



Berkeley County

Independent Auditor's Presentation - Year Ended June 30, 2019

2019 FINANCIAL AUDIT - BERKELEY COUNTY



OPINION

- **The County's responsibility:**
 - **Effective internal controls**
 - **Financial statements**
 - **Prepare and manage the budget**

2019 FINANCIAL AUDIT - BERKELEY COUNTY

OPINION (continued)

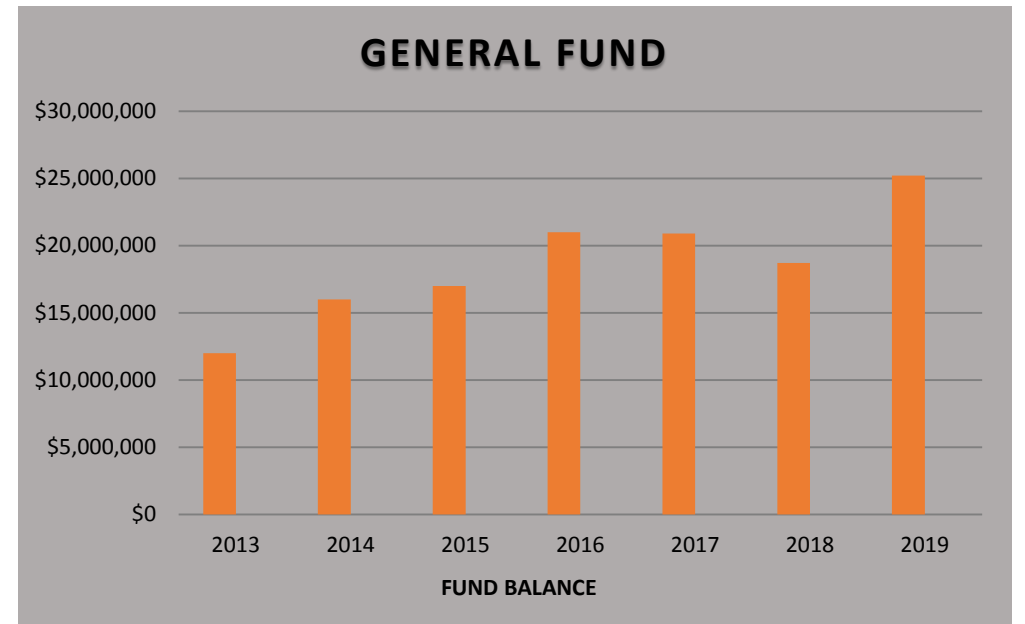
- **Scott and Company responsibility:**
 - **Opinion – reasonable assurance that financial statements are materially correct**
 - **Opinion does not address the financial condition of the County**
- **The County received unmodified opinions, best report you can get from us**



2019 FINANCIAL AUDIT - BERKELEY COUNTY

General Fund

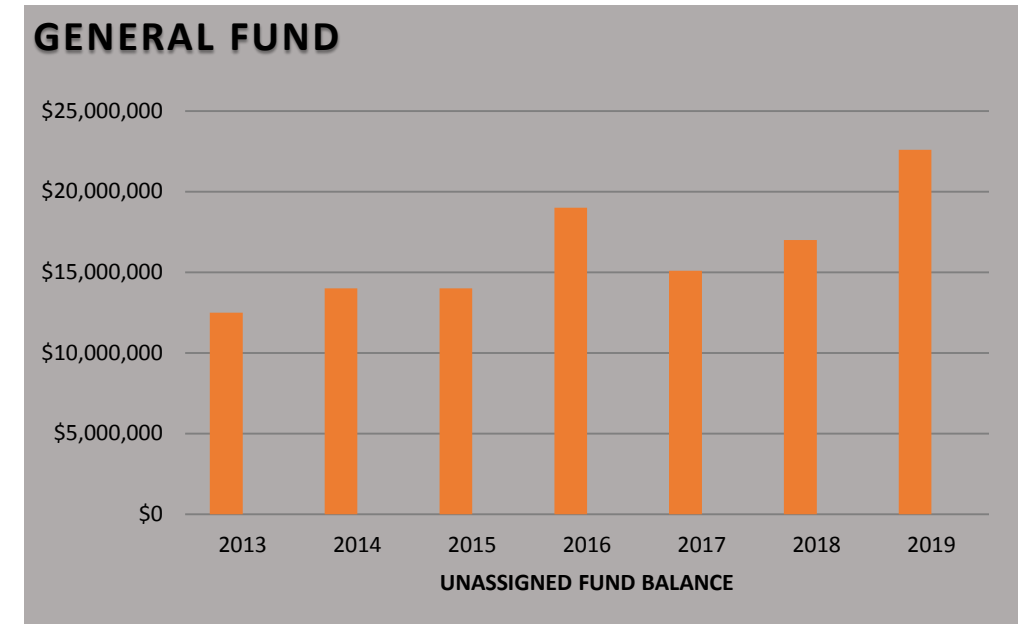
- **General fund balance is \$25.2 million for 2019**
- **Unassigned fund balance is \$22.6 million, increase of 32.9%**



