Purpose of Today’s Presentation

- Introduction of Mauldin & Jenkins
- Overview of:
  - Independent Auditor’s Report
  - Compliance Reports (Yellow Book and Single Audit)
  - Financial Statements
- Required Communications
- Answer Any Questions
Introduction of Mauldin & Jenkins

- Large Regional Firm with nine (9) offices in five (5) states.
- Nationally recognized in the top 100 public accounting firms.
- Serve approximately 500 governments throughout the Southeast (including 9 South Carolina counties).
- 25 partners and managers who spend 100% of their time auditing state and local governments.
- Joel Black, Governmental Partner, appointed the Chair of the Governmental Accounting Standards Board (GASB), effective July 1, 2020.
Audit Opinion

- Berkeley County: responsible for financial statements.
- M&J: to express opinions.
- Auditing Standards = Generally Accepted Auditing Standards and Governmental Auditing Standards
- Financial Audit: Unmodified (Clean) Opinion
  - Highest level of Assurance
  - Financial Statements are fairly presented in all material respects, in accordance with GAAP
Compliance Reports

Financial Report contains two (2) compliance reports:

- **Single Audit Report**
  - Compliance audit
  - Required > $750k in federal expenditures
  - Unmodified (Clean) Opinion

- **Yellow Book Report**
  - Report on County’s Internal Controls and Compliance
  - Not Intended to Provide an Opinion
  - No Significant Deficiencies or Material Weaknesses
Overview of Financial Statements

- Management’s Discussion & Analysis (MD&A)
  - Written by Management
  - Introduces and Summarizes Basic Financial Statements
  - Comparative Information

- Government-Wide Financial Statements
  - Broad view of County operations
  - Funds combined under Governmental and Business-type Activities
Overview of Financial Statements

- $1.084 Billion = total assets and deferred outflows
- $674 Million = capital assets, net of A/D
- $449 Million = total liabilities and deferred inflows
- $635 Million = net position (or equity)
- $330 million = revenues
- $239 million = expenses
- Increase in Net Position of $91M vs $75M increase in py
Overview of Financial Statements

Items to Note Regarding $91 Million Increase in Net Position

• Net Position = Difference b/w Assets and Liabilities

• Does NOT equate to corresponding increase cash position

• Govt Activities: $51.8 and Business-type: $39.5

• $57.2 million assets contributed by developers

• Business-type operating income of $22.8 million
Overview of Financial Statements

General Fund Revenues - June 30, 2020

- Property taxes: $11,766,107
- Fee in lieu of taxes: $11,541,384
- Sales taxes: $268,920
- Licenses, fees and permits: $142,619
- Fines, forfeitures and fees: $17,035,684
- Interest income: $1,025,535
- Local revenue: $17,406,505
- Intergovernmental: $30,507,735
- Other revenues: $6,458,487
Overview of Financial Statements

Significant Fluctuations between current and prior year:

• Property taxes increased $3.4 million or 12.4%
• Fee in lieu of taxes increased $1.8 million or 11.5%
• Licenses, fees, and permits increased $1.6 million or 31.7%
• Fines, forfeitures, and fees decreased 20% or $2.9 million
• Intergovernmental revenue increased 50% or $3.9 million
Overview of Financial Statements

General Fund Expenditures - June 30, 2020

- General government
- Public safety
- Airports, highways and streets
- Culture and recreation
- Health and welfare
- Community development
- Disaster
- Capital outlay
- Debt service
Overview of Financial Statements

Significant Fluctuations between current and prior year:

• Public safety expenditures increased $3.6 million or 10%
• Culture and recreation increased by $562k or 16%
• Natural disaster decreased 55% or $1 million

CY revenue increase $9.2 million vs CY expenditure increase of $3.7 million = Net increase of $5.5 million
Overview of Financial Statements

General Fund - Fund Balance History

<table>
<thead>
<tr>
<th>Year</th>
<th>Fund Balance</th>
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<tbody>
<tr>
<td>June 30, 2015</td>
<td>15,000,000</td>
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<tr>
<td>June 30, 2016</td>
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<tr>
<td>June 30, 2017</td>
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<tr>
<td>June 30, 2018</td>
<td>30,000,000</td>
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<tr>
<td>June 30, 2019</td>
<td>35,000,000</td>
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<tr>
<td>June 30, 2020</td>
<td>40,000,000</td>
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</tbody>
</table>
Overview of Financial Statements

Enterprise Funds
Operating Revenues vs. Operating Expenses

<table>
<thead>
<tr>
<th></th>
<th>Water and Sewer</th>
<th>Solid Waste</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td></td>
<td></td>
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<tr>
<td>Expenses</td>
<td></td>
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</tr>
</tbody>
</table>
Overview of Financial Statements

• W&S revenues increased $5.6 million or 8.7%
• W&S expenses increased $8 million or 19.6%
• W&S operating income decreased $2.4 million to $20.7
• Solid waste revenues increased $4.2 million or 29%
• Solid waste expenses increased $1.2 million or 8%
• Solid waste income of $2 million vs loss of $942k in prior year
• Enterprise Funds generated operating cash flows of $46.8 million
Required Communications

• Clean Opinion and No Audit Findings
• No Difficulties in Dealing with Management
• No Disagreements with Management
• No Uncorrected Misstatements
• We are Independent of County as required by Government Auditing Standards
Closing

We appreciate the opportunity to serve Berkeley County, South Carolina and look forward to serving the County in the future.