%
Debt Issuance Costs	149	0.2%	149	N/A
Other Financing Uses:				
Deposit to Debt Refunding Agent	-	0.0%	(2,880)	N/A
Transfers Out	10,070	11.6%	1,743	20.9%
<b>Total</b>	<b>\$ 86,659</b>	<b>100.0%</b>	<b>\$ 59</b>	<b>0.1%</b>

The largest percentage increase in expenditures and other financing uses was in interest and fiscal charges, due to the additional expenditures related to the 2009 bond issue. Community development increased due to the pass thru of funds from state agencies for local economic development.

**Governmental Funds**

The General Fund is the chief operating fund of the County. At the end of the fiscal year, the unreserved fund balance of the General Fund was approximately \$9.4 million, which includes approximately \$8.0 million designated for the County’s Fund Balance policy, approximately \$813 thousand designated for elected officials’ carryover, and approximately \$565 thousand designated for other post-employment benefits. The amount designated for Fund Balance policy represents 15.2% of 2010 actual expenditures and transfers out and 15.0% percent of budgeted 2011 expenditures and transfers out. The reserved portion was \$226 thousand, while total fund balance of the General Fund was approximately \$9.6 million. As a measure of the General Fund’s liquidity, it may be useful to compare total unreserved fund balance to total general fund expenditures and transfers to other funds. Total net unreserved fund balance of approximately \$9.4 million represents 17.7% of total general fund expenditures and transfers to other funds of approximately \$53.2 million, while total fund balance of \$9.6 million represents 18.0% of that same amount.

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

**MANAGEMENT’S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2010**

**FINANCIAL ANALYSIS OF BERKELEY COUNTY’S FUNDS (CONTINUED)**

**Governmental Funds (Continued)**

The Debt Service fund has a total fund balance of approximately \$2.74 million, all of which is reserved for the payment of debt. The net decrease in fund balance during the current year in the debt service fund was approximately \$117,000. The Capital Projects fund has a total fund balance of approximately \$55.83 million, all of which is reserved for future capital acquisitions. The net increase in fund balance during the current year in the capital projects fund was approximately \$44.2 million, due to proceeds from the General Obligation Bond issued during the year and the collection of the one cent transportation sales tax, partially offset by current year capital outlay.

**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, 2010, total net assets amounted to approximately \$197.7 million for enterprise funds as compared to approximately \$191.4 million at June 30, 2009. Net asset changes are a result of operations, other non-operating revenues and expenses, capital contributions and donated assets, grants and transfers from other funds.

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

	Operating Income (Loss)	
	(In Thousands)	
	2010	2009
Water and Sewer	\$ 8,126	\$ 8,747
Solid Waste	40	44
Parks and Recreation	(547)	(611)
Emergency Telephone	(122)	(93)
Total	\$ 7,497	\$ 8,087

The Water and Sewer Fund experienced a decrease in operating income due primarily to much lower impact and connection fees and increases in depreciation expense and personnel costs, which were partially offset by an increase in amounts charged to customers and lower maintenance costs. Operating income for Solid Waste was similar to the prior year, as lower maintenance, personnel costs and depreciation expenses were offset by an increase in landfill closure and postclosure costs, due to higher anticipated costs involving the eventual closing of the Subtitle D site.

Cypress Gardens continues to incur significant operating losses, including approximately \$547,000 for fiscal 2010. The net loss after transfers of approximately \$107,000 for 2010 has been funded by the General Fund and accounted for as an interdepartmental receivable / payable. This fund owes the General Fund a total of approximately \$940,000 at June 30, 2010. The County plans to repay this balance over time by using the proceeds from the 1 mill property tax that has been assessed beginning in fiscal 2011.

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

Budget columns are provided for both the original budget adopted for fiscal year 2010 as well as the final budget. The difference between the original budget and the final budget is primarily related to the supplemental appropriations approved by Council in January and June 2010. The net change between the original budget and the final budget was approximately \$981,000.

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

**MANAGEMENT’S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2010**

**FINANCIAL ANALYSIS OF BERKELEY COUNTY’S FUNDS (CONTINUED)**

A column for actual revenues and a column for differences between final budget and actual revenues follow the budgeted amounts columns. During fiscal year 2010, revenues exceeded budgetary estimates by approximately \$1.5 million, as building permits being issued and property deeds being filed increased during the year, offset by less funding received from the State due to the State’s budgeting woes.

A column for actual expenditures and a column for differences between final budget and actual expenditures follow the budgeted amounts columns. During fiscal year 2010, expenditures were less than budgetary estimates by approximately \$1.6 million. Most of this savings is attributable to approximately \$893,000, approximately \$356,000, and approximately \$285,000 realized in general government, public safety and highways and streets, respectively, due to unfilled vacancies and other cost cutting measures employed by the County during 2010.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets.** At the end of 2010, the County had approximately \$414 million invested in capital assets, net of depreciation. This was an increase of approximately \$31 million from the prior year end. The investment in capital assets, both purchased and donated, includes land, buildings and utility systems, improvements, machinery and equipment, parks, roads, bridges and major drainage structures. Notable activity includes additional utility systems, infrastructure, construction related to the new detention center, airport improvements, software, computer equipment, and vehicles. The table below reflects the capital asset balances as of June 30, 2010 and 2009, net of accumulated depreciation (in thousands).

	<b>Governmental</b>		<b>Business-type</b>		<b>Total</b>	
	<b>Activities</b>		<b>Activities</b>			
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
Land	\$ 3,756	3,756	3,648	3,648	7,404	\$ 7,404
Construction in Progress	12,395	12,769	31,685	13,449	44,080	26,218
Buildings and Improvements	25,398	26,186	-	-	25,398	26,186
Furniture and Equipment	4,271	9,117	3,187	4,391	7,458	13,508
Utility Systems, Plants and Buildings	-	-	257,885	265,872	257,885	265,872
Infrastructure	58,818	42,574	-	-	58,818	42,574
Other	6,782	1,841	6,612	-	13,394	1,841
<b>Total</b>	<b>\$ 111,420</b>	<b>96,243</b>	<b>303,017</b>	<b>287,360</b>	<b>414,437</b>	<b>\$ 383,603</b>

The County also has total outstanding construction commitments at June 30, 2010 of approximately \$24.5 million. More detailed information about the County’s capital assets is included in Note III. D. of the Notes to the Basic Financial Statements.

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

**MANAGEMENT’S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2010**

**CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)**

**Long-Term Debt.** At June 30, 2010, the County had approximately \$277 million in bonds, loans and notes payable outstanding versus approximately \$253 million at June 30, 2009, or an increase of approximately \$24 million. The table below reflects the outstanding balances (in thousands) as of June 30, 2010 and 2009.

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
General Obligation Bonds	\$ 72,461	43,238	-	-	72,461	\$ 43,238
SC TIB Loan	2,906	-	-	-	2,906	-
Revenue Bonds	-	-	198,216	205,646	198,216	205,646
State Revolving Fund Loan	-	-	1,034	-	1,034	-
Notes Payable	1,513	2,803	690	1,069	2,203	3,872
Total	\$ 76,880	46,041	199,940	206,715	276,820	\$ 252,756

In May 2010, the County issued General Obligation bonds in the amount of \$27.7 million to provide resources for the design and construction of road projects being funded by the one percent transportation sales tax. The County also received a loan from the SC Infrastructure Bank in the amount of \$6.4 million to fund the first phase of design and construction at the Jedburg Road Improvement District area; the County had drawn down a total of \$2.9 million as of June 30, 2010.

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

The County’s current general obligation rating remained a 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 2011 BUDGET**

Factors considered in preparing Berkeley County’s budget for the 2011 fiscal year included:

- The County’s unemployment rate was ranked 35<sup>th</sup> in the state.
- The population of the County was approximately 174,000 in 2010, and is expected to reach 190,000 by 2011.

During the current fiscal year, unreserved fund balance in the general fund increased to approximately \$9,413,000.

**OTHER POTENTIALLY SIGNIFICANT MATTERS**

The County operates the Lower Berkeley Wastewater Treatment Plant which has a treatment capacity of 18 million gallons per day (MGD). The County is expanding the plant to 22.5 MGD, which is currently under construction and will be completed early in 2011. The County also operates the Central Berkeley Wastewater Treatment Plant which has a treatment capacity of 0.35 MGD. A new Central Berkeley Wastewater Treatment Plant is being constructed at a different location with a capacity of 3 MGD. Construction is underway and completion is expected by the end of 2011.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2010**

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**OTHER POTENTIALLY SIGNIFICANT MATTERS (CONTINUED)**

The Lake Marion Regional Water Agency ("Lake Marion WA") was formed in the mid 1990's in order to provide safe reliable drinking water to the residents of central South Carolina and to help bring economic growth to the Interstate 95 corridor. Members include Calhoun, Clarendon, Dorchester, Orangeburg, and Berkeley Counties and the Town of Santee. In November 2007, the County entered into a contract with Lake Marion WA. This system's water treatment plant, which has the capacity of producing 8 million gallons a day, came on line in May 2008. The County has committed to purchase up to 2.5 million gallons a day, or 29.4% of the total capacity of the plant. The initial term of the agreement is for twenty years, which shall be extended for subsequent twenty-year terms unless the County notifies Lake Marion WA in writing of its intent to terminate not less than thirty months prior to the expiration of the initial term or the expiration date of any renewal. Provisions of the agreement require the County to pay its share of the funds required to operate and maintain Lake Marion WA and to defray its capital costs, in addition to monthly demand (fixed) and volumetric (variable) charges based upon the amount of water purchased.

The Town of Santee is now supplied by the Lake Marion WA agency and lines are being designed to connect Berkeley County next, along with other areas. The County has committed \$10 million dollars to the Lake Marion WA to assist in the funding of the transmission line that will connect the County to this regional system. This commitment is expected to be funded by the issuance of a revenue bond, which was approved by County Council in 2006, along with federal funds. It is projected that the County will be connected to the Lake Marion system in fiscal 2013. The timeline is directly dependent on the amount of annual appropriations in the federal budget.

The County received notification from SC DHEC several years ago regarding additional Total Maximum Daily Load ("TDML") requirements for dissolved oxygen in the Cooper and the Ashley Rivers. TMDL refers to the allowable pollutants that can be discharged into a body of water without degradation to the quality of the natural environment. It relates to the total dissolved oxygen concentrations relating to effluent discharge, or ultimate oxygen demand ("UOD"). SC DHEC's Phase I TMDL for UOD is currently in effect, and the County's treatment facilities are meeting the current UOD limit. The point dischargers on the Cooper and Ashley River are undergoing evaluation for a revised TMDL for UOD. The new model indicates modest reductions in allocated capacity. The County expects to receive new draft permits in the first quarter of calendar 2011.

*Landfill Gas to Energy Project*

The County has constructed a well field and extraction system to withdraw landfill gas (methane) and, with a signed long-term agreement, sell the gas to Santee Cooper for the production of electrical power. In addition, because of the carbon that is destroyed by this system, the County will accumulate carbon credits which then will be verified and sold. The landfill gas collection system is in place and operating. Santee Cooper is constructing the electrical power generation station which is expected to be in full operation in early 2011. The County is currently collecting carbon credits by burning the landfill gas.

*Disposal of Fat, Oil and Grease*

The Lower Berkeley Wastewater Treatment Facility is currently the only treatment facility in the region that will accept grease trap waste consisting of fat, oil and grease (FOG) from food preparation facilities. Sewer use ordinances throughout the region require food preparation facilities to install and maintain grease traps to prevent FOG from entering the wastewater collection system. FOG in the sewer collection system is the major cause of sewer backups and sewer system overflows (SSO). Maintenance of grease traps requires pumping the FOG from the trap and transporting it to a disposal facility. Currently this waste stream is approximately 3,000,000 gallons annually. At our current disposal and treatment rate, this represents \$375,000 of revenues annually. As enforcement of sewer use regulations becomes more stringent due to raising regulation pressure from EPA's CMOM regulations and the growth of the area, this waste stream is expected to increase. The revenue received for the disposal and treatment covers the cost of handling and treatment but does not cover collateral effects of operating problems with equipment and impedance to the treatment efficiency. These problems will increase considerably as the waste stream volume increases. The County is evaluating alternatives to the current disposal of FOG waste that will be economically viable for the generators and protect the environment. The County entered into a contract with a company to construct and operate a facility that will convert the FOG to a pelletized fuel source that can be converted to electrical energy. However that company has since informed the County that they are unable to finance the project. The County has been approached by two other organizations about converting the FOG into energy and expects proposals early in 2011.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2010**

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**OTHER POTENTIALLY SIGNIFICANT MATTERS (CONTINUED)**

*Land Farming of Sludge*

This project is to minimize the amount of sludge currently being disposed of at the Class III Landfill. With the new equipment in the Lower Berkeley Wastewater Treatment Plant, we anticipate being able to achieve the standard set by DHEC to land apply the sludge. This will be tested in mid-2011. By land farming sludge, we can ensure a more stable landfill thereby reducing the risk of a slide. If a slide were to occur at the Class III Landfill, it would have the potential to cause major detrimental impacts to the environment.

**SUBSEQUENT EVENTS**

On August 23, 2010, County Council enacted ordinances which combined the existing water and sewer system with the existing solid waste system for bond purposes, which will allow the County to use proceeds from prior or future bond issuances to fund capital projects for either system.

Subsequent to year end, the County was awarded a federal aviation grant in the amount of approximately \$3,583,000 to fund construction of a runway and drainage improvements at the Berkeley County Airport. The County also entered into construction and other contracts totaling approximately \$4,472,000, including approximately \$3,598,000 for improvements to the Berkeley County Airport.

**REQUESTS FOR INFORMATION**

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

**BERKELEY COUNTY, SOUTH CAROLINA**

**STATEMENT OF NET ASSETS**

**JUNE 30, 2010**

	<b>PRIMARY GOVERNMENT</b>		<b>TOTAL</b>
	<b>GOVERNMENTAL ACTIVITIES</b>	<b>BUSINESS-TYPE ACTIVITIES</b>	
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	\$ 11,798,500	33,325,044	\$ 45,123,544
Receivables, Net of Allowances:			
Property Taxes	41,962,985	615,437	42,578,422
Transportation Sales Tax	4,492,943	-	4,492,943
Accounts Receivable	1,011,926	3,300,518	4,312,444
Federal, State and Local Governments	2,239,361	620,968	2,860,329
Internal Balances	902,880	(902,880)	-
Inventories, at Cost	151,165	25,512	176,677
Prepaid Items	75,012	25,800	100,812
Restricted Cash and Cash Equivalents	67,198,897	64,779,408	131,978,305
Restricted Investments	-	2,145,000	2,145,000
<b>TOTAL CURRENT ASSETS</b>	<b>129,833,669</b>	<b>103,934,807</b>	<b>233,768,476</b>
<b>NON-CURRENT ASSETS</b>			
<b>CAPITAL ASSETS</b>			
Non-Depreciable	16,150,991	35,332,862	51,483,853
Depreciable, Net of Accumulated Depreciation	95,269,014	267,684,390	362,953,404
<b>TOTAL CAPITAL ASSETS</b>	<b>111,420,005</b>	<b>303,017,252</b>	<b>414,437,257</b>
<b>OTHER NON-CURRENT ASSETS</b>			
Accounts Receivable, Due in More Than One Year	-	239,466	239,466
Bond Issuance Costs, Net of Accumulated Amortization	-	2,987,974	2,987,974
<b>TOTAL OTHER NON-CURRENT ASSETS</b>	<b>-</b>	<b>3,227,440</b>	<b>3,227,440</b>
<b>TOTAL NON-CURRENT ASSETS</b>	<b>111,420,005</b>	<b>306,244,692</b>	<b>417,664,697</b>
<b>TOTAL ASSETS</b>	<b>\$ 241,253,674</b>	<b>410,179,499</b>	<b>\$ 651,433,173</b>

(Continued)

