

# **Berkeley County South Carolina**

## **BASIC FINANCIAL STATEMENTS, SUPPLEMENTARY FINANCIAL INFORMATION, AND INDEPENDENT AUDITOR'S REPORT**

**FISCAL YEAR ENDED JUNE 30, 2004**



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## *Independent Auditor's 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**, as of and for the year ended June 30, 2004, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of **Berkeley County, South Carolina's** management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of **Berkeley County, South Carolina**, as of June 30, 2004, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparison for the general fund 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 November 24, 2004, on our consideration of **Berkeley County, South Carolina's** internal control over financial reporting and 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 the 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 Management's Discussion and Analysis on pages 3 through 10 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.





County Council  
**Berkeley County, South Carolina**  
Moncks Corner, South Carolina  
Page Two

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise **Berkeley County, South Carolina's** basic financial statements. The combining nonmajor fund statements listed in the table of contents under Supplementary Financial Information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Court Assessments and Surcharges listed in the table of contents under Other Financial Information is presented for purposes of additional analysis as required by the State of South Carolina and is not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards listed in the table of contents under Other Financial Information is presented for purposes of additional analysis as required by 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 **Berkeley County, South Carolina**. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

*Bryan, Innesdale, Adkins & Williams, PA*

November 24, 2004



**REQUIRED SUPPLEMENTARY INFORMATION - UNAUDITED**

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**BERKELEY COUNTY, SOUTH CAROLINA  
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2004**

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As management of Berkeley County Government (the County), we offer the readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the year ended June 30, 2004. We encourage readers to consider the information presented here in conjunction with the basic financial statements and the accompanying notes.

**Overview of the Financial Statements**

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

**Government-wide Statements**

The government-wide statements provide a broad view of the County's operations in a manner similar to a private-sector business. The statements provide both short-term and long-term information about the County's financial condition and results of operations.

The Statement of Net Assets shows the County's assets less its liabilities at June 30, 2004. 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 the 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 major business-type activities are water and sewer, and solid waste. Other business activities include parks and recreation, and emergency telephone.

**Fund Financial Statements**

These statements provide more detailed information about the County's most significant funds – not the County as a whole. A fund is a grouping of related accounts that is 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.

**BERKELEY COUNTY, SOUTH CAROLINA  
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2004**

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**Governmental Funds**

These funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Most of the County's basic services are reported in the governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. Because this information does not encompass the additional long-term focus of the government-wide statement, additional information is provided to reconcile the two types of statements.

**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**

The County uses fiduciary funds to account for resources held for the benefit of parties outside the 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 the County's own programs. The County reports its fiduciary funds in a separate Statement of Fiduciary Net Assets.

**Notes to the Financial Statements**

The notes provide additional information that is essential to understand the data provided in the government-wide and fund financial statements.

**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. The General Fund budgetary comparison is presented as part of the basic governmental fund financial statements.

Additionally, the combining statements, which include nonmajor governmental and proprietary funds, are presented. As required by law, the County also presents a Schedule of Court Assessments and Surcharges, and a Schedule of Expenditures of Federal Awards.

**BERKELEY COUNTY, SOUTH CAROLINA  
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2004**

**Government-wide Financial Analysis**

**Net Assets**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. Below is a summary comparison of the County's net assets.

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	2004	2003	2004	2003	2004	2003
Current/other assets	\$ 48,486,598	\$ 31,009,521	\$ 71,371,394	\$ 77,870,668	\$ 119,857,992	\$ 108,880,189
Capital assets	28,660,623	25,522,914	169,406,559	160,439,473	198,067,182	185,962,387
Total assets	77,147,221	56,532,435	240,777,953	238,310,141	317,925,174	294,842,576
Current liabilities	30,173,026	27,019,751	8,279,664	8,501,790	38,452,690	35,521,541
Long-term liabilities	36,736,345	18,163,511	119,738,417	124,924,150	156,474,762	143,087,661
Total liabilities	66,909,371	45,183,262	128,018,081	133,425,940	194,927,452	178,609,202
Net assets						
Invested in capital assets						
net of related debt	4,100,872	4,537,362	91,880,259	91,326,636	95,981,131	95,863,998
Restricted	1,180,464	4,758,698	2,684,613	2,057,079	3,865,077	6,815,777
Unrestricted	4,956,514	2,053,113	18,195,000	11,500,486	23,151,514	13,553,599
Total net assets	\$ 10,237,850	\$ 11,349,173	\$ 112,759,872	\$ 104,884,201	\$ 122,997,722	\$ 116,233,374