2019 FINANCIAL AUDIT - BERKELEY COUNTY

General Fund (continued)

- **GFOA recommends a minimum of 16.7% (two months)**
- **The County's policy is to maintain a minimum unassigned fund balance of at least 17% of the next year's budgeted expenditures which would be \$15.5 million**





2019 FINANCIAL AUDIT - BERKELEY COUNTY

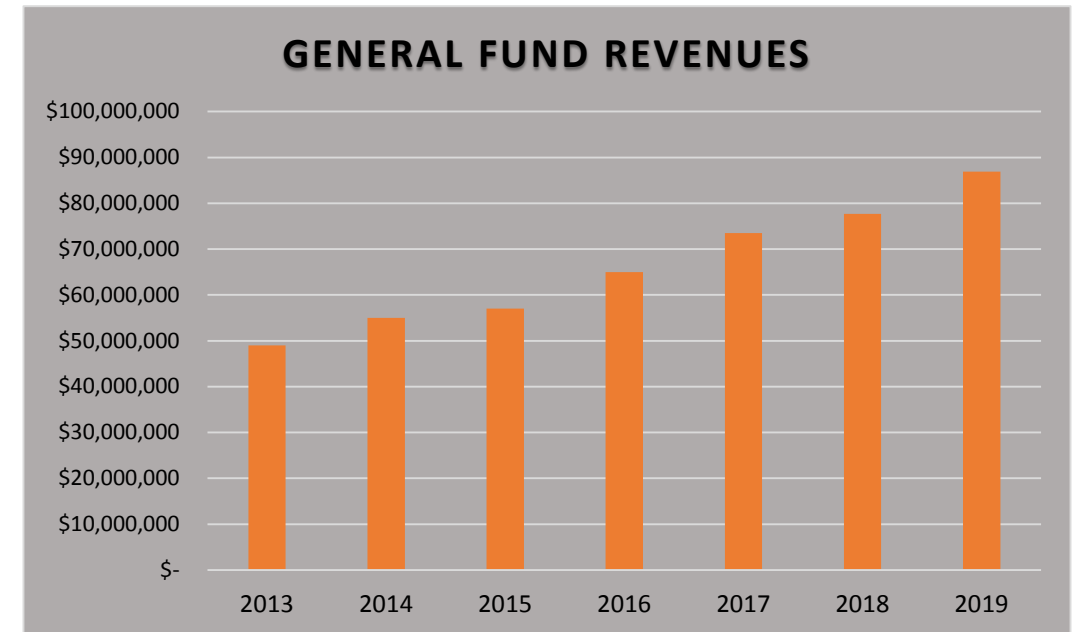
Major Reasons to Maintain An Adequate Fund Balance:

- **Cash flow for tight times during the year**
- **Significant emergencies and unanticipated expenditures**
- **Potential for better interest rates on debt issues**
- **Unique requirements for a coastal community due to higher potential for storms and hurricanes**
- **Downturn in economy**

2019 FINANCIAL AUDIT - BERKELEY COUNTY

General Fund Revenues

- **\$86.9 million in revenues for 2019, a 11.8% increase**
- **Overall \$6.5 million increase in fund balance for general fund**
- **Revenues were \$4.8 million over budgeted revenues**