**BERKELEY COUNTY, SOUTH CAROLINA**

**STATEMENT OF NET ASSETS**

**JUNE 30, 2010**

	<b>PRIMARY GOVERNMENT</b>		
	<b>GOVERNMENTAL ACTIVITIES</b>	<b>BUSINESS-TYPE ACTIVITIES</b>	<b>TOTAL</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Accounts Payable and Accrued Liabilities	\$ 6,129,590	5,216,203	\$ 11,345,793
Accrued Interest Payable	832,317	761,943	1,594,260
Accrued Compensated Absences	2,369,859	329,830	2,699,689
Unfunded OPEB Liability	2,946,272	342,017	3,288,289
Landfill Closure and Postclosure Cost Liability	-	600,078	600,078
Deferred Revenue	40,337,622	793,277	41,130,899
Bonds, Loans and Notes Payable	2,169,445	7,800,106	9,969,551
<b>TOTAL CURRENT LIABILITIES</b>	<b>54,785,105</b>	<b>15,843,454</b>	<b>70,628,559</b>
<b>NON-CURRENT LIABILITIES</b>			
Accrued Compensated Absences	4,548,968	814,581	5,363,549
Landfill Closure and Postclosure Cost Liability	-	3,727,379	3,727,379
Bonds, Loans and Notes Payable	74,710,744	192,140,449	266,851,193
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>79,259,712</b>	<b>196,682,409</b>	<b>275,942,121</b>
<b>TOTAL LIABILITIES</b>	<b>134,044,817</b>	<b>212,525,863</b>	<b>346,570,680</b>
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	74,598,652	177,053,940	251,652,592
Restricted For:			
Capital Projects	16,364,871	-	16,364,871
Debt Service	2,738,029	1,149,329	3,887,358
Economic Development	8,034,321	-	8,034,321
Other	3,709,362	-	3,709,362
Unrestricted	1,763,622	19,450,367	21,213,989
<b>TOTAL NET ASSETS</b>	<b>\$ 107,208,857</b>	<b>197,653,636</b>	<b>\$ 304,862,493</b>

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

BERKELEY COUNTY, SOUTH CAROLINA

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2010

PRIMARY GOVERNMENT:	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	PRIMARY GOVERNMENT		
					GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<b>Governmental Activities:</b>							
General Government	\$ 23,082,969	7,427,567	492,325	-	(15,163,077)	-	\$ (15,163,077)
Public Safety	26,480,491	6,183,789	639,460	443,252	(19,213,990)	-	(19,213,990)
Airport, Highways and Streets	13,458,982	2,443,182	-	15,785,750	4,769,950	-	4,769,950
Culture and Recreation	3,046,770	91,518	283,724	-	(2,671,528)	-	(2,671,528)
Health and Welfare	1,799,561	20,548	198,016	-	(1,580,997)	-	(1,580,997)
Community Development	4,942,600	165,825	-	9,100,000	4,323,225	-	4,323,225
Interest and Fiscal Charges	2,261,483	-	-	-	(2,261,483)	-	(2,261,483)
<b>Total Governmental Activities</b>	<b>75,072,856</b>	<b>16,332,429</b>	<b>1,613,525</b>	<b>25,329,002</b>	<b>(31,797,900)</b>	<b>-</b>	<b>(31,797,900)</b>
<b>Business-Type Activities:</b>							
Water and Sewer	32,061,975	34,553,044	376,440	2,773,227	-	5,640,736	5,640,736
Solid Waste	10,067,099	9,719,564	43,130	-	-	(304,405)	(304,405)
Other Nonmajor	1,651,680	980,250	197,225	-	-	(474,205)	(474,205)
<b>Total Business-Type Activities</b>	<b>43,780,754</b>	<b>45,252,858</b>	<b>616,795</b>	<b>2,773,227</b>	<b>-</b>	<b>4,862,126</b>	<b>4,862,126</b>
<b>Total Primary Government</b>	<b>\$ 118,853,610</b>	<b>61,585,287</b>	<b>2,230,320</b>	<b>28,102,229</b>	<b>(31,797,900)</b>	<b>4,862,126</b>	<b>(26,935,774)</b>
<b>General Revenues:</b>							
Taxes:							
Property Taxes					24,232,056	-	24,232,056
Fee in Lieu of Taxes					10,044,906	-	10,044,906
Local Option Sales Tax					12,739,725	-	12,739,725
Transportation Sales Tax					16,430,614	-	16,430,614
County Accommodation					365,885	-	365,885
Franchise Taxes					420,866	-	420,866
Grants and Contributions not Restricted to Specific Programs					7,211,479	-	7,211,479
Interest Income					210,320	424,204	634,524
Gain on Sale of Assets					48,946	6,323	55,269
Miscellaneous					591,910	-	591,910
<b>Transfers</b>					(940,380)	940,380	-
<b>Total General Revenues and Transfers</b>					<b>71,356,327</b>	<b>1,370,907</b>	<b>72,727,234</b>
<b>CHANGE IN NET ASSETS</b>					<b>39,558,427</b>	<b>6,233,033</b>	<b>45,791,460</b>
NET ASSETS - Beginning of Year					67,650,430	191,420,603	259,071,033
<b>NET ASSETS - End of Year</b>					<b>107,208,857</b>	<b>197,653,636</b>	<b>\$ 304,862,493</b>

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

BERKELEY COUNTY, SOUTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2010

	GENERAL FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	SPECIAL REVENUE FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 8,807,467	-	-	2,991,033	\$ 11,798,500
Receivables, Net of Allowances:					
Property Taxes	31,574,596	4,989,440	-	5,398,949	41,962,985
Transportation Sales Tax	-	-	4,492,943	-	4,492,943
Accounts Receivable	963,090	-	451	48,385	1,011,926
Federal, State and Local Governments	1,817,032	-	-	422,329	2,239,361
Due from Other Funds	1,256,622	-	-	-	1,256,622
Inventories, at Cost	151,165	-	-	-	151,165
Prepaid Items	75,012	-	-	-	75,012
Restricted Cash and Cash Equivalents	-	2,699,427	52,748,963	11,750,507	67,198,897
<b>TOTAL ASSETS</b>	<b>44,644,984</b>	<b>7,688,867</b>	<b>57,242,357</b>	<b>20,611,203</b>	<b>130,187,411</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts Payable and Accrued Liabilities	4,066,208	-	1,411,915	651,467	6,129,590
Due to Other Funds	90,440	-	-	263,302	353,742
Deferred Revenue	30,848,416	4,950,838	-	5,481,587	41,280,841
<b>TOTAL LIABILITIES</b>	<b>35,005,064</b>	<b>4,950,838</b>	<b>1,411,915</b>	<b>6,396,356</b>	<b>47,764,173</b>
<b>FUND BALANCES</b>					
Reserved For:					
Inventory	151,165	-	-	-	151,165
Prepaid Items	75,012	-	-	-	75,012
Debt Service	-	2,738,029	-	-	2,738,029
Economic Development	-	-	-	8,034,321	8,034,321
Impact Fees	-	-	-	3,653,589	3,653,589
Future Capital Acquisitions	-	-	55,830,442	-	55,830,442
Other	-	-	-	55,773	55,773
Unreserved:					
Designated for:					
Fund Balance Policy	8,035,889	-	-	-	8,035,889
Elected Officials' Carryover	812,723	-	-	-	812,723
Other Post-employment Benefits	565,131	-	-	-	565,131
Undesignated, Reported in:					
Special Revenue Funds	-	-	-	2,471,164	2,471,164
<b>TOTAL FUND BALANCES</b>	<b>9,639,920</b>	<b>2,738,029</b>	<b>55,830,442</b>	<b>14,214,847</b>	<b>82,423,238</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 44,644,984</b>	<b>7,688,867</b>	<b>57,242,357</b>	<b>20,611,203</b>	<b>\$ 130,187,411</b>

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

**BERKELEY COUNTY, SOUTH CAROLINA**

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

**JUNE 30, 2010**

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<b>TOTAL FUND BALANCES - GOVERNMENTAL FUNDS</b>	<b>\$</b>	<b>82,423,238</b>
Amounts reported for the governmental activities in the Statement of Net Assets are different because of the following:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets were \$206,814,395 and the accumulated depreciation was \$95,394,390.		111,420,005
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		943,219
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		(2,946,272)
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	(69,425,000)	
Deferred Refunding Costs	80,556	
Bond Premium	(3,116,637)	
SC Transportation Infrastructure Bank Loan	(2,906,000)	
Notes Payable	(1,513,108)	
Accrued Compensated Absences	(6,918,827)	
Accrued Interest	(832,317)	
	<u>                    </u>	<u>(84,631,333)</u>
<b>TOTAL NET ASSETS - GOVERNMENTAL ACTIVITIES</b>	<b>\$</b>	<b><u>107,208,857</u></b>

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

BERKELEY COUNTY, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2010

	GENERAL FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	SPECIAL REVENUE FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>REVENUES</b>					
Taxes:					
Property	\$ 20,279,926	2,616,665	-	1,185,265	\$ 24,081,856
Accommodations	-	-	-	365,886	365,886
Fee in Lieu of Taxes	5,168,385	428,181	-	4,442,306	10,038,872
Local Option Sales Tax	9,944,169	-	2,795,556	-	12,739,725
Transportation Sales Tax	-	-	16,430,614	-	16,430,614
Licenses, Fees and Permits	1,719,581	-	-	-	1,719,581
Fines, Forfeitures and Fees	7,652,183	-	941,242	5,352,922	13,946,347
Interest Income	18,317	42,235	140,785	8,983	210,320
Local Revenue	-	-	-	779,764	779,764
Intergovernmental - Federal	228,596	-	-	1,971,750	2,200,346
Intergovernmental - State and Local	7,073,806	-	-	9,643,181	16,716,987
Miscellaneous	674,026	-	-	440,683	1,114,709
<b>TOTAL REVENUES</b>	<b>52,758,989</b>	<b>3,087,081</b>	<b>20,308,197</b>	<b>24,190,740</b>	<b>100,345,007</b>
<b>EXPENDITURES</b>					
Current:					
General Government	19,191,034	-	279,832	812,459	20,283,325
Public Safety	20,176,802	-	-	4,969,400	25,146,202
Airport, Highways and Streets	5,811,520	-	-	98,717	5,910,237
Culture and Recreation	47,500	-	-	2,838,632	2,886,132
Health and Welfare	1,663,425	-	-	-	1,663,425
Community Development	439,518	-	-	4,255,197	4,694,715
Capital Outlay	424,985	-	8,302,192	1,722,924	10,450,101
Debt Service:					
Principal Retirement	1,642,515	1,390,000	-	51,918	3,084,433
Interest and Fiscal Charges	103,032	1,813,851	400,288	3,978	2,321,149
Debt Issuance Costs	-	-	149,000	-	149,000
<b>TOTAL EXPENDITURES</b>	<b>49,500,331</b>	<b>3,203,851</b>	<b>9,131,312</b>	<b>14,753,225</b>	<b>76,588,719</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>3,258,658</b>	<b>(116,770)</b>	<b>11,176,885</b>	<b>9,437,515</b>	<b>23,756,288</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Issuance of General Obligation Bonds	-	-	27,710,000	-	27,710,000
Premium on Issuance of Debt	-	-	3,359,516	-	3,359,516
Issuance of Intergovernmental Loan	-	-	2,906,000	-	2,906,000
Issuance of Note Payable	405,000	-	-	-	405,000
Proceeds from Disposal of Assets	20,086	-	61,218	-	81,304
Transfers In	4,950,533	-	791,334	3,387,772	9,129,639
Transfers Out	(3,731,740)	-	(1,750,000)	(4,588,279)	(10,070,019)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>1,643,879</b>	<b>-</b>	<b>33,078,068</b>	<b>(1,200,507)</b>	<b>33,521,440</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>4,902,537</b>	<b>(116,770)</b>	<b>44,254,953</b>	<b>8,237,008</b>	<b>57,277,728</b>
FUND BALANCE - Beginning of Year	4,737,383	2,854,799	11,575,489	5,977,839	25,145,510
<b>FUND BALANCE - End of Year</b>	<b>\$ 9,639,920</b>	<b>2,738,029</b>	<b>55,830,442</b>	<b>14,214,847</b>	<b>\$ 82,423,238</b>

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

**BERKELEY COUNTY, SOUTH CAROLINA**

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

**YEAR ENDED JUNE 30, 2010**

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**TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS** **\$ 57,277,728**

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.	156,236
Repayment of bond and note payable principal is an expenditure or other financing use in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.	3,084,433
Proceeds from the issuance of debt provide current financial resources to governmental funds, but entering into debt increases long-term liabilities in the Statement of Net Assets. This amount represents the proceeds received in the current year.	(34,380,516)
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.	(247,955)
Bond premiums are other financing sources in the year they are received in governmental funds; they are amortized over the lives of the bonds in the Statement of Activities. This amount represents the amortization for the year.	493,100
Deferred refunding charges are not recognized by the governmental funds but are amortized over the life of the refunded debt in the Statement of Activities. This amount represents the amortization for the year.	(36,479)
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.	(434,603)
The County's Net Pension Obligation (Liability) resulting from the unfunded annual required contribution to the OPEB plan is not reported as a liability in the governmental funds. This amount represents the net change in this liability for the year.	(1,530,528)
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.	15,021,475
Governmental funds report capital asset additions as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital asset additions of \$7,903,399, excluding donated infrastructure of \$15,021,475, exceeded depreciation expense of \$7,696,793 and net disposals of capital assets of \$51,070.	155,536

**TOTAL CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES** **\$ 39,558,427**

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

BERKELEY COUNTY, SOUTH CAROLINA

STATEMENT OF NET ASSETS - PROPRIETARY FUNDS

JUNE 30, 2010

	<b>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS</b>			
	<b>WATER AND SEWER</b>	<b>SOLID WASTE</b>	<b>NONMAJOR FUNDS</b>	<b>TOTALS</b>
<b>ASSETS</b>				
<b>CURRENT ASSETS:</b>				
Cash and Cash Equivalents	\$ 23,126,104	9,836,053	362,887	\$ 33,325,044
Cash and Cash Equivalents-Restricted	64,202,469	576,939	-	64,779,408
Investments-Restricted	2,145,000	-	-	2,145,000
Property Taxes Receivable, Net of Allowance	-	-	615,437	615,437
Accounts Receivable, Net of Allowance	2,769,356	451,097	80,065	3,300,518
Due from Federal, State and Local Governments, Net of Allowance	610,230	10,738	-	620,968
Inventories, at Cost	-	-	25,512	25,512
Prepaid Items	15,600	-	10,200	25,800
Due from Other Funds	6,306	90,440	-	96,746
<b>TOTAL CURRENT ASSETS</b>	<b>92,875,065</b>	<b>10,965,267</b>	<b>1,094,101</b>	<b>104,934,433</b>
<b>NON-CURRENT ASSETS:</b>				
<b>CAPITAL ASSETS:</b>				
Non-Depreciable	30,762,597	4,485,265	85,000	35,332,862
Depreciable, Net of Accumulated Depreciation	245,982,921	19,600,038	2,101,431	267,684,390
<b>TOTAL CAPITAL ASSETS</b>	<b>276,745,518</b>	<b>24,085,303</b>	<b>2,186,431</b>	<b>303,017,252</b>
<b>OTHER NON-CURRENT ASSETS:</b>				
Accounts Receivable, Due in More Than One Year	239,466	-	-	239,466
Bond Issuance Costs, Net	2,987,974	-	-	2,987,974
<b>TOTAL OTHER NON-CURRENT ASSETS</b>	<b>3,227,440</b>	<b>-</b>	<b>-</b>	<b>3,227,440</b>
<b>TOTAL NON-CURRENT ASSETS</b>	<b>279,972,958</b>	<b>24,085,303</b>	<b>2,186,431</b>	<b>306,244,692</b>
<b>TOTAL ASSETS</b>	<b>372,848,023</b>	<b>35,050,570</b>	<b>3,280,532</b>	<b>411,179,125</b>
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES:</b>				
Accounts Payable and Accrued Liabilities	4,758,538	105,337	352,328	5,216,203
Landfill Closure and Postclosure Cost Liability	-	600,078	-	600,078
Accrued Interest Payable	720,962	40,981	-	761,943
Accrued Compensated Absences	172,756	86,378	70,696	329,830
Unfunded OPEB Liability	246,252	95,765	-	342,017
Due to Other Funds	53,392	6,306	939,928	999,626
Deferred Revenue	165,896	-	627,381	793,277
Current Portion of Bonds and Notes Payable	6,403,553	1,390,667	5,886	7,800,106
<b>TOTAL CURRENT LIABILITIES</b>	<b>12,521,349</b>	<b>2,325,512</b>	<b>1,996,219</b>	<b>16,843,080</b>
<b>NON-CURRENT LIABILITIES:</b>				
Accrued Compensated Absences	518,269	259,134	37,178	814,581
Landfill Closure and Postclosure Cost Liability	-	3,727,379	-	3,727,379
Bonds and Notes Payable	184,365,359	7,775,090	-	192,140,449
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>184,883,628</b>	<b>11,761,603</b>	<b>37,178</b>	<b>196,682,409</b>
<b>TOTAL LIABILITIES</b>	<b>197,404,977</b>	<b>14,087,115</b>	<b>2,033,397</b>	<b>213,525,489</b>
<b>NET ASSETS</b>				
Invested in Capital Assets, Net of Related Debt Restricted for Debt Service	159,953,849	14,919,546	2,180,545	177,053,940
Unrestricted Assets	572,390	576,939	-	1,149,329
	14,916,807	5,466,970	(933,410)	19,450,367
<b>TOTAL NET ASSETS</b>	<b>175,443,046</b>	<b>20,963,455</b>	<b>1,247,135</b>	<b>197,653,636</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 372,848,023</b>	<b>35,050,570</b>	<b>3,280,532</b>	<b>\$ 411,179,125</b>