At June 30, 2004, the County's assets exceeded liabilities by \$122,997,722. The County's combined net assets increased by \$6,764,348, or 5.8% during 2004. The improvement can be primarily attributed to business-type activities that increased \$7,875,671.

The largest portion of the County's net assets (78%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. Capital assets increased by a net amount of \$12,104,795. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the County's net assets (3.1%) represents resources that are subject to restrictions on how they may be used. The remaining balance of unrestricted net assets (\$23,151,514) may be used to meet the government's ongoing obligations to citizens and creditors.

**BERKELEY COUNTY, SOUTH CAROLINA**  
**REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**YEAR ENDED JUNE 30, 2004**

**Change in Net Assets**

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.

**Changes in Net Assets of Primary Government**  
**For the Year Ended June 30, 2004**

	<u>Governmental</u> <u>Activities</u>		<u>Business-type</u> <u>Activities</u>		<u>Total</u>	
	2004	2003	2004	2003	2004	2003
Revenues:						
Program revenues:						
Charges for services	\$ 10,837,186	\$ 9,180,653	\$ 31,233,514	\$ 27,952,687	\$ 42,070,700	\$ 37,133,340
Operating grants and contributions	1,367,455	1,249,162	318,902	45,720	1,686,357	1,294,882
Capital grants and contributions	2,429,726	4,683,739	4,929,297	4,724,902	7,359,023	9,408,641
General revenues:						
Property taxes	21,097,989	19,721,459	-	-	21,097,989	19,721,459
Fee in lieu of taxes	3,704,602	3,825,803	-	-	3,704,602	3,825,803
Accommodations taxes	348,922	333,246	-	-	348,922	333,246
Franchise fees	298,937	290,111	-	-	298,937	290,111
Grants and contributions not restricted to specific programs	7,042,107	6,985,486	-	-	7,042,107	6,985,486
Interest income	154,302	55,247	483,208	745,180	637,510	800,427
Gain on sale of assets	274	101,568	27,087	(140,647)	27,361	(39,079)
Miscellaneous	83,767	60,913	-	-	83,767	60,913
<b>Total revenues</b>	<b>47,365,267</b>	<b>46,487,387</b>	<b>36,992,008</b>	<b>33,327,842</b>	<b>84,357,275</b>	<b>79,815,229</b>
Expenditures:						
General government	16,033,073	14,706,495	-	-	16,033,073	14,706,495
Public safety	19,120,324	16,434,497	-	-	19,120,324	16,434,497
Airport, highways, and streets	5,479,506	6,592,316	-	-	5,479,506	6,592,316
Culture and recreation	2,038,387	1,904,335	-	-	2,038,387	1,904,335
Health and welfare	1,440,674	1,492,166	-	-	1,440,674	1,492,166
Community development	3,264,017	3,013,925	-	-	3,264,017	3,013,925
Interest and fiscal charges	1,894,837	978,654	-	-	1,894,837	978,654
Water and sewer	-	-	19,848,515	18,213,526	19,848,515	18,213,526
Solid waste	-	-	7,537,391	7,224,659	7,537,391	7,224,659
Parks and recreation	-	-	1,245,433	1,110,828	1,245,433	1,110,828
Emergency telephone	-	-	505,061	445,750	505,061	445,750
<b>Total expenditures</b>	<b>49,270,818</b>	<b>45,122,388</b>	<b>29,136,400</b>	<b>26,994,763</b>	<b>78,407,218</b>	<b>72,117,151</b>
Increase (decrease) in net assets before transfers	(1,905,551)	1,364,999	7,855,608	6,333,079	5,950,057	7,698,078
Transfers	(20,063)	(141,358)	20,063	141,358	-	-
Increase (decrease) in net assets	(1,925,614)	1,223,641	7,875,671	6,474,437	5,950,057	7,698,078
Net assets beginning, as restated	12,163,464	10,125,532	104,884,201	98,409,764	117,047,665	108,535,296
<b>Net assets ending</b>	<b>\$ 10,237,850</b>	<b>\$ 11,349,173</b>	<b>\$ 112,759,872</b>	<b>\$ 104,884,201</b>	<b>\$ 122,997,722</b>	<b>\$ 116,233,374</b>