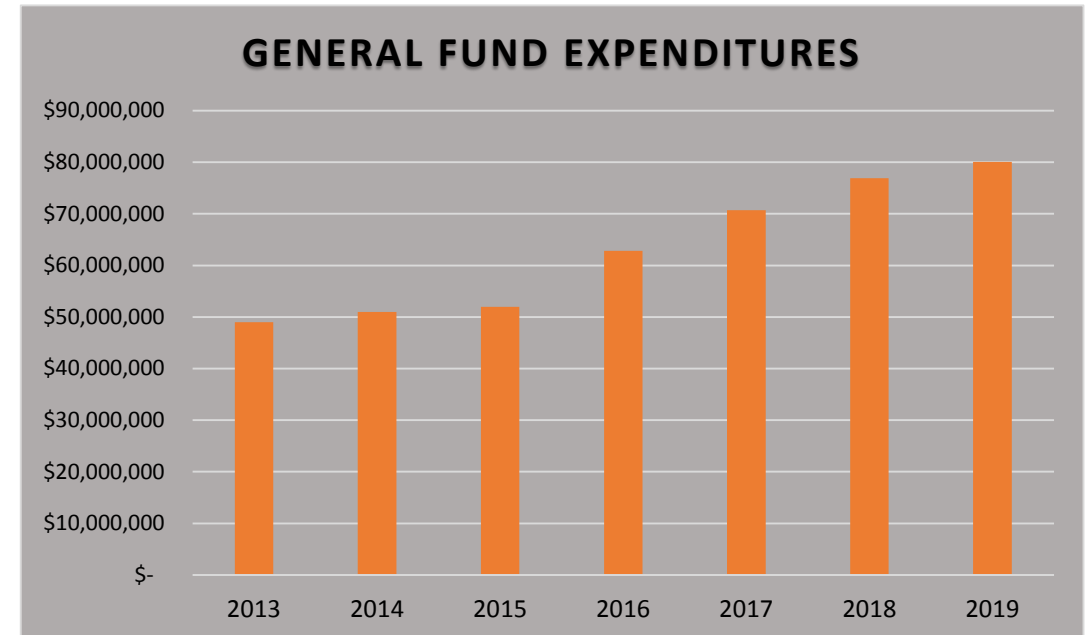




2019 FINANCIAL AUDIT - BERKELEY COUNTY

General Fund Expenditures

- **\$80.1 million in expenditures for 2019, a 4.2% increase**
- **Expenditures were \$1.1 million under budgeted expenditures, but approximately \$320 thousand, net was transferred to other funds**



SCOTT



COMPANY



BERKELEY
= COUNTY =
SOUTH CAROLINA

2019 INDEPENDENT AUDIT - BERKELEY COUNTY

Enterprise Funds

- **Water & Sewer** had a \$43.1 million, approximately half of which is contributed capital, increase in net position and a \$3.0 million increase in operating income primarily due to an increase of \$3.9 million in charges for sales and services and impact and connection fees offsetting an increase in expenses of \$1.1 million
- **Water & Sewer** had an unrestricted fund balance of \$76.7 million at June 30, 2019, but over \$100 million is budgeted to be spent on various projects over the next 5 years.



2019 INDEPENDENT AUDIT - BERKELEY COUNTY

Enterprise Funds (continued)

- **Solid Waste had a \$3.2 million increase in net position and a decrease of \$1.7 million in operating income resulting in a \$940 thousand operating loss primarily due to a \$1.2 million increase in sales and services, an increase in maintenance and repair expense of \$3.7 million, and a decrease of \$1.6 million in landfill closure costs from prior year. A tire disposal grant of \$3.7 million was also received and spent during the year on tire disposal**
- **Solid Waste had a \$2.4 million accumulated unrestricted deficit at June 30, 2019.**
- **Change in net position improved from a \$1.3 million surplus to a \$3.2 million surplus**

2019 FINANCIAL AUDIT - BERKELEY COUNTY



Other Items of Note

- Total capital assets were \$630.9 million at June 30, 2019, an increase of approximately \$37.3 million from last year
- The County's total long-term debt (bonds, loans, leases, and notes payable) was approximately \$199.5 million at June 30, 2019, a decrease of \$14.2 million

2019 FINANCIAL AUDIT - BERKELEY COUNTY

Internal Controls and Compliance

- **There were no material weaknesses or significant deficiencies reported in 2019**
- **One thing that I need to tell you is that there was a management override of internal controls that resulted in the payment of a \$49,000 check to a former employee that should not have been paid**
- **Single Audit was required for 2019, as in the past, which means that we audited compliance with federal statutes, rules and regulations of your major federal expenditures. No compliance findings reported**

2019 FINANCIAL AUDIT - BERKELEY COUNTY

Summary

- **Unmodified opinions on the Financial Statements and federal reports from Scott and Company – best possible report from us**
- **This does not mean that every single transaction is correct. We use sampling and audit to a 90% confidence level**
- **County is in good financial condition as of June 30, 2019**

2019 FINANCIAL AUDIT - BERKELEY COUNTY

Summary (continued)

- **Thank you to all the people in the finance departments of the County and Water and Sewer for their help in getting this audit done this year. Audit went well this year. Specifically thank you to Allen Milburn, Marietta Hicks, Jennifer Hinson, Wendy Weaver, Johnette Connelley, Jenny Davis and Samantha Salisbury, who all brought valuable experience to the County**

2019 FINANCIAL AUDIT - BERKELEY COUNTY



Summary (continued)

- One thing that was really good this year is that County again prepared its own financial statements and made the state deadline for the third year in a row. This is going to be mandatory next year, so need keep preparing your own financials
- Thank you and we have enjoyed serving Berkeley County!