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

**BERKELEY COUNTY, SOUTH CAROLINA**

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

**YEAR ENDED JUNE 30, 2010**

	<b>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS</b>			
	<b>WATER AND SEWER</b>	<b>SOLID WASTE</b>	<b>NONMAJOR FUNDS</b>	<b>TOTALS</b>
<b>OPERATING REVENUES</b>				
Sales and Services	\$ 29,848,764	9,654,757	969,436	\$ 40,472,957
Impact and Connection Fees	3,877,128	-	-	3,877,128
Other Operating Revenue	827,152	64,807	10,814	902,773
<b>TOTAL OPERATING REVENUES</b>	<b>34,553,044</b>	<b>9,719,564</b>	<b>980,250</b>	<b>45,252,858</b>
<b>OPERATING EXPENSES</b>				
Personnel Services	8,670,343	3,426,757	811,259	12,908,359
Advertising	-	-	43,256	43,256
Utilities	2,480,277	156,975	325,318	2,962,570
Office Expenses	613,841	114,411	39,123	767,375
Maintenance and Repairs	2,668,880	1,636,323	105,095	4,410,298
Contractual Services	845,082	431,068	10,544	1,286,694
Other Services and Charges	860,828	329,694	119,476	1,309,998
Depreciation	10,287,963	2,121,445	195,335	12,604,743
Landfill Closure and Postclosure Costs	-	1,462,877	-	1,462,877
<b>TOTAL OPERATING EXPENSES</b>	<b>26,427,214</b>	<b>9,679,550</b>	<b>1,649,406</b>	<b>37,756,170</b>
<b>OPERATING INCOME (LOSS)</b>	<b>8,125,830</b>	<b>40,014</b>	<b>(669,156)</b>	<b>7,496,688</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Interest Income	312,483	111,721	-	424,204
Grant Revenue	376,440	43,130	197,225	616,795
Gain (Loss) on Disposition of Assets	20,279	89,690	(103,646)	6,323
Interest Expense	(5,634,761)	(387,549)	(2,274)	(6,024,584)
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<b>(4,925,559)</b>	<b>(143,008)</b>	<b>91,305</b>	<b>(4,977,262)</b>
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS</b>	<b>3,200,271</b>	<b>(102,994)</b>	<b>(577,851)</b>	<b>2,519,426</b>
<b>CAPITAL CONTRIBUTIONS AND TRANSFERS</b>				
Capital Contributions	2,773,227	-	-	2,773,227
Transfers In	500,000	-	440,380	940,380
<b>TOTAL CAPITAL CONTRIBUTIONS AND TRANSFERS</b>	<b>3,273,227</b>	<b>-</b>	<b>440,380</b>	<b>3,713,607</b>
<b>CHANGE IN NET ASSETS</b>	<b>6,473,498</b>	<b>(102,994)</b>	<b>(137,471)</b>	<b>6,233,033</b>
NET ASSETS, Beginning of Year	168,969,548	21,066,449	1,384,606	191,420,603
<b>NET ASSETS, End of Year</b>	<b>\$ 175,443,046</b>	<b>20,963,455</b>	<b>1,247,135</b>	<b>\$ 197,653,636</b>

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

BERKELEY COUNTY, SOUTH CAROLINA

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2010

	<b>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS</b>			
	<b>WATER AND SEWER</b>	<b>SOLID WASTE</b>	<b>NONMAJOR FUNDS</b>	<b>TOTALS</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash Received from Customers and Users	\$ 33,911,824	9,433,797	989,499	\$ 44,335,120
Cash Paid to Suppliers	(7,760,917)	(2,538,864)	(677,116)	(10,976,897)
Cash Paid to Employees	(8,459,388)	(3,349,553)	(836,961)	(12,645,902)
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>17,691,519</b>	<b>3,545,380</b>	<b>(524,578)</b>	<b>20,712,321</b>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>				
Non-Capital Grant Contributions	39,567	75,288	197,225	312,080
Transfers and Advances Between Funds	563,770	(1,247,143)	520,949	(162,424)
<b>NET CASH PROVIDED BY (USED IN) NON-CAPITAL FINANCING ACTIVITIES</b>	<b>603,337</b>	<b>(1,171,855)</b>	<b>718,174</b>	<b>149,656</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Proceeds from Issuance of Debt	230,907	-	-	230,907
Capital Contributions	70,156	-	-	70,156
Proceeds from the Sale of Assets	51,826	90,926	-	142,752
Acquisition and Construction of Capital Assets	(17,240,117)	(2,151,028)	(9,973)	(19,401,118)
Principal Paid - Bonds and Notes Payable	(6,113,378)	(1,358,765)	(47,463)	(7,519,606)
Interest Paid - Bonds and Notes Payable	(8,862,577)	(396,924)	(2,276)	(9,261,777)
<b>NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(31,863,183)</b>	<b>(3,815,791)</b>	<b>(59,712)</b>	<b>(35,738,686)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Sale of Investments	14,898,854	-	-	14,898,854
Interest Income on Investments	755,066	111,721	-	866,787
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<b>15,653,920</b>	<b>111,721</b>	<b>-</b>	<b>15,765,641</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>2,085,593</b>	<b>(1,330,545)</b>	<b>133,884</b>	<b>888,932</b>
CASH AND CASH EQUIVALENTS, Beginning of Year	85,242,980	11,743,537	229,003	97,215,520
<b>CASH AND CASH EQUIVALENTS, End of Year</b>	<b>\$ 87,328,573</b>	<b>10,412,992</b>	<b>362,887</b>	<b>\$ 98,104,452</b>
<b>Reconciliation of Cash and Cash Equivalents to the Statement of Net Assets</b>				
Cash and Cash Equivalents - Current Assets	\$ 23,126,104	9,836,053	362,887	\$ 33,325,044
Restricted Cash and Cash Equivalents - Current Assets	64,202,469	576,939	-	64,779,408
	<b>\$ 87,328,573</b>	<b>10,412,992</b>	<b>362,887</b>	<b>\$ 98,104,452</b>

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

(Continued)

BERKELEY COUNTY, SOUTH CAROLINA

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2010

	<b>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS</b>			
	<b>WATER AND SEWER</b>	<b>SOLID WASTE</b>	<b>NONMAJOR FUNDS</b>	<b>TOTALS</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:</b>				
Operating Income (Loss)	\$ 8,125,830	40,014	(669,156)	\$ 7,496,688
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:				
Depreciation and Amortization	10,287,963	2,121,445	195,335	12,604,743
(Increase) Decrease in Assets:				
Accounts Receivable	(285,668)	(285,767)	9,249	(562,186)
Property Taxes Receivable	-	-	(615,436)	(615,436)
Inventories	-	-	5,144	5,144
Prepaid Items and Deposits	-	-	(10,200)	(10,200)
Increase (Decrease) in Liabilities:				
Accounts Payable and Accrued Liabilities	(264,966)	128,569	(45,519)	(181,916)
Landfill Closure and Postclosure Cost Liability	-	1,462,877	-	1,462,877
Compensated Absences Payable	60,492	30,245	(9,431)	81,306
Due to Other Funds	-	-	-	-
Deferred Revenue	(355,552)	-	615,436	259,884
Unfunded OPEB Liability	123,420	47,997	-	171,417
<b>Total Adjustments</b>	<b>9,565,689</b>	<b>3,505,366</b>	<b>144,578</b>	<b>13,215,633</b>
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>\$ 17,691,519</b>	<b>3,545,380</b>	<b>(524,578)</b>	<b>\$ 20,712,321</b>
<b>Schedule of Noncash Investing, Capital and Financing Activities:</b>				
Acquisition of Capital Assets Through Developer Contributions	\$ 2,703,071	-	-	\$ 2,703,071
Acquisition of Capital Assets Not Yet Paid For	(2,255,043)	(129,607)	(294,710)	(2,679,360)
Amortization of Bond Premium, Deferred Refunding Costs and Issuance Costs	306,218	-	-	306,218
Increase in Debt Due to Accretion of Interest	\$ 366,819	-	-	\$ 366,819

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

**BERKELEY COUNTY, SOUTH CAROLINA**

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

**JUNE 30, 2010**

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	<u><b>AGENCY FUNDS</b></u>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 26,664,249
Receivables:	
Due from the State Government	1,246,512
<b>TOTAL ASSETS</b>	<u><u><b>27,910,761</b></u></u>
<b>LIABILITIES</b>	
Due to School District	10,137,750
Due to Other Designated Recipients	17,773,011
<b>TOTAL LIABILITIES</b>	<u><u><b>\$ 27,910,761</b></u></u>

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

**BERKELEY COUNTY, SOUTH CAROLINA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2010**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

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

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

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

***Related Organizations***

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

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

**B. Government-wide and Fund Financial Statements**

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

**BERKELEY COUNTY, SOUTH CAROLINA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2010**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**1. Government-Wide Statements:**

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

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

**2. Fund Financial Statements:**

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

Fund financial statements report detailed information about the County. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is reported in a single column in the fund financial statements. 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 Funds:**

The County reports the following major governmental funds:

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

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

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

The County reports the following major proprietary funds:

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

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

**BERKELEY COUNTY, SOUTH CAROLINA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2010**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**4. Nonmajor Funds:**

The County reports the following nonmajor proprietary funds:

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

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

In addition, the County reports the following nonmajor fund types:

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

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

**C. Measurement Focus and Basis of Accounting**

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

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

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

***Revenue Recognition***

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

**BERKELEY COUNTY, SOUTH CAROLINA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2010**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Measurement Focus and Basis of Accounting (Continued)**

*Revenue Recognition (Continued)*

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

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

*Expenditure Recognition*

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

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

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

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

**D. Assets, Liabilities and Net Assets or Equity**

**1. Cash and Cash Equivalents and Deposits**

The "deposits" classification is used only in the notes, not on the face of the statement of net assets, balance sheet or statement of cash flows. Deposits include only cash on hand, demand deposits, pooled money market funds, and/or certificates of deposit.

For purposes of the statement of cash flows for the Enterprise Funds, the County considers all highly liquid investments (including restricted assets) with original maturities of three months or less when purchased to be cash and cash equivalents.

**BERKELEY COUNTY, SOUTH CAROLINA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2010**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**2. Investments**

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

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

**BERKELEY COUNTY, SOUTH CAROLINA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2010**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**2. Investments (Continued)**

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

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

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

- Open ended mutual funds which are primarily invested in money market funds which invest in short term obligations of the United States and related agencies.
- General obligations of political units of the State of South Carolina (Greenwood County, South Carolina General Obligation Bond Anticipation Notes, Series 2008A and Dorchester County School District Two General Obligation Bonds, Series 2009A.)
- United States Treasury Notes

**3. Restricted Assets**

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

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

**BERKELEY COUNTY, SOUTH CAROLINA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2010**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**4. Receivables**

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

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

The County bills and collects property taxes for itself and all other taxing entities within the County. The County recognizes property taxes in the period for which they are levied and available for financing current expenditures. Property taxes receivable represent delinquent real and personal taxes for the past ten years, less an allowance for amounts estimated to be uncollectible, plus taxes levied on the assessed value of real and personal property, excluding vehicles, as of January 1, 2010. All net property taxes receivable at year-end, except those collected within 60 days, are recorded as deferred revenue and thus not recognized as revenue until collected in the governmental funds.

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

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

**5. Inventories and Prepaid Assets**

Inventories are valued at cost for the General Fund and for the Proprietary Funds, using the first-in, first-out method. Inventory in the General Fund consists of expendable supplies held for consumption. General Fund inventories have been charged as expenditures when consumed. Reported inventories are equally offset by a fund balance reserve which indicates that they do not constitute “available spendable resources” even though they are a component of fund balance. Inventory in the Proprietary Funds consists of items for resale. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid assets.

**BERKELEY COUNTY, SOUTH CAROLINA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2010**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**6. Capital Assets**

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

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

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

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

**7. Compensated Absences**

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

**BERKELEY COUNTY, SOUTH CAROLINA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2010**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**8. Long-term Obligations**

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

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

**9. Net Assets and Reservations and Designations of Fund Balances**

*Government-Wide Statements*

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

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

*Fund Statements*

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

Reservations represent portions of fund balances which are not appropriate for expenditure or have been segregated for specific future uses by legal mandate. Designations represent tentative management plans that are subject to change and ultimately may not be legally authorized or result in expenditures.

During 2007 the County adopted a fund balance policy for the General Fund, with the goal of 15% of the next year’s budget to be so designated. During 2008 the County adopted a net asset policy stating that the Water and Sewer Fund will maintain unrestricted net assets equal to 50-75% of the operating and maintenance expenses for that fiscal year.

**BERKELEY COUNTY, SOUTH CAROLINA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2010**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**10. Contributed Capital**

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

**11. Accounting Estimates**

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

**12. Reclassifications**

Certain amounts in the 2009 statements have been reclassified to conform to the 2010 presentation.

**II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

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

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

The level of budgetary control is determined by County Council at the County's total appropriations level. Expenditures by fund, department, and category (i.e., personnel, operating and capital outlay), are further defined in the budget document. The County Supervisor is authorized to make transfers of up to \$25,000 per occurrence between departments and funds as long as total appropriations are not exceeded. The budget ordinance must be amended by Council to effect changes in total appropriations. Budgets, as reported in the financial statements, are as originally passed by ordinance and subsequently amended. During the year ending June 30, 2010, net amendments to the budget totaling approximately \$981,000 were made.

Encumbrances lapse at the end of the fiscal year.

**BERKELEY COUNTY, SOUTH CAROLINA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2010**

**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, 2010, none of the County’s bank balances of \$205,390,642 (which had a recorded value of \$202,886,769) were exposed to custodial credit risk.

*Investments*

As of June 30, 2010, the County had the following investments:

Investment Type	Fair Value	Moody's	Credit Ratings		Weighted Average Maturity
			S & P	Fitch	
First American Treasury Obligations Fund - Class Y	\$ 446,375	AAAm	Aaa	AAAmf	< 1 year
First American Treasury Obligations Fund - Class D	130,568	AAAm	Aaa	AAAmf	< 1 year
First American Government Obligations Fund - Class Y	71,672	AAAm	Aaa	Unrated	< 1 year
Dorchester County School District Two General Obligation Bonds	1,875,000	Unrated	Unrated	Unrated	< 1 year
United States Treasury Notes	500,714	Aaa	AAA	Unrated	< 1 year
Total Investments	<u>\$ 3,024,329</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, 2010, none of the County’s total investments of \$3,024,329 were exposed to custodial credit risk for investments.