**BERKELEY COUNTY, SOUTH CAROLINA  
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2004**

*Governmental Activities.*

The largest increase in revenues was charges for services. This was substantially attributable to building permits and real estate filing fees. The largest decrease in revenues was capital grants and contributions. This was the result of a decrease in developer contributions.

The largest increase in expenditures was public safety. This was substantially attributable to rising personnel costs necessary to protect and serve the needs of the county's growing population. The largest decrease in expenditures was airport, highways, and streets. This was substantially the result of prior year included the recognition of C Fund revenues and expenditures for non-county roads, which have been recorded in a fiduciary fund for the current year.

*Business-type Activities.*

The largest increase in revenues was charges for services. This was substantially attributable to the increased customer base for water and sewer services. The largest decrease in revenues was interest income. This was the result of a reduction in cash for the use of capital projects.

The largest increase in expenditures was water and sewer. This was substantially attributable to rising personnel costs associated with additional employees and rising insurance costs. There was no substantial decrease in expenditures from prior year.

**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, 2004, and the amount and percentage of increases and decreases in relation to prior year amounts:

	Amount	Percent Of Total	Increase (Decrease) from 2003	Percent Increase (Decrease)
<b>Revenues</b>				
Property and accommodations taxes	\$ 20,536,388	26.8%	\$ 1,347,778	7.0%
Fee in lieu of taxes	4,333,544	5.7%	(146,577)	(3.3)%
Licenses, fees and permits	1,112,184	1.5%	245,547	28.3%
Fines, forfeitures and fees	9,124,757	11.9%	1,454,910	19.0%
Interest income	154,302	0.2%	99,056	179.3%
Local revenue	408,491	0.5%	302,960	287.1%
Intergovernmental - federal	2,169,836	2.8%	424,938	24.3%
Intergovernmental - state and local	8,099,376	10.6%	(1,651,110)	(16.9)%
Miscellaneous	736,997	1.0%	(207,409)	(22.0)%
<b>Other financing sources</b>				
Proceeds from issuance of debt	17,795,000	23.3%	17,795,000	0.0%
Proceeds from refunding	7,205,000	9.4%	7,205,000	0.0%
Proceeds from capital lease	1,032,666	1.3%	708,258	218.3%
Premium on refunding	696,862	0.9%	696,862	0.0%
Transfers in	3,114,479	4.1%	489,978	18.7%
<b>Total</b>	<b>\$ 76,519,882</b>	<b>100.0%</b>	<b>\$ 28,765,191</b>	<b>60.3%</b>

**BERKELEY COUNTY, SOUTH CAROLINA  
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2004**

The largest increase in revenues and other financing sources was the proceeds from issuance of bonds. These proceeds are comprised of proceeds from issuance of debt, and the proceeds from refunding. The proceeds from issuance of debt will be used for capital improvements, whereas the proceeds from refunding were used to achieve a cash savings on the redemption of the outstanding 1993 general obligation bonds. The largest decrease in revenues and other financing sources was Intergovernmental – state and local. This was a result of a decrease in Highway "C" Funds.

The following schedule presents a summary of all governmental funds expenditures and other financing uses for the fiscal year ended June 30, 2004, and the percentage of increases and decreases in relation to prior year amounts:

	Amount	Percent Of Total	Increase (Decrease) from 2003	Percent Increase (Decrease)
Expenditures				
Current:				
General government	\$ 14,925,944	23.7%	\$ 1,394,873	10.3%
Public safety	18,353,587	29.2%	2,974,522	19.3%
Airport, highways and streets	4,829,364	7.7%	(1,044,140)	(17.8)%
Culture and recreation	1,911,348	3.0%	70,809	3.9%
Health and welfare	1,278,018	2.0%	(54,464)	(4.1)%
Community development	3,264,018	5.2%	250,093	8.3%
Capital outlay	4,513,903	7.2%	1,442,475	47.0%
Debt service:				
Principal retirement	1,233,845	2.0%	(1,469,226)	(54.4)%
Interest and fiscal charges	1,337,128	2.1%	516,760	63.0%
Other financing uses:				
Deposits to debt refunding agent	7,768,307	12.4%	7,768,307	0.0%
Bond discount	329,947	0.5%	329,947	0.0%
Transfer out	3,134,542	5.0%	368,683	13.3%
Total	<u>\$ 62,879,951</u>	<u>100%</u>	<u>\$ 12,548,639</u>	<u>24.9%</u>

The largest increase in expenditures and other financing uses was in deposits to debt refunding agent. This was attributable to the cost of refunding the 1993 general obligation bonds to achieve a cash savings. The largest decrease in expenditures and other financing uses was in Principal retirement and is attributable to principal paid in deposits to debt refunding agent.

#### **General Fund**

The County's only major governmental fund is the General Fund. It is the chief operating fund of the County. The fund balance of the General Fund decreased 19% from the prior fiscal year to \$5,486,995. The use of fund balance is attributable to increased expenditures in most county departments.

#### **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.

**BERKELEY COUNTY, SOUTH CAROLINA  
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2004**

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At June 30, 2004, total net assets amounted to \$112,759,872 for enterprise funds as compared to \$104,884,201 at June 30, 2003. Net asset changes are a result of operations, other nonoperating revenues and expenses, capital contributions and donated assets, and grants.

Net operating income (loss) for each of the enterprise funds compared to the prior fiscal year is as follows:

	2004	2003
Water and sewer	\$ 7,062,217	\$ 4,875,176
Solid waste	1,280,801	1,423,057
Parks and recreation	(625,679)	(725,824)
Emergency telephone	(24,632)	58,458
Total	<u>\$ 7,692,707</u>	<u>\$ 5,630,867</u>

The above changes in the operating income (loss) from the prior year is in large part due to the following:

Water and sewer – increased revenue from the growing customer base.

Solid waste – increased personnel costs associated with additional employees and rising insurance cost.

Parks and recreation – increased other operating revenue from expanded offering of services.

Emergency telephone – general increase in most expense categories, including the standard depreciation associated with the call center modernization.

#### **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 2004 as well as the final budget. The difference between the original budget and the final budget is substantially related to the supplemental appropriation approved by council in May 2004. The change between the original budgeted revenues and other financing sources, and the final budgeted revenues and other financing sources was an increase of \$2,316,438. This amount was offset by the same increase in the change between the original budgeted expenditures and other financing uses, and the final budgeted revenues and other financing uses.

A column for actual revenues and a column for differences between final budget and actual revenues follow the budgeted amounts columns. During fiscal year 2004, revenues did not meet budgetary estimates by \$458,316, however exceeded the 2003 revenue by \$1,939,068.

A column for actual expenditures and a column for differences between final budget and actual expenditures follow the budgeted amounts columns. During fiscal year 2004, expenditures were less than budgetary estimates by \$1,477,281. Most of this savings is attributable to a \$653,368 savings realized in the general government expenditures.