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

**BERKELEY COUNTY, SOUTH CAROLINA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2010**

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

**A. Deposits and Investments (Continued)**

*Reconciliation to the Financial Statements*

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

Description:	Amount
Carrying Amount of Deposits	\$ 202,886,769
Fair Value of Investments	3,024,329
<b>Total</b>	<b>\$ 205,911,098</b>
Statement of Net Assets:	
Cash and Cash Equivalents	\$ 45,123,544
Cash and Cash Equivalents - Restricted	131,978,305
Investments - Restricted	2,145,000
Statement of Fiduciary Net Assets:	
Cash and Cash Equivalents	26,664,249
<b>Total</b>	<b>\$ 205,911,098</b>

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 \$239,466 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	\$ 33,453,540	5,268,329	-	5,687,313	-	-	641,080	-	\$ 45,050,262
Transportation Sales Tax	-	-	4,492,943	-	-	-	-	-	4,492,943
Accounts	1,841,981	-	-	48,385	3,429,425	914,317	-	80,065	6,314,173
Accrued Interest	-	-	451	-	-	-	-	-	451
Federal, State and Local Governments	1,817,032	-	-	422,329	610,230	10,738	-	-	2,860,329
<b>Total</b>	<b>37,112,553</b>	<b>5,268,329</b>	<b>4,493,394</b>	<b>6,158,027</b>	<b>4,039,655</b>	<b>925,055</b>	<b>641,080</b>	<b>80,065</b>	<b>58,718,158</b>
Less Allowance for									
Uncollectibles:									
Taxes	(1,878,944)	(278,889)	-	(288,364)	-	-	(25,643)	-	(2,471,840)
Accounts	(878,891)	-	-	-	(420,603)	(463,220)	-	-	(1,762,714)
<b>Total</b>	<b>(2,757,835)</b>	<b>(278,889)</b>	<b>-</b>	<b>(288,364)</b>	<b>(420,603)</b>	<b>(463,220)</b>	<b>(25,643)</b>	<b>-</b>	<b>(4,234,554)</b>
<b>Net Receivables</b>	<b>\$ 34,354,718</b>	<b>4,989,440</b>	<b>4,493,394</b>	<b>5,869,663</b>	<b>3,619,052</b>	<b>461,835</b>	<b>615,437</b>	<b>80,065</b>	<b>\$ 54,483,604</b>

**BERKELEY COUNTY, SOUTH CAROLINA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2010**

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

**C. Interfund Receivables and Payables**

The composition of interfund balances at June 30, 2010 is as follows:

	Receivable Fund	Payable Fund
General Fund	\$ 1,256,622	\$ 90,440
Special Revenue Funds:		
Emergency Preparedness	-	2,550
State Accommodations Tax	-	2,195
County Accommodations Tax	-	22,260
PARD Grant	-	20,570
Airport Improvements	-	203,598
Miscellaneous Special Revenue Funds		12,129
Enterprise Funds:		
Water and Sewer	6,306	53,392
Solid Waste	90,440	6,306
Parks and Recreation	-	939,928
Total	<u>\$ 1,353,368</u>	<u>\$ 1,353,368</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 these balances are expected to be paid or received within one year except for the Cypress Gardens balance as noted below.

The operations of Cypress Gardens are accounted for in the Parks and Recreation Fund. Cypress Gardens continues to incur significant operating losses, including approximately \$547,000 for fiscal 2010. During the fiscal year, the General Fund transferred approximately \$440,000 to Cypress Gardens to assist in the funding of operations. As noted in the table above, the current balance owed by Cypress Gardens to the General Fund at June 30, 2010 is approximately \$940,000. This balance is not expected to be received within one year; however, the County plans to repay this balance over time by using the proceeds from 1.0 mills of property taxes that have been assessed to provide funding for Cypress Gardens beginning in fiscal 2011.

**BERKELEY COUNTY, SOUTH CAROLINA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2010**

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

**D. Capital Assets**

Governmental capital asset activity for the year ended June 30, 2010, is as follows:

	Balance 6/30/2009	Additions	Disposals	Transfers	Balance 6/30/2010
Capital Assets, Not Being Depreciated:					
Land	\$ 3,756,161	-	-	-	\$ 3,756,161
Construction in Progress	12,768,447	5,777,907	-	(6,151,524)	12,394,830
Total Capital Assets, Not Being Depreciated	<u>16,524,608</u>	<u>5,777,907</u>	<u>-</u>	<u>(6,151,524)</u>	<u>16,150,991</u>
Capital Assets, Being Depreciated:					
Buildings	27,994,821	-	(3,000)	618,445	28,610,266
Furniture	1,324,992	9,520	-	-	1,334,512
Equipment	10,826,057	773,902	(561,429)	-	11,038,530
Software	1,356,700	160,122	-	437,911	1,954,733
Vehicles	9,889,637	901,165	(351,716)	(32,940)	10,406,146
Improvements	12,185,594	-	(25,812)	-	12,159,782
Library Materials	2,063,432	280,783	(175,148)	-	2,169,067
Infrastructure	102,873,725	15,021,475	-	5,095,168	122,990,368
Total Capital Assets, Being Depreciated	<u>168,514,958</u>	<u>17,146,967</u>	<u>(1,117,105)</u>	<u>6,118,584</u>	<u>190,663,404</u>
Less: Accumulated Depreciation For:					
Buildings	9,149,768	707,526	(562)	-	9,856,732
Furniture	470,471	131,809	-	-	602,280
Equipment	7,235,179	810,857	(546,470)	-	7,499,566
Software	812,339	110,974	-	-	923,313
Vehicles	5,217,360	1,152,896	(334,391)	(32,940)	6,002,925
Improvements	4,844,702	680,432	(9,464)	-	5,515,670
Library Materials	767,320	229,041	(175,148)	-	821,213
Infrastructure	60,299,433	3,873,258	-	-	64,172,691
Total Accumulated Depreciation	<u>88,796,572</u>	<u>7,696,793</u>	<u>(1,066,035)</u>	<u>(32,940)</u>	<u>95,394,390</u>
Total Capital Assets, Being Depreciated, Net	<u>79,718,386</u>	<u>9,450,174</u>	<u>(51,070)</u>	<u>6,151,524</u>	<u>95,269,014</u>
Governmental Activities Capital Assets, Net	<u>\$ 96,242,994</u>	<u>15,228,081</u>	<u>(51,070)</u>	<u>-</u>	<u>\$ 111,420,005</u>

During the year ended June 30, 2010, the County recorded \$15,021,475 in infrastructure contributed from developers.

**BERKELEY COUNTY, SOUTH CAROLINA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2010**

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

**D. Capital Assets (Continued)**

Business-Type capital asset activity for the year ended June 30, 2010, is as follows:

	Balance 6/30/2009	Additions	Disposals	Transfers	Balance 6/30/2010
Capital Assets, Not Being Depreciated:					
Land	\$ 3,648,403	-	-	-	\$ 3,648,403
Construction in Progress	13,448,957	23,892,296	-	(5,656,794)	31,684,459
Total Capital Assets, Not Being Depreciated	<u>17,097,360</u>	<u>23,892,296</u>	<u>-</u>	<u>(5,656,794)</u>	<u>35,332,862</u>
Capital Assets, Being Depreciated:					
Utility Systems, Treatment Plants and Buildings	346,711,350	3,518,998	-	5,656,794	355,887,142
Equipment, Vehicles and Furniture	16,008,411	987,012	(794,904)	32,940	16,233,459
Lake Moultrie Water Agency	11,086,345	-	-	-	11,086,345
Total Capital Assets, Being Depreciated	<u>373,806,106</u>	<u>4,506,010</u>	<u>(794,904)</u>	<u>5,689,734</u>	<u>383,206,946</u>
Less: Accumulated Depreciation For:					
Utility Systems, Treatment Plants and Buildings	87,835,471	10,166,186	-	-	98,001,657
Equipment, Vehicles and Furniture	11,617,255	2,055,230	(658,479)	32,940	13,046,946
Lake Moultrie Water Agency	4,090,626	383,327	-	-	4,473,953
Total Accumulated Depreciation	<u>103,543,352</u>	<u>12,604,743</u>	<u>(658,479)</u>	<u>32,940</u>	<u>115,522,556</u>
Total Capital Assets, Being Depreciated, Net	<u>270,262,754</u>	<u>(8,098,733)</u>	<u>(136,425)</u>	<u>5,656,794</u>	<u>267,684,390</u>
Business-Type Activities Capital Assets, Net	<u>\$ 287,360,114</u>	<u>15,793,563</u>	<u>(136,425)</u>	<u>-</u>	<u>\$ 303,017,252</u>

During the year ended June 30, 2010, the County recorded \$2,773,227 in utility systems contributed by developers and others.

Depreciation expense for the year ended June 30, 2010 was charged to County functions as follows:

Governmental Activities:	
General Government	\$ 1,587,824
Public Safety	946,172
Airport, Highways and Streets	4,622,390
Culture and Recreation	370,225
Health and Welfare	140,249
Community Development	29,933
Total Governmental Activity Depreciation	<u>\$ 7,696,793</u>
Business-Type Activities:	
Water and Sewer	\$ 10,287,963
Solid Waste	2,121,445
Parks and Recreation	88,345
Emergency Telephone	106,990
Total Business-Type Activity Depreciation	<u>\$ 12,604,743</u>

**BERKELEY COUNTY, SOUTH CAROLINA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2010**

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

**D. Capital Assets (Continued)**

*Construction Commitments*

At June 30, 2010, the Enterprise Funds and the Capital Projects Fund had commitments under contracts for construction of various projects not completed of approximately \$22,510,000 and \$1,996,000, respectively.

*Capitalized Interest*

For the year ended June 30, 2010, the Water and Sewer Fund incurred \$9,202,515 in interest on its bonds and capitalized \$3,873,971; no interest was capitalized for the other enterprise funds.

*Joint Municipal Water Systems*

*Lake Moultrie Water Agency*

In prior years, the County entered into a contract with Lake Moultrie WA to purchase 24% of the finished water produced by Lake Moultrie WA. The contract expires on October 2, 2027. Provisions of the contract 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, 2010 was \$4,473,953 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>
2011	\$ 536,317
2012	592,786
2013	630,796
2014	654,460
2015	\$ 676,470

*Lake Marion Water Agency*

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. This system's water treatment plant, which has the capacity of producing 8 million gallons a day, came on line in May 2008. The County has committed to purchase up to 2.5 million gallons a day, or 29.4% of the total capacity of the plant. The initial term of the agreement is for twenty years, which shall be extended for subsequent twenty-year terms unless the County notifies Lake Marion WA in writing of its intent to terminate not less than thirty months prior to the expiration of the initial term or the expiration date of any renewal. Provisions of the agreement require the County to pay its share of the funds required to operate and maintain Lake Marion WA and to defray its capital costs, in addition to monthly demand (fixed) and volumetric (variable) charges based upon the amount of water purchased.

**BERKELEY COUNTY, SOUTH CAROLINA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2010**

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

**D. Capital Assets (Continued)**

*Lake Marion Water Agency (Continued)*

The Town of Santee is now supplied by the Lake Marion WA and lines are being designed to connect Berkeley County next, along with other areas. The County has committed \$10 million dollars to the Lake Marion WA to assist in the funding of the transmission line that will connect the County to this regional system. This commitment is expected to be funded by the issuance of a revenue bond, which was approved by County Council in 2006, along with federal funds. It is projected that the County will be connected to the Lake Marion system in fiscal 2013. The timeline is directly dependent on the amount of annual appropriations in the federal budget.

**E. Interfund Transfers**

Interfund transfers for the year ended June 30, 2010, consisted of the following:

	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ 4,950,533	\$ 3,731,740
Capital Projects Fund	791,334	1,750,000
Special Revenue Funds:		
Library Fund	2,624,825	-
National Forest Fund	-	489,271
Emergency Preparedness Fund	226,379	-
GIS Fund	284,042	-
Stormwater Management Fund	69,710	-
EMS Equipment Fund	1,478	-
Economic Development	-	91,100
State Accommodations Tax Fund	-	27,844
Impact Fees Fund	-	291,334
Sheriff's Grants Fund	61,415	-
County Accommodations Tax Fund	-	73,176
PARD Grant Fund	23,512	-
Local Economic Development Fund	-	407,318
Airport Improvements Fund	96,411	-
Miscellaneous Special Revenue Funds	-	3,208,236
Enterprise Funds:		
Water and Sewer	500,000	-
Parks and Recreation	440,380	-
Total	<u>\$ 10,070,019</u>	<u>\$ 10,070,019</u>

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

In July 2009, County Council passed a resolution regarding tax revenues received from the Mt. Holly Commerce Park, stating that the General Fund will annually transfer \$500,000 in revenues collected to the Water and Sewer Fund until a total of approximately \$4,800,000 has been transferred out. As of June 30, 2010, the County had transferred a total of \$1,295,486 to the Water and Sewer Fund.

**BERKELEY COUNTY, SOUTH CAROLINA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2010**

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

**F. Deferred Revenues**

The government-wide financial statements and the governmental funds defer revenue recognition in connection with resources that have been received, but not yet earned. In addition, governmental funds report deferred revenue in the fund financial statement in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. As of June 30, 2010, the various components of deferred and unearned revenue reported in the financial statements for governmental activities were as follows:

Unearned:		
Property Taxes	\$	39,879,550
Other		458,072
Deferred Revenue - Governmental Activities		<u>40,337,622</u>
Unavailable:		
Property Taxes		943,219
Deferred Revenue - Governmental Funds	\$	<u>41,280,841</u>

**G. Operating Leases**

The County leases various properties under several operating lease agreements expiring through 2015. Total costs charged to operations were approximately \$228,000 for the year ended June 30, 2010, including approximately \$149,000 in the General Fund, approximately \$74,000 in the Special Revenue Funds, and approximately \$5,000 in the Enterprise Funds. Future minimum payments for these leases are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2011	\$ 152,079
2012	62,103
2013	62,103
2014	50,283
2015	51,289
Total	<u>\$ 377,857</u>

**BERKELEY COUNTY, SOUTH CAROLINA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2010**

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

**H. Short-term Obligations**

In August 2008, County Council approved a resolution to levy and impose a one percent sales and use tax, subject to a voter referendum, with the proceeds to be used for transportation projects. In November 2008, the voters of Berkeley County approved this referendum, and the new tax became effective May 1, 2009. The one-cent sales tax includes a seven year sunset clause, at which time voters will again be given an opportunity to keep or revoke the tax. The County issued a General Obligation Bond Anticipation Note (“BAN”) in May, 2009, totaling \$27,400,000 for the purpose of defraying the costs of acquiring, designing, and constructing various transportation projects. This short-term BAN, including interest of \$342,500, was repaid in May 2010 with the proceeds from the 2010 General Obligation Bonds as discussed in Note III. I. below.