**BERKELEY COUNTY, SOUTH CAROLINA  
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2004**

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**Capital Assets**

Our financial statements present capital assets in two groups: those assets subject to depreciation, such as equipment or operational facilities, and those assets not subject to depreciation such as land and construction-in-progress. At June 30, 2004, net capital assets of the governmental activities totaled \$28,660,623, and the net capital assets of the business-type activities totaled \$169,406,559. Notable additions are the purchase of computer equipment and software, ambulances, airport improvements, and vehicles for the Sheriff's office. Additional information on the County's capital assets can be found in note III. E.

**Debt Administration**

At June 30, 2004, the County had total general obligation bonds outstanding of \$29,270,000, and revenue bonds outstanding of \$116,313,570. The general obligation bonds increased \$17,320,000, and the net revenue bonds decreased \$4,400,409. The general obligation bond increase resulted from the capital improvement bonds issued in October 2003. The revenue bond decrease was attributable to the debt payments made this fiscal year. The County carried an "A" rating, which was raised to "A+" in August 2003, on its general obligation debt, and an "A+" rating on its revenue bonds as rated by Standard and Poor's. Additional information on the County's long-term debt can be found in note III. I.

**Economic Factors and the 2004 Budget**

- The unemployment rate in the County increased to approximately 4.7% from approximately 4.1% in 2003, while the state's unemployment rate decreased to approximately 6.6% from approximately 6.9% in 2003.
- The population of the County was 142,651 in 2000, and is expected to reach 196,000 by 2015.
- The building permits in the County increased approximately 69.5% over the prior year.

During the current fiscal year, unreserved fund balance in the general fund decreased to \$5,348,383. The County has appropriated \$2,508,387 of this amount for spending in the 2005 fiscal year budget. It is intended that this use of available fund balance will avoid the need to raise taxes or charges during the 2005 fiscal year.

**Requests for Information**

This financial report is designed to provide a general financial overview of Berkeley County Government, and to demonstrate the County's compliance with finance-related legal requirements. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed by mail to Berkeley County Finance Department at Post Office Box 6122, Moncks Corner, SC 29461-6120.

## **BASIC FINANCIAL STATEMENTS**

**BERKELEY COUNTY, SOUTH CAROLINA**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2004**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	\$ 7,143,891	\$ 15,604,154	\$ 22,748,045
Investments	13,187,100	-	13,187,100
Receivables, net of allowances:			
Property taxes	20,669,910	-	20,669,910
Accounts receivable	3,277,660	2,696,437	5,974,097
Federal government	367,220	3,212,768	3,579,988
State and local governments	1,841,537	276,755	2,118,292
Internal balances	1,822,552	(1,822,552)	-
Inventories, at cost	103,522	564,223	667,745
Prepaid items and deposits	40,194	43,169	83,363
Restricted assets:			
Temporarily restricted:			
Cash and cash equivalents	33,012	42,569,258	42,602,270
<b>Total current assets</b>	<u>48,486,598</u>	<u>63,144,212</u>	<u>111,630,810</u>
<b>Noncurrent assets</b>			
<b>Capital assets:</b>			
Nondepreciable	5,333,008	20,994,464	26,327,472
Depreciable, net of accumulated depreciation	<u>23,327,615</u>	<u>148,412,095</u>	<u>171,739,710</u>
<b>Total capital assets</b>	<u>28,660,623</u>	<u>169,406,559</u>	<u>198,067,182</u>
<b>Other noncurrent assets</b>			
Accounts receivable - due in more than one year	-	173,064	173,064
Joint municipal water system - net of accumulated amortization	-	6,445,509	6,445,509
Bond issuance costs, net of accumulated amortization	-	<u>1,608,609</u>	<u>1,608,609</u>
<b>Total other noncurrent assets</b>	<u>-</u>	<u>8,227,182</u>	<u>8,227,182</u>
<b>Total noncurrent assets</b>	<u>28,660,623</u>	<u>177,633,741</u>	<u>206,294,364</u>
<b>Total assets</b>	<u>77,147,221</u>	<u>240,777,953</u>	<u>317,925,174</u>