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

	Beginning Balance	Additions	Reductions	Ending Balance
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
General Obligation Bond Anticipation Note, issued May 2009, with interest at 1.25%; this was repaid upon maturity in May 2010.	\$ 27,400,000	-	27,400,000	\$ -
Total	<u>\$ 27,400,000</u>	<u>-</u>	<u>27,400,000</u>	<u>\$ -</u>

**BERKELEY COUNTY, SOUTH CAROLINA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2010**

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

**I. Long-term Obligations**

Presented below is a summary of changes in long-term obligations for the year ended June 30, 2010:

Long-Term Obligations	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities:</b>					
General Obligation Bonds:					
Series 2003 Refunding and Improvement Bond	\$ 22,225,000	-	630,000	21,595,000	\$ 660,000
Series 2006 Bond	7,980,000	-	-	7,980,000	-
Series 2009A Bond	10,000,000	-	-	10,000,000	-
Series 2009B Refunding and Improvement Bond	2,900,000	-	760,000	2,140,000	335,000
Series 2010 Bond	-	27,710,000	-	27,710,000	-
Subtotal	43,105,000	27,710,000	1,390,000	69,425,000	995,000
Premium - Series 2003 Bond	250,221	-	13,169	237,052	-
Premium - Series 2010 Bond	-	3,359,516	479,931	2,879,585	-
Deferred Refunding Costs - Series 2003 Bond	(117,035)	-	(36,479)	(80,556)	-
Total - General Obligation Bonds	43,238,186	31,069,516	1,846,621	72,461,081	995,000
SC Transportation Infrastructure Bank Loan	-	2,906,000	-	2,906,000	189,604
Notes Payable	2,802,541	405,000	1,694,433	1,513,108	984,841
Compensated Absences	6,484,224	2,559,605	2,125,002	6,918,827	2,369,859
<b>Total Governmental Activities</b>	<b>52,524,951</b>	<b>36,940,121</b>	<b>5,666,056</b>	<b>83,799,016</b>	<b>4,539,304</b>
<b>Business-Type Activities:</b>					
Revenue Bonds:					
Capital Appreciation Bonds - Water & Sewer	2,307,139	-	-	2,307,139	1,191,251
Series 2000 Revenue Bonds - Water & Sewer	3,348,570	-	137,038	3,211,532	143,691
Series 2003 Revenue Bond - Water & Sewer	41,695,000	-	4,790,000	36,905,000	2,115,000
Series 2005A Revenue Bond - Water & Sewer	105,500,000	-	250,000	105,250,000	250,000
Series 2008A Refunding Bond - Water & Sewer	38,045,000	-	745,000	37,300,000	455,000
Series 2002 Revenue Bond - Solid Waste	1,800,000	-	200,000	1,600,000	200,000
Series 2003 Revenue Bond - Solid Waste	6,180,000	-	670,000	5,510,000	700,000
Series 2005 Refunding Bond - Solid Waste	1,935,000	-	290,000	1,645,000	280,000
Subtotal	200,810,709	-	7,082,038	193,728,671	5,334,942
Accretion of Interest - Capital Appreciation Bonds	3,321,647	366,819	-	3,688,466	2,048,750
Premium - Series 2003 Revenue Bond - Water & Sewer	2,654,582	-	139,715	2,514,867	-
Premium - Series 2005A Revenue Bond - Water & Sewer	2,883,148	-	137,294	2,745,854	-
Premium - Series 2008A Revenue Bond - Water & Sewer	444,993	-	23,524	421,469	-
Deferred Refunding Costs - Series 2003 - Water & Sewer	(1,454,186)	-	(242,366)	(1,211,820)	-
Deferred Refunding Costs - Series 2008A - Water & Sewer	(3,876,299)	-	(204,916)	(3,671,383)	-
Total Revenue Bonds	204,784,594	366,819	6,935,289	198,216,124	7,383,692
State Revolving Fund Loan - AD Hare Rehab. - Water & Sewer	861,869	230,907	58,826	1,033,950	59,417
Notes Payable	1,069,220	-	378,739	690,481	356,997
Landfill Closure and Postclosure Care Cost	2,864,580	1,462,877	-	4,327,457	600,078
Compensated Absences	1,063,105	384,177	302,871	1,144,411	329,830
<b>Total Business-Type Activities</b>	<b>\$ 210,643,368</b>	<b>2,444,780</b>	<b>7,675,725</b>	<b>205,412,423</b>	<b>\$ 8,730,014</b>

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

**BERKELEY COUNTY, SOUTH CAROLINA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2010**

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

**I. Long-term Obligations (Continued)**

*General Obligation Bonds*

The County issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the County. The primary source of revenue for repayment of bonds reported in the governmental activities is property taxes.

In May 2010, the County issued its Series 2010 General Obligation Refunding Bonds in the amount of \$27,710,000 to retire the \$27,400,000 of the outstanding 2009 General Obligation Bond Anticipation Notes and to provide financing for the acquisition, design, and construction of various County transportation projects. The County received a premium of \$3,359,516, which was reported in other financing sources; the County paid \$149,000 in bond issuance costs, which were reported as debt service expenditures in the governmental funds statements. The premium has been reflected in long-term obligations in the government-wide statements and is being amortized over the life of the debt; the bond issuance costs have been expensed in the government-wide statements due to their immateriality.

General obligation bonds payable at June 30, 2010 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	\$ 21,595,000
Series 2006 General Obligation Bonds, with interest ranging from 4.00% to 6.00%, matures 2031	7,980,000
Series 2009A General Obligation Bonds, with interest ranging from 3.55% to 4.75%, matures 2029	10,000,000
Series 2009B General Obligation Refunding Bonds, with interest ranging from 2.20% to 3.00%, matures 2015	2,140,000
Series 2010 General Obligation Bonds, with interest at 5.00%; matures 2016	27,710,000
Total	<u>\$ 69,425,000</u>

*Revenue Bonds*

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

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

**BERKELEY COUNTY, SOUTH CAROLINA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2010**

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

**I. 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, 2010, the County is in compliance with all significant restrictions and covenants, including its debt service coverage ratios for its Water and Sewer Revenue Bonds and its Solid Waste Revenue Bonds. In 2008, County Council passed a resolution to increase the rates and fees approximately 30% for water and sewer customers, effective July 1, 2008. In addition, per the rate study that the County had conducted in the spring of 2008, additional 4% increases will be needed for each of the next three years in order for the County to continue to meet its debt coverage ratios in future years. However, County Council has not increased its rates since July 2008.

<b>Revenue bonds payable at June 30, 2010, are comprised of the following issues:</b>	<b>Outstanding Principal</b>
Capital Appreciation Bonds, due June 2012, exclusive of \$3,321,647 in cumulative accretion of interest at 5.3% and 5.75%. Two payments of \$3,240,000 each are due in 2011 and 2012.	\$ 2,307,139
Water and Sewer System, Series 2000 – Hanahan Project, due December 2025, with annual payments totaling \$296,053, which includes interest at 4.855%.	3,211,532
Water and Sewer System Refunding Revenue Bond, Series 2003, due June 2028, with annual payments ranging from \$455,000 to \$6,360,000 and interest ranging from 2.0% - 5.25%. These bonds have an issuance premium of \$2,654,582 and deferred refunding costs of \$1,454,186, both of which are net of amortization.	36,905,000
Water and Sewer System Revenue Bond, Series 2005A, due June 2030, with annual principal payments ranging from \$250,000 to \$14,025,000 and interest ranging from 3.5% - 5.0%. These bonds have an issuance premium of \$2,883,148, which is net of amortization.	105,250,000
Water and Sewer System Refunding Bond, Series 2008A, due June 2028, with annual principal payments ranging from \$25,000 to \$3,445,000 and interest ranging from 3.0% to 5.0%. These bonds were issued to currently redeem the outstanding Series 2006A Refunding Revenue Bonds. These bonds have an issuance premium of \$444,993 and deferred refunding costs of \$3,876,299, both of which are net of amortization.	37,300,000
<b>Total Water and Sewer Revenue / Refunding Bonds</b>	<b>184,973,671</b>
Solid Waste System, Series 2002, due December 2017, with annual principal payments of \$200,000 and interest at 4.66%.	1,600,000
Solid Waste System, Refunding Revenue Bond, Series 2003, due December 2016, with an interest rate of 3.95%.	5,510,000
Solid Waste System, Refunding Revenue Bond, Series 2005, due December 2014, with an interest rate of 3.56%.	1,645,000
<b>Total Solid Waste Revenue Bonds</b>	<b>8,755,000</b>
<b>Total Revenue Bonds</b>	<b>\$ 193,728,671</b>

**BERKELEY COUNTY, SOUTH CAROLINA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2010**

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

**I. Long-term Obligations (Continued)**

*South Carolina Transportation Infrastructure Bank Loan*

During fiscal 2010, the County obtained a loan from the South Carolina Transportation Infrastructure Bank (“SCTIB”) in the amount of \$6,401,000 with interest at 5.60%. The loan was obtained in order to finance Phase I infrastructure improvements of the Jedburg Road Improvement District (“Improvement District”). As of June 30, 2010, the County had drawn down \$2,906,000 of the loan. The remaining \$3,495,000 will be drawn down in installments through January 2011. Principal and interest on the loan is due in quarterly installments beginning in July 2010 through April 2029. The principal and interest on the loan is expected to be repaid with assessments from the properties located in the Improvement District as described in further detail in Note IV. J. below.

*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 \$1,296,009. The proceeds of this loan are being used to partially fund the costs to rehabilitate the AD Hare Water System. The loan has 80 quarterly payments of \$17,894, which includes interest at 1.0%, with the final payment due June 2029. As of June 30, 2010, the County had drawn down \$1,092,776 of the \$1,296,009 and had repaid \$58,826 in required principal payments.

*Notes Payable*

The County has entered into various note agreements to finance the acquisition of certain capital assets. The interest rates on these notes range from 3.57% to 3.80% and mature in various dates through March 2012. The total outstanding principal at June 30, 2010 was \$1,513,108 and \$690,481 for the County’s governmental and business-type activities, respectively.

**BERKELEY COUNTY, SOUTH CAROLINA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2010**

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

**I. Long-term Obligations (Continued)**

*Debt Service Requirements to Maturity*

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

Year Ending June 30	Bonded Indebtedness		Loans and Notes Payable		Total
	Principal	Interest	Principal	Interest	
<b><u>Governmental Activities</u></b>					
2011	\$ 995,000	3,020,767	1,174,445	213,300	\$ 5,403,512
2012	1,080,000	3,218,597	729,246	167,112	5,194,955
2013	1,180,000	3,170,802	213,040	136,389	4,700,231
2014	10,065,000	3,119,487	225,820	124,191	13,534,498
2015	10,640,000	2,625,649	239,368	111,260	13,616,277
2016-2020	17,650,000	7,837,934	1,430,312	416,020	27,334,266
2021-2025	12,370,000	5,004,844	406,877	169,520	17,951,241
2026-2030	14,120,000	1,958,295	-	-	16,078,295
2031-2032	1,325,000	59,070	-	-	1,384,070
Total Governmental Activities	<u>69,425,000</u>	<u>30,015,445</u>	<u>4,419,108</u>	<u>1,337,792</u>	<u>105,197,345</u>
<b><u>Business-Type Activities</u></b>					
2011	5,334,942	10,933,695	416,414	38,260	16,723,311
2012	5,436,555	10,826,172	393,499	24,734	16,680,960
2013	7,797,982	8,508,973	60,617	10,960	16,378,532
2014	8,130,651	8,142,342	61,226	10,351	16,344,570
2015	8,483,693	7,759,771	61,841	9,736	16,315,041
2016-2020	43,183,445	33,050,574	318,651	39,234	76,591,904
2021-2025	51,221,845	22,573,944	334,982	22,904	74,153,675
2026-2030	64,139,558	9,129,851	77,201	2,765	73,349,375
Total Business-Type Activities	<u>\$ 193,728,671</u>	<u>110,925,322</u>	<u>1,724,431</u>	<u>158,944</u>	<u>\$ 306,537,368</u>

*Landfill Closure and Postclosure Care Costs*

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

**BERKELEY COUNTY, SOUTH CAROLINA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2010**

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

**I. Long-term Obligations (Continued)**

The \$4,327,457 reported as an accrual for landfill closure and postclosure care at June 30, 2010, includes the estimated remaining liability of \$270,000 for postclosure care of the previously closed landfill site for another twenty-two and a half years plus the estimated total liability less amounts paid to date for the open site, based on the following information:

Landfill	Estimated Remaining Landfill Life	Percentage Balance of Capacity Used	Estimated Total Costs			Remaining To Be Recognized
			Closure	Postclosure	Total	
Subtitle D (# 081001-1102)	6.5 years	80.0%	\$ 4,704,620	367,200	5,071,820	\$ 1,014,363
DPW-105 (# 081001-1101)	None	100%	-	270,000	270,000	-
			<u>\$ 4,704,620</u>	<u>637,200</u>	<u>5,341,820</u>	<u>\$ 1,014,363</u>

These amounts are based on what it would cost to perform all closure and postclosure care in fiscal year 2010. 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.

**J. Reserved and Designated Fund Equity**

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

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

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

*Reserved for Economic Development.* Fund balance has been reserved for funds received and restricted for economic development in the County.

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

*Reserved for Future Capital Outlay.* Fund balance has been reserved to indicate that the County had unexpended proceeds from the one cent sales tax collections, bonds and loan proceeds, which are restricted under the local legislation, bond and financing agreements to be expended only on capital outlay.

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

**BERKELEY COUNTY, SOUTH CAROLINA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2010**

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

**J. Reserved and Designated Fund Equity (Continued)**

*Designated for Elected Officials' Carryover.* The County executed a contract with elected officials concerning their expenditures for the 2010 fiscal year, and the difference between the amount allocated and actual expenditures is available to them for the upcoming fiscal year. A total of \$812,723 was available for carryover at June 30, 2010.

*Designated for Fund Balance Policy.* In accordance with a resolution adopted by County Council in 2007, the County designates up to 15% of the next fiscal year's budgeted expenditures for the General Fund for Fund Balance policy. Accordingly, the financial statements reflect \$8,035,889 so designated at June 30, 2010. This amount represents 15% of fiscal 2011's budgeted appropriations of \$53,572,591.

*Designated for Other Post-employment Benefits.* Management designated \$565,131 of the General Fund Fund Balance to provide funding for the County's other post-employment benefits.

**IV. OTHER INFORMATION**

**A. Risk Management**

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

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

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

**BERKELEY COUNTY, SOUTH CAROLINA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2010**

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**IV. OTHER INFORMATION (CONTINUED)**

**B. Contingent Liabilities**

*Litigation*

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

*Sewer Pollutants*

The County received notification from SC DHEC several years ago regarding additional Total Maximum Daily Load ("TMDL") requirements for dissolved oxygen in the Cooper and the Ashley Rivers. TMDL refers to the allowable pollutants that can be discharged into a body of water without degradation to the quality of the natural environment. It relates to the total dissolved oxygen concentrations relating to effluent discharge, or ultimate oxygen demand ("UOD"). SC DHEC's Phase I TMDL for UOD is currently in effect, and the County's treatment facilities are meeting the current UOD limit. The point dischargers on the Cooper and Ashley River are undergoing evaluation for a revised TMDL for UOD. The new model indicates modest reductions in allocated capacity. The County expects to receive new draft permits in the first quarter of calendar 2011.

*Grants*

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

**C. Deferred Compensation Plan**

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

**D. Employee Retirement Systems and Plans**

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

**BERKELEY COUNTY, SOUTH CAROLINA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2010**

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**IV. OTHER INFORMATION (CONTINUED)**

**D. Employee Retirement Systems and Plans (Continued)**

*Funding Policy* SCRS Plan members are required to contribute 6.5% of their annual covered salary and the County is required to contribute at an actuarially determined rate. The rate at June 30, 2010 was 9.24% of annual covered payroll. Additionally, participating employers of the SCRS contribute 0.15% of payroll to provide a group life insurance benefit for their participants. The County's total contributions to SCRS for the years ending June 30, 2010, 2009, and 2008 were \$2,940,099, \$2,837,597, and \$2,727,590, respectively, equal to the required contributions for each year.

SCPORS Plan members are required to contribute 6.5% of their annual covered salary and the County is required to contribute at an actuarially determined rate. The rate at June 30, 2010 was 10.65% of annual covered payroll. Additionally, participating employers of the SCPORS contribute 0.4% of payroll to provide a group life insurance benefit and an accidental death benefit for their participants. The County's total contributions to SCPORS for the years ending June 30, 2010, 2009, and 2008 were \$922,114, \$823,816, and \$771,765, respectively, equal to the required contributions for each year.

**E. Other Post-employment Benefits**

*Plan Description*

The County sponsors a single-employer defined benefit healthcare plan (the "Plan") that provides medical and dental insurance for retirees for the duration of their lives with the exception of the Water and Sanitation department, which provides medical and dental insurance for retirees under the Medicare eligible age of 65. Employees become eligible when the employee qualifies for the SCRS or SCPORS and has 10 years of service with the County. Information regarding SCRS and SCPORS eligibility may be found in Note IV.D. The amount the County contributes to the retirees' health insurance is approved in the annual budget. These contributions are neither guaranteed nor mandatory. The County has retained the right to unilaterally modify its payments toward retiree health care benefits at any time.