(continued)

**BERKELEY COUNTY, SOUTH CAROLINA**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2004**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>Liabilities</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	\$ 3,592,162	\$ 1,058,481	\$ 4,650,643
Construction contract and retainage payable	-	137,206	137,206
Landfill closure and postclosure cost liability	-	53,762	53,762
Accrued interest payable	1,792,023	29,906	1,821,929
Current portion of long-term obligations:			
Capital leases payable	585,109	764,334	1,349,443
Bonds payable	760,000	-	760,000
Compensated absences payable	1,692,203	360,247	2,052,450
Deferred revenue	21,751,529	3,450	21,754,979
Liabilities payable from restricted assets:			
Construction contract and retainage payable	-	344,708	344,708
Accrued interest payable	-	557,284	557,284
Bonds payable	-	4,970,286	4,970,286
<b>Total current liabilities</b>	<b>30,173,026</b>	<b>8,279,664</b>	<b>38,452,690</b>
<b>Noncurrent liabilities</b>			
Accrued compensated absences	2,280,126	419,618	2,699,744
Landfill closure and postclosure cost liability	-	2,041,264	2,041,264
Capital leases	929,581	1,763,048	2,692,629
Bonds payable	28,526,638	115,514,487	144,041,125
Intergovernmental loan	5,000,000	-	5,000,000
<b>Total noncurrent liabilities</b>	<b>36,736,345</b>	<b>119,738,417</b>	<b>156,474,762</b>
<b>Total liabilities</b>	<b>66,909,371</b>	<b>128,018,081</b>	<b>194,927,452</b>
<b>Net assets</b>			
Invested in capital assets, net of related debt	4,100,872	91,880,259	95,981,131
Restricted for:			
Capital projects	4,842	1,710,799	1,715,641
Debt service	1,039,901	973,814	2,013,715
Other	135,721	-	135,721
Unrestricted	4,956,514	18,195,000	23,151,514
<b>Total net assets</b>	<b>\$ 10,237,850</b>	<b>\$ 112,759,872</b>	<b>\$ 122,997,722</b>

The accompanying notes are an integral part of this financial statement.

**BERKELEY COUNTY, SOUTH CAROLINA**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2004**

	Net (Expense) Revenue and Changes in Net Assets				
	Primary Government				Total
	Expenses	Charges for Services	Program Revenues Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary Government</b>					
<b>Governmental activities:</b>					
General government	\$ 16,033,073	\$ 5,924,082	\$ 516,097	\$ -	\$ (9,592,894)
Public safety	19,120,324	4,516,363	481,182	667,069	(13,455,710)
Airport, highways and streets	5,479,506	228,585	-	628,419	(4,622,502)
Culture and recreation	2,038,387	54,017	197,663	14,158	(1,772,549)
Health and welfare	1,440,674	20,035	172,513	-	(1,248,126)
Community development	3,264,017	94,104	-	1,120,080	(2,049,833)
Interest and fiscal charges	1,894,837	-	-	-	(1,894,837)
<b>Total governmental activities</b>	<b>49,270,818</b>	<b>10,837,186</b>	<b>1,367,455</b>	<b>2,429,726</b>	<b>(34,636,451)</b>
<b>Business-type activities:</b>					
Water and sewer	19,848,515	22,120,260	-	4,889,427	7,161,172
Solid waste	7,537,391	8,092,424	17,147	-	572,180
Parks and recreation	1,245,433	558,587	25,000	39,870	(621,976)
Emergency telephone	505,061	462,243	276,755	-	233,937
<b>Total business-type activities</b>	<b>29,136,400</b>	<b>31,233,514</b>	<b>318,902</b>	<b>4,929,297</b>	<b>7,345,313</b>
<b>Total primary government</b>	<b>\$ 78,407,218</b>	<b>\$ 42,070,700</b>	<b>\$ 1,686,357</b>	<b>\$ 7,359,023</b>	<b>(27,291,138)</b>
<b>General revenues:</b>					
Taxes:					
Property					21,097,989
Fee in lieu of taxes					3,704,602
Accommodations					348,922
Franchise fees					298,937
Grants and contributions not restricted to specific programs					7,042,107
Interest income					483,208
Gain on sale of assets					27,087
Miscellaneous					83,767
<b>Transfers</b>					-
					(20,063)
Total general revenues and transfers					32,710,837
					530,358
					7,875,671
					5,950,057
<b>Net assets:</b>					
Beginning of year, as restated					12,163,464
End of year					104,884,201
					\$ 10,237,850
					\$ 112,759,872
					\$ 122,997,722