As of July 1, 2008, the measurement date, there were 1,193 covered participants, including 194 covered participants from the Water and Sanitation department, and 77 retired participants receiving benefits (3 from Water and Sanitation).

*Funding Policy*

The County contributes a fixed dollar amount each year. In 2010, the County contributed, on a monthly basis, up to \$175 for retiree only and retiree family healthcare coverage. For the OPEB Plan, the retiree contributes the balance between the actuarially calculated costs less the fixed dollar amount. The retiree pays 100% of the actuarially calculated dental costs.

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

**BERKELEY COUNTY, SOUTH CAROLINA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2010**

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**IV. OTHER INFORMATION (CONTINUED)**

**E. Other Post-employment Benefits (Continued)**

*Actuarial Methods and Assumptions*

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

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

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

Actuarial Valuation Date:	July 1, 2008
Actuarial Cost Method:	Unprojected Unit Credit
Amortization Method:	Level Percent of Pay
Amortization Period:	30 Years
Actuarial Assumptions:	
Investment Rate of Return:	6.0% annual return, net of both administrative and investment related expenses; this assumes that the ARC will be funded into an
Health Cost Trend:	10.0% to 6.0% in 0.5% annual steps
Coverage Elections:	80% of eligible retirees will elect medical coverage; 80% of retirees electing medical coverage will have a spouse, and 30% of those will elect to cover the spouse. 20% of eligible retirees will elect dental coverage; 80% of those electing dental coverage will have a spouse, and 0% of those will elect to cover the spouse
Active Participant Marriage Assumption:	80% of all active employees are assumed to be married with female spouses assumed to be 3 years younger.
Mortality Table:	UP-94 with females set back one year
Implicit Rate Subsidy:	Total cost of coverage for pre-65 retirees is 75% higher than the average premium rate to account for the implicitly subsidized costs.
Changes in Actuarial Assumptions/Cost Method:	There have been no significant changes in the actuarial assumptions or cost method from the prior year.

The County's actuarial consultant intends to use a smoothing method over a 5 year period with the assumed investment rate of return. The OPEB Plan's UAAL is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2010, was twenty-eight years.

**BERKELEY COUNTY, SOUTH CAROLINA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2010**

**IV. OTHER INFORMATION (CONTINUED)**

**E. Other Post-employment Benefits (Continued)**

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

*Annual OPEB Costs and Rollforward of Net OPEB Obligation*

The County implemented GASB Statement No. 45 in fiscal 2009. For 2010, 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 2010) was as follows:

1.	Net OPEB Obligation, Beginning of the Plan Year	\$ 1,586,344
2.	One Year's Interest on the Net OPEB Obligation	95,181
3.	ARC (Normal Cost Plus Any Amortization Payments)	1,745,811
4.	Adjustment to Annual Required Contribution	-
5.	Annual OPEB Cost: (2)+(3)+(4)	1,840,992
6.	Contributions Made for the Plan Year	139,047
7.	Increase in Net OPEB Obligation: (5)-(6)	1,701,945
8.	Net OPEB Obligation, End of the Plan Year: (1)+(7)	\$ 3,288,289

*Schedule of Employer Contributions*

The County did not make contributions to the Plan in 2010 to pre-fund benefits; therefore, contributions only include \$139,047 made by the County through payment of covered participants' explicit and implicit subsidized benefits. The actuarial analysis was based on the assumption that the County would fully fund the ARC each year; however, the actuarial analysis estimates that the AAL and ARC could increase by as much as 50% and 39%, respectively, if the County does not fund its ARC. The recorded net OPEB obligation does not reflect any possible increases due to the County not funding its ARC for 2009 or 2010.

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 two years were as follows:

<b>Schedule of Employer Contributions</b>				
Applicable to Fiscal Year Ending	Annual OPEB Cost	Annual OPEB Cost Contributed	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
June 30, 2009	\$ 1,738,318	151,974	8.74%	\$ 1,586,344
June 30, 2010	\$ 1,840,992	139,047	7.55%	\$ 3,288,289

**BERKELEY COUNTY, SOUTH CAROLINA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2010**

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**IV. OTHER INFORMATION (CONTINUED)**

**E. Other Post-employment Benefits (Continued)**

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

*Schedule of Funding Progress*

This schedule will provide trend information about whether the actuarial values of OPEB Plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. The schedule of funding progress for the OPEB Plan is as follows:

<b>Schedule of Funding Progress</b>				
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Aggregate* (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)
July 1, 2008	\$ -	13,039,717	13,039,717	0.00%

**F. Concentrations of Credit Risk**

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

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

**G. Conduit Debt**

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

As of June 30, 2010, there were twenty-four series of Special Source Revenue Bonds with an outstanding aggregate principal amount of approximately \$1.2 billion.

**H. Reciprocal Interfund Transactions**

During the year ended June 30, 2010, the County's General Fund charged the Water and Sewer and the Solid Waste Funds approximately \$198,000 for administrative services.

**BERKELEY COUNTY, SOUTH CAROLINA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2010**

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**IV. OTHER INFORMATION (CONTINUED)**

**I. Property Taxes**

The County is permitted under South Carolina law to levy property taxes for general governmental services and for the principal and interest on long-term debt. The County tax rate to finance general governmental services payments for the year ended June 30, 2010 was set by County Council in June 2009 for fiscal 2010 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 2010 as follows: 50.0 mills for the Sangaree Special Tax District and 4.0 mills for debt retirement. The assessed valuation of properties within the County's boundaries for the 2009 tax levy year was approximately \$689.5 million, exclusive of vehicles valued at approximately \$56.1 million, according to the records of the County Auditor and Assessor.

**J. Jedburg Road Improvement District**

On February 9, 2009, County Council adopted Ordinance No. 09-02-05 authorizing the creation of the Jedburg Road Improvement District ("JRID"), approving and authorizing the implementation of the Jedburg Road Improvement Plan (the "Plan"), providing for the financing of improvements within the JRID by assessment, and ordering the preparation of an assessment roll with a notice of the assessment sent to the property owners in the JRID. The JRID is located in the vicinity of the I-26/Jedburg Road interchange and consists of approximately 2,672 acres of mixed used development consisting of proposed industrial and commercial land uses by multiple owners. The Plan outlines various infrastructure improvements within the JRID that will be developed in two phases. The improvements as outlined in the Plan are expected to cost approximately \$30,500,000, which will be financed through the proceeds of two loans (Phase I and Phase II), obtained from the South Carolina Transportation Infrastructure Bank ("SCTIB"), with the total 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 expects to draw down the remaining \$3,495,000 by January 2011. The Phase II loan will be used to finance the remainder of the improvements as outlined in the Plan. Phase II of the Plan is anticipated to begin once 5,000,000 square feet of new business space in the JRID have been permitted.

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

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

**BERKELEY COUNTY, SOUTH CAROLINA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2010**

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**IV. OTHER INFORMATION (CONTINUED)**

**K. Local Option Sales Tax**

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

**L. Transportation Sales Tax**

The County has a special one percent transportation sales tax that was approved via voter referendum in November of 2008. The tax is to be imposed for not more than seven years to fund the construction and maintenance of highways, roads, streets, bridges, and road amenities such as sidewalks, curbs, gutter repairs, and repairs to drainage facilities relating to highways, roads, streets and bridges and other transportation-related projects in the County. The SC DOR collects the tax and disburses it to the County. The County received its first payments from the SC DOR in fiscal 2010.

**M. Subsequent Events**

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.

Subsequent to year end, the County was awarded a federal aviation grant in the amount of approximately \$3,583,000 to fund construction of a runway and drainage improvements at the Berkeley County Airport. The County also entered into construction and other contracts totaling approximately \$4,472,000, including approximately \$3,598,000 for improvements to the Berkeley County Airport.

**BERKELEY COUNTY, SOUTH CAROLINA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2010**

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**IV. OTHER INFORMATION (CONTINUED)**

**N. Pending Implementation of GASB Statement**

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, is effective for the County's fiscal year ending June 30, 2011. This Statement redefines the components of fund balance for governmental funds and establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources. The effect of implementation of this Statement has not been determined.

**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, 2010**

	<b>BUDGETED AMOUNTS</b>		<b>ACTUAL AMOUNTS</b>	<b>VARIANCE WITH FINAL BUDGET</b>
	<b>ORIGINAL</b>	<b>FINAL</b>		
<b>REVENUES</b>				
Property Taxes	\$ 20,054,520	20,054,520	20,279,926	\$ 225,406
Fee in Lieu of Taxes	4,770,300	4,770,300	5,168,385	398,085
Local Options Sales Tax	9,833,642	9,833,642	9,944,169	110,527
Licenses, Fees and Permits	1,404,100	1,404,100	1,719,581	315,481
Fines, Forfeitures and Fees	6,843,988	7,027,898	7,652,183	624,285
Interest Income	37,500	37,500	18,317	(19,183)
Intergovernmental - Federal	196,400	196,400	228,596	32,196
Intergovernmental - State and Local	7,463,848	7,463,848	7,073,806	(390,042)
Miscellaneous	437,100	494,966	674,026	179,060
<b>TOTAL REVENUES</b>	<b>51,041,398</b>	<b>51,283,174</b>	<b>52,758,989</b>	<b>1,475,815</b>
<b>EXPENDITURES</b>				
Current:				
General Government				
Legislative	498,844	498,844	458,908	39,936
Judicial	5,547,016	5,802,140	5,445,149	356,991
Executive	256,399	256,399	244,223	12,176
Finance and Administration	12,808,312	13,115,944	12,635,118	480,826
Elections	410,659	410,659	407,636	3,023
<b>Total General Government</b>	<b>19,521,230</b>	<b>20,083,986</b>	<b>19,191,034</b>	<b>892,952</b>
Public Safety				
Sheriff	9,987,085	10,541,426	10,509,403	32,023
Crime Stoppers	2,850	2,850	2,850	-
Corrections	2,997,554	2,997,554	2,926,738	70,816
Fire	272,267	272,267	272,256	11
Communications	1,118,094	1,132,352	1,122,612	9,740
Emergency Medical Services	5,104,382	5,124,818	5,003,720	121,098
Coroner	385,152	461,953	339,223	122,730
<b>Total Public Safety</b>	<b>19,867,384</b>	<b>20,533,220</b>	<b>20,176,802</b>	<b>356,418</b>
Airport, Highways and Streets				
Airport	376,874	384,790	358,110	26,680
Highways and Streets	4,306,021	4,353,847	4,121,465	232,382
Fleet Management	579,216	579,216	567,348	11,868
Engineering	778,675	778,675	764,597	14,078
<b>Total Airport, Highways and Streets</b>	<b>6,040,786</b>	<b>6,096,528</b>	<b>5,811,520</b>	<b>285,008</b>
Culture and Recreation				
Berkeley Museum	47,500	47,500	47,500	-
<b>Total Culture and Recreation</b>	<b>\$ 47,500</b>	<b>47,500</b>	<b>47,500</b>	<b>\$ -</b>

(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, 2010**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<b>EXPENDITURES (CONTINUED)</b>				
Current (Continued):				
Health and Welfare				
Health State	\$ 112,670	112,670	118,627	\$ (5,957)
Mosquito Abatement	565,914	608,707	542,468	66,239
Veterans Services	158,113	158,113	154,643	3,470
Other Programs Assistance	855,958	855,958	847,687	8,271
Total Health and Welfare	<u>1,692,655</u>	<u>1,735,448</u>	<u>1,663,425</u>	<u>72,023</u>
Community Development				
Santee Cooper Country	4,750	4,750	4,750	-
Regional Development Alliance	299,250	299,250	299,250	-
BCD Council of Governments	135,518	135,518	135,518	-
Total Community Development	<u>439,518</u>	<u>439,518</u>	<u>439,518</u>	<u>-</u>
Capital Outlay	-	405,000	424,985	(19,985)
Debt Service:				
Principal Retirement	1,635,704	1,635,704	1,642,515	(6,811)
Interest and Fiscal Charges	105,081	105,081	103,032	2,049
Total Debt Service	<u>1,740,785</u>	<u>1,740,785</u>	<u>1,745,547</u>	<u>(4,762)</u>
<b>TOTAL EXPENDITURES</b>	<u>49,349,858</u>	<u>51,081,985</u>	<u>49,500,331</u>	<u>1,581,654</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>1,691,540</u>	<u>201,189</u>	<u>3,258,658</u>	<u>3,057,469</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Reserved for Contingency	(200,000)	(82,657)	-	82,657
Issuance of Note Payable	-	405,000	405,000	-
Proceeds from Disposal of Assets	10,000	10,000	20,086	10,086
Transfers In	2,194,837	2,194,837	4,950,533	2,755,696
Transfers Out	(3,696,377)	(3,708,887)	(3,731,740)	(22,853)
Total Other Financing Sources (Uses)	<u>(1,691,540)</u>	<u>(1,181,707)</u>	<u>1,643,879</u>	<u>2,825,586</u>
<b>NET CHANGE IN FUND BALANCES</b>	-	<b>(980,518)</b>	<b>4,902,537</b>	<b>5,883,055</b>
FUND BALANCE - Beginning of Year	<u>4,737,383</u>	<u>4,737,383</u>	<u>4,737,383</u>	-
<b>FUND BALANCE - End of Year</b>	<u><b>\$ 4,737,383</b></u>	<u><b>3,756,865</b></u>	<u><b>9,639,920</b></u>	<u><b>\$ 5,883,055</b></u>

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

**BERKELEY COUNTY, SOUTH CAROLINA**

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

**YEAR ENDED JUNE 30, 2010**

Fiscal year 2009 was the first year of implementation of GASB No. 45 and the County elected to implement this statement prospectively. Therefore, comparative data is only available for the 2009 year. In future years, three-year trend information will be presented.