The accompanying notes are an integral part of this financial statement.



**BERKELEY COUNTY, SOUTH CAROLINA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2004**

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>			
Cash and cash equivalents	\$ 2,000,699	\$ 5,143,192	\$ 7,143,891
Investments	-	13,187,100	13,187,100
Receivables, net of allowances:			
Taxes	17,938,166	2,731,744	20,669,910
Accounts	377,866	2,899,794	3,277,660
Federal government	65,498	301,722	367,220
State and local governments	1,629,595	211,942	1,841,537
Due from other funds	2,328,870	-	2,328,870
Inventories, at cost	103,522	-	103,522
Prepaid items and deposits	35,090	5,104	40,194
Restricted cash and cash equivalents	33,012	-	33,012
<b>Total assets</b>	<u>\$ 24,512,318</u>	<u>\$ 24,480,598</u>	<u>\$ 48,992,916</u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts payable and accrued liabilities	\$ 1,595,108	\$ 1,997,054	\$ 3,592,162
Compensated absences payable	807	-	807
Due to other funds	61,078	445,240	506,318
Deferred revenues	17,368,330	5,547,037	22,915,367
<b>Total liabilities</b>	<u>19,025,323</u>	<u>7,989,331</u>	<u>27,014,654</u>
<b>Fund balances</b>			
Reserved for:			
Inventory	103,522	-	103,522
Prepaid items and deposits	35,090	4,956	40,046
Debt service	-	1,792,709	1,792,709
Future capital lease acquisitions	33,012	-	33,012
Other	-	135,721	135,721
Unreserved:			
Designated for subsequent years' appropriations/operations	2,508,387	-	2,508,387
Undesignated, reported in:			
General fund	2,806,984	-	2,806,984
Special revenue funds	-	2,406,514	2,406,514
Capital projects funds	-	12,151,367	12,151,367
<b>Total fund balances</b>	<u>5,486,995</u>	<u>16,491,267</u>	<u>21,978,262</u>
<b>Total liabilities and fund balances</b>	<u>\$ 24,512,318</u>	<u>\$ 24,480,598</u>	<u>\$ 48,992,916</u>

**BERKELEY COUNTY, SOUTH CAROLINA**  
**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET ASSETS**  
**JUNE 30, 2004**

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<b>Total governmental fund balances</b>	<b>\$ 21,978,262</b>
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Amounts reported for governmental activities in the statement of net assets are different because of the following:

Capital assets used for governmental activities are not financial resources and therefore are not reported in governmental funds. The cost of assets is \$47,776,133 and the accumulated depreciation is \$19,115,510.	28,660,623
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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	\$ 955,376	
Emergency medical fees	208,462	1,163,838

Long-term liabilities, including bonds payable and accrued interest, are not due and payable in the current period and therefore are not reported in the funds.