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

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

**SCHEDULE OF FUNDING PROGRESS**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Aggregate (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)
July 1, 2008	\$ -	13,039,717	\$ 13,039,717	0.00%

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**BERKELEY COUNTY, SOUTH CAROLINA**

**COMBINING BALANCE SHEET - SPECIAL REVENUE FUNDS**

**JUNE 30, 2010**

	<u>LIBRARY</u>	<u>NATIONAL FOREST</u>	<u>EMERGENCY PREPAREDNESS</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 158,554	-	-
Receivables, Net of Allowances:			
Property Taxes	-	-	-
Accounts Receivable	1,991	-	-
Federal, State and Local Governments	-	-	14,471
Restricted Cash and Cash Equivalents	-	62,597	-
<b>TOTAL ASSETS</b>	<b><u>160,545</u></b>	<b><u>62,597</u></b>	<b><u>14,471</u></b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts Payable and Accrued Liabilities	134,605	6,824	11,921
Due to Other Funds	-	-	2,550
Deferred Revenue	-	-	-
<b>TOTAL LIABILITIES</b>	<b><u>134,605</u></b>	<b><u>6,824</u></b>	<b><u>14,471</u></b>
<b>FUND BALANCES</b>			
Reserved for:			
Economic Development	-	-	-
Impact Fees	-	-	-
Other	-	55,773	-
Unreserved:			
Undesignated	25,940	-	-
<b>TOTAL FUND BALANCES</b>	<b><u>25,940</u></b>	<b><u>55,773</u></b>	<b><u>-</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 160,545</u></b>	<b><u>62,597</u></b>	<b><u>14,471</u></b>

<b>GIS</b>	<b>STORM WATER MANAGEMENT</b>	<b>HIGHWAY "C" FUNDS</b>	<b>CLERK OF COURT</b>
139,959	23,962	19,657	\$ 132,000
-	-	-	-
-	-	-	-
-	-	-	63,317
-	-	-	-
<b>139,959</b>	<b>23,962</b>	<b>19,657</b>	<b>195,317</b>
22,756	23,962	19,657	21,837
-	-	-	-
-	-	-	-
<b>22,756</b>	<b>23,962</b>	<b>19,657</b>	<b>21,837</b>
-	-	-	-
-	-	-	-
-	-	-	-
117,203	-	-	173,480
<b>117,203</b>	<b>-</b>	<b>-</b>	<b>173,480</b>
<b>139,959</b>	<b>23,962</b>	<b>19,657</b>	<b>\$ 195,317</b>

(Continued)

**BERKELEY COUNTY, SOUTH CAROLINA**

**COMBINING BALANCE SHEET - SPECIAL REVENUE FUNDS**

**JUNE 30, 2010**

	<b>ECONOMIC DEVELOPMENT</b>	<b>STATE ACCOMMODATIONS TAX</b>	<b>IMPACT FEES</b>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ -	-	-
Receivables, Net of Allowances:			
Property Taxes	-	-	-
Accounts Receivable	-	-	-
Federal, State and Local Governments	-	43,897	-
Restricted Cash and Cash Equivalents	8,034,321	-	3,653,589
<b>TOTAL ASSETS</b>	<b><u>8,034,321</u></b>	<b><u>43,897</u></b>	<b><u>3,653,589</u></b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts Payable and Accrued Liabilities	-	41,702	-
Due to Other Funds	-	2,195	-
Deferred Revenue	-	-	-
<b>TOTAL LIABILITIES</b>	<b><u>-</u></b>	<b><u>43,897</u></b>	<b><u>-</u></b>
<b>FUND BALANCES</b>			
Reserved for:			
Economic Development	8,034,321	-	-
Impact Fees	-	-	3,653,589
Other	-	-	-
Unreserved:			
Undesignated	-	-	-
<b>TOTAL FUND BALANCES</b>	<b><u>8,034,321</u></b>	<b><u>-</u></b>	<b><u>3,653,589</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 8,034,321</u></b>	<b><u>43,897</u></b>	<b><u>3,653,589</u></b>

<b>SHERIFF'S GRANTS</b>	<b>MISCELLANEOUS SPECIAL REVENUE</b>	<b>VICTIM'S ASSISTANCE</b>	<b>COUNTY ACCOMMODATIONS TAX</b>	<b>PARD GRANT</b>	<b>LOCAL ECONOMIC DEVELOPMENT</b>
194,326	320,780	112,411	75,999	-	\$ 1,012,749
-	-	-	-	-	624,717
4,150	-	5,252	35,299	-	-
58,874	12,129	-	-	20,570	-
-	-	-	-	-	-
<b>257,350</b>	<b>332,909</b>	<b>117,663</b>	<b>111,298</b>	<b>20,570</b>	<b>1,637,466</b>
42,506	-	14,098	89,038	-	13,330
-	12,129	-	22,260	20,570	-
154,130	-	-	-	-	629,717
196,636	12,129	14,098	111,298	20,570	643,047
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
60,714	320,780	103,565	-	-	994,419
60,714	320,780	103,565	-	-	994,419
<b>257,350</b>	<b>332,909</b>	<b>117,663</b>	<b>111,298</b>	<b>20,570</b>	<b>\$ 1,637,466</b>

(Continued)

**BERKELEY COUNTY, SOUTH CAROLINA**

**COMBINING BALANCE SHEET - SPECIAL REVENUE FUNDS**

**JUNE 30, 2010**

	<b>AIRPORT IMPROVEMENTS</b>	<b>SANGAREE SPECIAL TAX DISTRICT</b>	<b>PIMLICO SPECIAL TAX DISTRICT</b>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ -	661,218	-
Receivables, Net of Allowances:			
Property Taxes	-	912,700	27,917
Accounts Receivable	-	1,693	-
Federal, State and Local Governments	209,071	-	-
Restricted Cash and Cash Equivalents	-	-	-
<b>TOTAL ASSETS</b>	<b><u>209,071</u></b>	<b><u>1,575,611</u></b>	<b><u>27,917</u></b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts Payable and Accrued Liabilities	5,473	59,885	100
Due to Other Funds	203,598	-	-
Deferred Revenue	-	901,623	27,817
<b>TOTAL LIABILITIES</b>	<b><u>209,071</u></b>	<b><u>961,508</u></b>	<b><u>27,917</u></b>
<b>FUND BALANCES</b>			
Reserved for:			
Economic Development	-	-	-
Impact Fees	-	-	-
Other	-	-	-
Unreserved:			
Undesignated	-	614,103	-
<b>TOTAL FUND BALANCES</b>	<b><u>-</u></b>	<b><u>614,103</u></b>	<b><u>-</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 209,071</u></b>	<b><u>1,575,611</u></b>	<b><u>27,917</u></b>

<b>TALL PINES SPECIAL TAX DISTRICT</b>	<b>DEVON FOREST SPECIAL TAX DISTRICT</b>	<b>SPECIAL COUNTY TAX DISTRICT</b>	<b>LAKE MOULTRIE PARK</b>	<b>LEGAL FORFEITURE PROCEEDS</b>	<b>TOTAL SPECIAL REVENUE FUNDS</b>
-	-	78,458	58,356	2,604	\$ 2,991,033
77,120	41,800	3,714,695	-	-	5,398,949
-	-	-	-	-	48,385
-	-	-	-	-	422,329
-	-	-	-	-	11,750,507
<b>77,120</b>	<b>41,800</b>	<b>3,793,153</b>	<b>58,356</b>	<b>2,604</b>	<b>20,611,203</b>
600	70	143,103	-	-	651,467
-	-	-	-	-	263,302
76,520	41,730	3,650,050	-	-	5,481,587
77,120	41,800	3,793,153	-	-	6,396,356
-	-	-	-	-	8,034,321
-	-	-	-	-	3,653,589
-	-	-	-	-	55,773
-	-	-	58,356	2,604	2,471,164
-	-	-	58,356	2,604	14,214,847
<b>77,120</b>	<b>41,800</b>	<b>3,793,153</b>	<b>58,356</b>	<b>2,604</b>	<b>\$ 20,611,203</b>

**BERKELEY COUNTY, SOUTH CAROLINA**

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

**YEAR ENDED JUNE 30, 2010**

	<u>LIBRARY</u>	<u>NATIONAL FOREST</u>	<u>EMERGENCY PREPAREDNESS</u>
<b>REVENUES</b>			
Taxes:			
Property	\$ -	-	-
Accommodations	-	-	-
Fee in Lieu of Taxes	-	-	-
Fines, Forfeitures and Fees	91,392	-	-
Interest Income	-	-	-
Local Revenue	-	-	-
Intergovernmental - Federal	59,913	489,271	56,290
Intergovernmental - State and Local	194,596	-	1,887
Miscellaneous	22,494	-	-
<b>TOTAL REVENUES</b>	<b>368,395</b>	<b>489,271</b>	<b>58,177</b>
<b>EXPENDITURES</b>			
Current:			
General Government	-	-	-
Public Safety	-	-	284,556
Airport, Highways and Streets	-	-	-
Culture and Recreation	2,772,257	13,647	-
Community Development	-	-	-
Capital Outlay	196,671	-	-
Debt Service:			
Principal Retirement	45,807	-	-
Interest and Fiscal Charges	3,738	-	-
<b>TOTAL EXPENDITURES</b>	<b>3,018,473</b>	<b>13,647</b>	<b>284,556</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(2,650,078)</b>	<b>475,624</b>	<b>(226,379)</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	2,624,825	-	226,379
Transfers Out	-	(489,271)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>2,624,825</b>	<b>(489,271)</b>	<b>226,379</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(25,253)</b>	<b>(13,647)</b>	<b>-</b>
FUND BALANCE - Beginning of Year	51,193	69,420	-
<b>FUND BALANCE - End of Year</b>	<b>\$ 25,940</b>	<b>55,773</b>	<b>-</b>

<b>GIS</b>	<b>STORM WATER MANAGEMENT</b>	<b>HIGHWAY "C" FUNDS</b>	<b>EMS EQUIPMENT</b>	<b>CLERK OF COURT</b>
-	-	-	-	\$ -
-	-	-	-	-
-	-	-	-	-
18,047	-	-	-	-
-	-	-	-	-
133,849	-	350,650	-	-
-	-	-	-	416,133
-	-	206,506	23,785	-
-	1,567	-	-	-
<b>151,896</b>	<b>1,567</b>	<b>557,156</b>	<b>23,785</b>	<b>416,133</b>
415,471	-	-	-	363,005
-	-	-	25,263	-
-	71,277	26,667	-	-
-	-	-	-	-
-	-	530,489	-	-
-	-	-	-	-
-	-	-	-	-
<b>415,471</b>	<b>71,277</b>	<b>557,156</b>	<b>25,263</b>	<b>363,005</b>
<b>(263,575)</b>	<b>(69,710)</b>	<b>-</b>	<b>(1,478)</b>	<b>53,128</b>
284,042	69,710	-	1,478	-
-	-	-	-	-
<b>284,042</b>	<b>69,710</b>	<b>-</b>	<b>1,478</b>	<b>-</b>
<b>20,467</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>53,128</b>
96,736	-	-	-	120,352
<b>117,203</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>\$ 173,480</b>

(Continued)

**BERKELEY COUNTY, SOUTH CAROLINA**

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

**YEAR ENDED JUNE 30, 2010**

	<b>ECONOMIC DEVELOPMENT</b>	<b>STATE ACCOMMODATIONS TAX</b>	<b>IMPACT FEES</b>
<b>REVENUES</b>			
Taxes:			
Property	\$ -	-	-
Accommodations	-	-	-
Fee in Lieu of Taxes	-	-	-
Fines, Forfeitures and Fees	-	-	1,162,842
Interest Income	-	-	8,873
Local Revenue	-	-	-
Intergovernmental - Federal	-	-	-
Intergovernmental - State and Local	9,100,000	81,880	-
Miscellaneous	290,000	-	-
<b>TOTAL REVENUES</b>	<b>9,390,000</b>	<b>81,880</b>	<b>1,171,715</b>
<b>EXPENDITURES</b>			
Current:			
General Government	-	-	-
Public Safety	-	-	-
Airport, Highways and Streets	-	-	-
Culture and Recreation	-	-	-
Community Development	2,550,000	54,036	-
Capital Outlay	-	-	-
Debt Service:			
Principal Retirement	-	-	-
Interest and Fiscal Charges	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>2,550,000</b>	<b>54,036</b>	<b>-</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>6,840,000</b>	<b>27,844</b>	<b>1,171,715</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	-	-	-
Transfers Out	(91,100)	(27,844)	(291,334)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(91,100)</b>	<b>(27,844)</b>	<b>(291,334)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>6,748,900</b>	<b>-</b>	<b>880,381</b>
FUND BALANCE - Beginning of Year	1,285,421	-	2,773,208
<b>FUND BALANCE - End of Year</b>	<b>\$ 8,034,321</b>	<b>-</b>	<b>3,653,589</b>

<b>SHERIFF'S GRANTS</b>	<b>MISCELLANEOUS SPECIAL REVENUE</b>	<b>VICTIMS' ASSISTANCE</b>	<b>COUNTY ACCOMMODATIONS TAX</b>	<b>PARD GRANT</b>
-	-	-	-	\$ -
-	-	-	365,886	-
-	3,208,236	-	-	-
15,617	227,397	209,750	-	-
22	88	-	-	-
295,265	-	-	-	-
686,206	12,129	-	-	-
-	-	-	-	29,216
-	106,902	-	-	-
<b>997,110</b>	<b>3,554,752</b>	<b>209,750</b>	<b>365,886</b>	<b>29,216</b>
-	15,931	-	-	-
685,380	256,549	210,081	-	-
-	-	-	-	-
-	-	-	-	52,728
-	-	-	292,710	-
376,090	19,045	-	-	-
-	-	-	-	-
-	-	-	-	-
<b>1,061,470</b>	<b>291,525</b>	<b>210,081</b>	<b>292,710</b>	<b>52,728</b>
<b>(64,360)</b>	<b>3,263,227</b>	<b>(331)</b>	<b>73,176</b>	<b>(23,512)</b>
61,415	-	-	-	23,512
-	(3,208,236)	-	(73,176)	-
<b>61,415</b>	<b>(3,208,236)</b>	<b>-</b>	<b>(73,176)</b>	<b>23,512</b>
<b>(2,945)</b>	<b>54,991</b>	<b>(331)</b>	<b>-</b>	<b>-</b>
63,659	265,789	103,896	-	-
<b>60,714</b>	<b>320,780</b>	<b>103,565</b>	<b>-</b>	<b>\$ -</b>

(Continued)

**BERKELEY COUNTY, SOUTH CAROLINA**

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

**YEAR ENDED JUNE 30, 2010**

	<u>LOCAL ECONOMIC DEVELOPMENT</u>	<u>AIRPORT IMPROVEMENTS</u>	<u>REGIONAL DISASTER PLANNING GRANT</u>	<u>SANGAREE SPECIAL TAX DISTRICT</u>
<b>REVENUES</b>				
Taxes:				
Property	\$ 94,402	-	-	1,090,863
Accommodations	-	-	-	-
Fee in Lieu of Taxes	1,234,070	-	-	-
Fines, Forfeitures and Fees	19,815	-	-	-
Interest Income	-	-	-	-
Local Revenue	-	-	-	-
Intergovernmental - Federal	-	201,808	50,000	-
Intergovernmental - State and Local	-	5,311	-	-
Miscellaneous	16,176	-	-	3,544
<b>TOTAL REVENUES</b>	<u>1,364,463</u>	<u>207,119</u>	<u>50,000</u>	<u>1,094,407</u>
<b>EXPENDITURES</b>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	50,000	-
Airport, Highways and Streets	-	773	-	-
Culture and Recreation	-	-	-	-
Community Development	277,318	-	-	935,123
Capital Outlay	-	302,757	-	297,872
Debt Service:				
Principal Retirement	6,111	-	-	-
Interest and Fiscal Charges	240	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>283,669</u>	<u>303,530</u>	<u>50,000</u>	<u>1,232,995</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u><b>1,080,794</b></u>	<u><b>(96,411)</b></u>	<u><b>-</b></u>	<u><b>(138,588)</b></u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	96,411	-	-
Transfers Out	(407,318)	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(407,318)</u>	<u>96,411</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	<b>673,476</b>	<b>-</b>	<b>-</b>	<b>(138,588)</b>
FUND BALANCE - Beginning of Year	<u>320,943</u>	<u>-</u>	<u>-</u>	<u>752,691</u>
<b>FUND BALANCE - End of Year</b>	<u><b>\$ 994,419</b></u>	<u><b>-</b></u>	<u><b>-</b></u>	<u><b>614,103</b></u>

<b>PIMLICO SPECIAL TAX DISTRICT</b>	<b>TALL PINES SPECIAL TAX DISTRICT</b>	<b>DEVON FOREST SPECIAL TAX DISTRICT</b>	<b>SPECIAL COUNTY TAX DISTRICT</b>	<b>LAKE MOULTRIE PARK</b>	<b>LEGAL FORFEITURE PROCEEDS</b>	<b>TOTAL SPECIAL REVENUE FUNDS</b>
-	-	-	-	-	-	\$ 1,185,265
-	-	-	-	-	-	365,886
-	-	-	-	-	-	4,442,306
27,750	75,850	42,410	3,457,571	-	4,481	5,352,922
-	-	-	-	-	-	8,983
-	-	-	-	-	-	779,764
-	-	-	-	-	-	1,971,750
-	-	-	-	-	-	9,643,181
-	-	-	-	-	-	440,683
<b>27,750</b>	<b>75,850</b>	<b>42,410</b>	<b>3,457,571</b>	<b>-</b>	<b>4,481</b>	<b>24,190,740</b>
-	-	-	-	-	18,052	812,459
-	-	-	3,457,571	-	-	4,969,400
-	-	-	-	-	-	98,717
-	-	-	-	-	-	2,838,632
27,750	75,850	42,410	-	-	-	4,255,197
-	-	-	-	-	-	1,722,924
-	-	-	-	-	-	51,918
-	-	-	-	-	-	3,978
<b>27,750</b>	<b>75,850</b>	<b>42,410</b>	<b>3,457,571</b>	<b>-</b>	<b>18,052</b>	<b>14,753,225</b>
-	-	-	-	-	<b>(13,571)</b>	<b>9,437,515</b>
-	-	-	-	-	-	3,387,772
-	-	-	-	-	-	(4,588,279)
-	-	-	-	-	-	(1,200,507)
-	-	-	-	-	<b>(13,571)</b>	<b>8,237,008</b>
-	-	-	-	58,356	16,175	5,977,839
-	-	-	-	<b>58,356</b>	<b>2,604</b>	<b>\$ 14,214,847</b>

**BERKELEY COUNTY, SOUTH CAROLINA**

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

**JUNE 30, 2010**

	<b>PARKS AND RECREATION</b>	<b>EMERGENCY TELEPHONE</b>	<b>TOTALS</b>
<b>ASSETS</b>			
<b>CURRENT ASSETS:</b>			
Cash and Cash Equivalents	\$ -	362,887	\$ 362,887
Property Taxes Receivable, Net of Allowance	615,437	-	615,437
Accounts Receivable, Net of Allowance	-	80,065	80,065
Inventories, at Cost	25,512	-	25,512
Prepaid Items and Deposits	-	10,200	10,200
<b>TOTAL CURRENT ASSETS</b>	<b>640,949</b>	<b>453,152</b>	<b>1,094,101</b>
<b>NON-CURRENT ASSETS:</b>			
<b>CAPITAL ASSETS:</b>			
Non-Depreciable	85,000	-	85,000
Depreciable, Net of Accumulated Depreciation	1,658,506	442,925	2,101,431
<b>TOTAL CAPITAL ASSETS</b>	<b>1,743,506</b>	<b>442,925</b>	<b>2,186,431</b>
<b>TOTAL NON-CURRENT ASSETS</b>	<b>1,743,506</b>	<b>442,925</b>	<b>2,186,431</b>
<b>TOTAL ASSETS</b>	<b>2,384,455</b>	<b>896,077</b>	<b>3,280,532</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES:</b>			
Accounts Payable and Accrued Liabilities	48,148	304,180	352,328
Accrued Compensated Absences	64,433	6,263	70,696
Due to Other Funds	939,928	-	939,928
Deferred Revenue	627,381	-	627,381
Current Portion of Bonds and Notes Payable	-	5,886	5,886
<b>TOTAL CURRENT LIABILITIES</b>	<b>1,679,890</b>	<b>316,329</b>	<b>1,996,219</b>
<b>NON-CURRENT LIABILITIES:</b>			
Accrued Compensated Absences	35,608	1,570	37,178
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>35,608</b>	<b>1,570</b>	<b>37,178</b>
<b>TOTAL LIABILITIES</b>	<b>1,715,498</b>	<b>317,899</b>	<b>2,033,397</b>
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	1,743,506	437,039	2,180,545
Unrestricted Assets	(1,074,549)	141,139	(933,410)
<b>TOTAL NET ASSETS</b>	<b>668,957</b>	<b>578,178</b>	<b>1,247,135</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 2,384,455</b>	<b>896,077</b>	<b>\$ 3,280,532</b>

BERKELEY COUNTY, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2010

	<b>PARKS AND RECREATION</b>	<b>EMERGENCY TELEPHONE</b>	<b>TOTALS</b>
<b>OPERATING REVENUES</b>			
Sales and Services	\$ 480,161	489,275	\$ 969,436
Other Operating Revenue	6,012	4,802	10,814
<b>TOTAL OPERATING REVENUES</b>	<b>486,173</b>	<b>494,077</b>	<b>980,250</b>
<b>OPERATING EXPENSES</b>			
Personnel Services	664,922	146,337	811,259
Advertising	40,065	3,191	43,256
Utilities	82,004	243,314	325,318
Office Expenses	16,669	22,454	39,123
Maintenance and Repairs	21,130	83,965	105,095
Contractual Services	5,144	5,400	10,544
Other Services and Charges	115,158	4,318	119,476
Depreciation	88,345	106,990	195,335
<b>TOTAL OPERATING EXPENSES</b>	<b>1,033,437</b>	<b>615,969</b>	<b>1,649,406</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(547,264)</b>	<b>(121,892)</b>	<b>(669,156)</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
State Grant Revenue	-	197,225	197,225
Loss on Disposition of Assets	-	(103,646)	(103,646)
Interest Expense	(577)	(1,697)	(2,274)
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<b>(577)</b>	<b>91,882</b>	<b>91,305</b>
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS</b>	<b>(547,841)</b>	<b>(30,010)</b>	<b>(577,851)</b>
<b>TRANSFERS</b>			
Transfers In	440,380	-	440,380
<b>TOTAL TRANSFERS</b>	<b>440,380</b>	<b>-</b>	<b>440,380</b>
<b>CHANGE IN NET ASSETS</b>	<b>(107,461)</b>	<b>(30,010)</b>	<b>(137,471)</b>
NET ASSETS, Beginning of Year	776,418	608,188	1,384,606
<b>NET ASSETS, End of Year</b>	<b>\$ 668,957</b>	<b>578,178</b>	<b>\$ 1,247,135</b>

**BERKELEY COUNTY, SOUTH CAROLINA**

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

**YEAR ENDED JUNE 30, 2010**

	<b>PARKS AND RECREATION</b>	<b>EMERGENCY TELEPHONE</b>	<b>TOTALS</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash Received from Customers and Users	\$ 486,774	502,725	\$ 989,499
Cash Paid to Suppliers	(299,021)	(378,095)	(677,116)
Cash Paid to Employees	(688,346)	(148,615)	(836,961)
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<u>(500,593)</u>	<u>(23,985)</u>	<u>(524,578)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>			
Non-Capital Grant Contributions	-	197,225	197,225
Transfers and Advances Between Funds	520,949	-	520,949
<b>NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES</b>	<u>520,949</u>	<u>197,225</u>	<u>718,174</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition and Construction of Capital Assets	(9,973)	-	(9,973)
Principal Paid - Notes Payable	(9,804)	(37,659)	(47,463)
Interest Paid - Notes Payable	(579)	(1,697)	(2,276)
<b>NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>(20,356)</u>	<u>(39,356)</u>	<u>(59,712)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>-</b>	<b>133,884</b>	<b>133,884</b>
CASH AND CASH EQUIVALENTS, Beginning of Year	-	229,003	229,003
<b>CASH AND CASH EQUIVALENTS, End of Year</b>	<u><b>\$ -</b></u>	<u><b>362,887</b></u>	<u><b>\$ 362,887</b></u>
<b>Reconciliation of Cash and Cash Equivalents to the Statement of Net Assets</b>			
Cash and Cash Equivalents - Current Assets	\$ -	362,887	\$ 362,887
	<u>\$ -</u>	<u>362,887</u>	<u>\$ 362,887</u>

(Continued)

**BERKELEY COUNTY, SOUTH CAROLINA**

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

**YEAR ENDED JUNE 30, 2010**

	<u>PARKS AND RECREATION</u>	<u>EMERGENCY TELEPHONE</u>	<u>TOTALS</u>
<b>Reconciliation of Operating Loss to Net Cash Used In Operating Activities:</b>			
Operating Loss	\$ (547,264)	(121,892)	\$ (669,156)
Adjustments to Reconcile Operating Loss to Net Cash Used In Operating Activities:			
Depreciation and Amortization	88,345	106,990	195,335
(Increase) Decrease in Assets:			
Accounts Receivable	601	8,648	9,249
Property Taxes Receivable	(615,436)	-	(615,436)
Inventories	5,144	-	5,144
Prepaid Items and Deposits	-	(10,200)	(10,200)
Increase (Decrease) in Liabilities:			
Accounts Payable and Accrued Liabilities	(38,690)	(6,829)	(45,519)
Compensated Absences Payable	(8,729)	(702)	(9,431)
Deferred Revenue	615,436	-	615,436
<b>Total Adjustments</b>	<u>46,671</u>	<u>97,907</u>	<u>144,578</u>
<b>Net Cash Used in Operating Activities</b>	<u>\$ (500,593)</u>	<u>(23,985)</u>	<u>\$ (524,578)</u>

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

Acquisition of Capital Assets Not Yet Paid For	-	(294,710)	(294,710)
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**BERKELEY COUNTY, SOUTH CAROLINA**

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

**JUNE 30, 2010**

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	<u>CLERK OF COURT</u>	<u>MASTER IN EQUITY</u>	<u>TAX COLLECTOR</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 2,217,913	74,388	2,312,327
Receivables:			
Due From State Government	-	-	-
<b>TOTAL ASSETS</b>	<u><u>2,217,913</u></u>	<u><u>74,388</u></u>	<u><u>2,312,327</u></u>
<b>LIABILITIES</b>			
Due to School District	-	-	-
Due to Other Designated Recipients	2,217,913	74,388	2,312,327
<b>TOTAL LIABILITIES</b>	<u><u>\$ 2,217,913</u></u>	<u><u>74,388</u></u>	<u><u>2,312,327</u></u>

<u>SHERIFF</u>	<u>MAGISTRATES</u>	<u>TREASURER</u>	<u>"C" FUNDS ADMINISTRATION</u>	<u>TOTALS</u>
368,512	289,680	10,565,241	10,836,188	\$ 26,664,249
-	-	994,957	251,555	1,246,512
<u><b>368,512</b></u>	<u><b>289,680</b></u>	<u><b>11,560,198</b></u>	<u><b>11,087,743</b></u>	<u><b>27,910,761</b></u>
-	-	10,137,750	-	10,137,750
368,512	289,680	1,422,448	11,087,743	17,773,011
<u><b>368,512</b></u>	<u><b>289,680</b></u>	<u><b>11,560,198</b></u>	<u><b>11,087,743</b></u>	<u><b>\$ 27,910,761</b></u>

**BERKELEY COUNTY, SOUTH CAROLINA**

**SUPPLEMENTAL SCHEDULE OF FINES, ASSESSMENTS, AND SURCHARGES COLLECTED**

**JUNE 30, 2010**

	<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>
<b>MAGISTRATES</b>						
Fines:						
Traffic/Criminal	\$ 1,032,999	3,392	1,029,607	1,029,607	-	\$ 1,029,607
Wildlife/Littering	25,308	25,308	-	-	-	-
DUI/DUS	54,330	54,330	-	-	-	-
Fees	477,229	66,888	410,341	410,341	-	410,341
Assessments	1,024,221	931,674	92,548	-	92,548	92,548
Surcharges	406,273	350,140	56,133	-	56,133	56,133
Total Magistrates	<u>3,020,360</u>	<u>1,431,732</u>	<u>1,588,629</u>	<u>1,439,948</u>	<u>148,681</u>	<u>1,588,629</u>
<b>CLERK OF COURT</b>						
Fines:						
General Sessions	49,499	18,500	30,999	30,999	-	30,999
DUI/DUS	3,036	3,036	-	-	-	-
Fees	1,778,371	1,105,137	673,234	673,234	-	673,234
Assessments	55,698	38,386	17,312	-	17,312	17,312
Surcharges	59,779	16,022	43,757	-	43,757	43,757
Total Clerk of Court	<u>1,946,383</u>	<u>1,181,081</u>	<u>765,302</u>	<u>704,233</u>	<u>61,069</u>	<u>765,302</u>
<b>TOTAL MAGISTRATES AND CLERK OF COURT</b>	<u><b>\$ 4,966,743</b></u>	<u><b>2,612,813</b></u>	<u><b>2,353,931</b></u>	<u><b>2,144,181</b></u>	<u><b>209,750</b></u>	<u><b>\$ 2,353,931</b></u>

BERKELEY COUNTY, SOUTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2010

FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANT / CONTRACT NUMBER	FEDERAL EXPENDITURES
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			
Passed through South Carolina Office of the Governor - Division of Economic Development/ Community Development Block Grant			
Local Planning Assistance	14.228	4-RP-08-009	\$ 50,000
Regional Disaster Planning - COG: Wassamassaw	14.228	4CI-08-003	376,440
<b>Total U.S. Department of Housing and Urban Development</b>			<b>426,440</b>
<b>ENVIRONMENTAL PROTECTION AGENCY</b>			
Passed through South Carolina Department of Health and Environmental Control Capitalization Grant for Drinking Water State Revolving Funds - Loan			
	66.468	3-033-08-0820002-03	182,776
<b>Total U.S. Department of Environmental Protection Agency</b>			<b>182,776</b>
<b>U.S. DEPARTMENT OF ENERGY</b>			
Passed through South Carolina Energy Office ARRA - Energy Efficiency and Conservation Block Grant Program			
	81.128	DE-EE0000952	12,129
<b>Total U.S. Department of Energy</b>			<b>12,129</b>
<b>U.S. DEPARTMENT OF EDUCATION</b>			
Passed Through the South Carolina State Library Program ARRA - State Stabilization Funds			
	84.397	H8701AARA110	59,913
<b>Total U.S. Department of Education</b>			<b>59,913</b>
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>			
Direct			
Federal Aviation Administration	20.106	3-45-0041-16	41,865
Federal Aviation Administration	20.106	3-45-0041-17	159,943
			201,808
Passed Through South Carolina Public Safety Highway Safety - DUI			
	20.601	2H10024	190,007
<b>Total U.S. Department of Transportation</b>			<b>\$ 391,815</b>

(Continued)

BERKELEY COUNTY, SOUTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2010

FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANT / CONTRACT NUMBER	FEDERAL EXPENDITURES
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
Passed Through South Carolina State Treasurer National Forest Fund	10.665	n/a	\$ 489,021
<b>Total U.S. Department of Agriculture</b>			<b>489,021</b>
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>			
Passed Through Adjutant General's Office Local Emergency Management Performance	97.067	9EMPG01	43,706
Local Emergency Management Performance	97.067	10LEMPG01	7,963
			<u>51,669</u>
Passed Through South Carolina Law Enforcement Division Protective Services - Emergency Management Unit 2008 State Homeland Security	97.067	2008-GE-T8-0049	4,621
<b>Total U.S. Department of Homeland Security</b>			<b>56,290</b>
<b>U.S. DEPARTMENT OF JUSTICE</b>			
Direct Program: ARRA - Justice Assistance Grant - 2009 Recovery	16.804	2009-SB-B9-0665	177,547
Passed Through South Carolina Public Safety State Criminal Alien Assistance Program	16.606	2009-AP-BX-0781	9,577
ARRA - Justice Assistance Grant	16.803	1GS09098	248,025
Passed Through Adjutant General's Office Justice Assistance Grant	16.607	2008-DJ-BX-0035	17,702
Justice Assistance Grant	16.738	2009-DJ-BX-0005	33,453
<b>Total U.S. Department of Justice</b>			<b>486,304</b>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$ 2,104,688</b>

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, 2010**

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**Basis of Presentation**

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

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Berkeley County, South Carolina (the "County") as of and for the year ended June 30, 2010, which collectively comprise the County's basic financial statements, and have issued our report thereon dated December 22, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

We noted certain matters that we have reported to management of the County in a separate letter dated December 22, 2010.

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

  
Greene, Finney & Horton, LLP  
Mauldin, South Carolina  
December 22, 2010

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

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

Compliance

We have audited Berkeley County, South Carolina's (the "County") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2010. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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

In our opinion, the County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

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

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

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

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

*Greene, Finney & Horton LLP*

Greene, Finney & Horton, LLP  
Mauldin, South Carolina  
December 22, 2010

**BERKELEY COUNTY, SOUTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED JUNE 30, 2010**

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**Section I - Summary of Auditors' Results**

*Financial Statements*

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

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

*Federal Awards*

Internal control over major programs:

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

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

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

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
10.665	National Forest Fund
16.804	ARRA - Justice Assistance Grant

Dollar threshold used to distinguish between type A and type B programs:	\$ _____	300,000
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Auditee qualified as low-risk auditee?	_____ <u>X</u> Yes	_____ No
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**Section II - Findings - 2010 Financial Statements Audit**

No matters to report.

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

No matters to report.

**BERKELEY COUNTY, SOUTH CAROLINA**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**YEAR ENDED JUNE 30, 2010**

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