General obligation bonds	\$ (29,270,000)	
Bond discount	319,498	
Deferred refunding costs	299,428	
Bond premium	(635,564)	
Intergovernmental loan	(5,000,000)	
Capital leases	(1,514,690)	
Compensated absences payable	(3,971,522)	
Accrued interest	(1,792,023)	
		(41,564,873)
<b>Net assets of governmental activities</b>		<b>\$ 10,237,850</b>

**BERKELEY COUNTY, SOUTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2004**

	General	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>			
Taxes:			
Property	\$ 18,194,573	\$ 1,992,893	\$ 20,187,466
Other	-	348,922	348,922
Fee in lieu of taxes	3,412,072	921,472	4,333,544
Licenses, fees and permits	1,112,184	-	1,112,184
Fines, forfeitures and fees	5,958,453	3,166,304	9,124,757
Interest income	49,729	104,573	154,302
Local revenue	-	408,491	408,491
Intergovernmental - federal	184,967	1,984,869	2,169,836
Intergovernmental - state and local	6,630,345	1,469,031	8,099,376
Miscellaneous	398,528	338,469	736,997
<b>Total revenues</b>	<b>35,940,851</b>	<b>10,735,024</b>	<b>46,675,875</b>
<b>Expenditures</b>			
Current:			
General government	14,002,264	923,680	14,925,944
Public safety	14,096,895	4,256,692	18,353,587
Airport, highways and streets	4,816,329	13,035	4,829,364
Culture and recreation	40,000	1,871,348	1,911,348
Health and welfare	1,277,318	700	1,278,018
Community development	354,495	2,909,523	3,264,018
Capital outlay	1,231,090	3,282,813	4,513,903
Debt service:			
Principal retirement	989,439	244,406	1,233,845
Interest and fiscal charges	85,099	1,252,029	1,337,128
<b>Total expenditures</b>	<b>36,892,929</b>	<b>14,754,226</b>	<b>51,647,155</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(952,078)</b>	<b>(4,019,202)</b>	<b>(4,971,280)</b>
<b>Other financing sources (uses)</b>			
Proceeds from issuance of debt	-	17,795,000	17,795,000
Proceeds from refunding	-	7,205,000	7,205,000
Deposits to debt refunding agent	-	(7,768,307)	(7,768,307)
Proceeds from capital lease	1,028,181	4,485	1,032,666
Premium on refunding	-	696,862	696,862
Bond discount	-	(329,947)	(329,947)
Transfers in	884,048	2,230,431	3,114,479
Transfers out	(2,250,494)	(884,048)	(3,134,542)
<b>Total other financing sources (uses)</b>	<b>(338,265)</b>	<b>18,949,476</b>	<b>18,611,211</b>
<b>Net change in fund balances</b>	<b>(1,290,343)</b>	<b>14,930,274</b>	<b>13,639,931</b>
<b>Fund balances at beginning of year</b>	<b>6,777,338</b>	<b>1,560,993</b>	<b>8,338,331</b>
<b>Fund balances at end of year</b>	<b>\$ 5,486,995</b>	<b>\$ 16,491,267</b>	<b>\$ 21,978,262</b>

The accompanying notes are an integral part of this financial statement.

**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, 2004**

**Net change in fund balances - total governmental funds**

\$ 13,639,931

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays 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 outlays exceeded depreciation in the current period.

Capital outlay	\$	4,513,903	
Library materials		145,954	
Depreciation expense		(2,449,017)	2,210,840

In the statement of activities, the gain or loss on disposal of capital assets is reported. Conversely, governmental funds generally do not report any gain or loss on disposal of capital assets.

Cost of capital assets	\$	(1,007,292)	
Accumulated depreciation		842,134	
Net book value		(165,158)	(165,158)

In the statement of activities, revenue from infrastructure assets contributed by the developers is reported. Since such contributions result in neither the receipt nor the use of current financial resources, they are not reflected in the fund statements.

118,472

In the statement of activities, revenue from vehicles awarded through the courts is reported. Since such contributions result in neither the receipt nor the use of current financial resources, they are not reflected in the fund statements.

159,264

Because some property taxes and emergency medical fees will not be collected for several months after the fiscal year ends, they are not considered "available" revenues in the governmental funds. Similarly, other revenues that do not provide current financial resources are not reported as revenues in the fund.

Amounts not meeting prior year availability criteria, recognized in governmental funds in current year:

Property taxes	\$	(673,794)	
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Amounts not meeting current year availability criteria, not recognized in governmental funds in current year:

Property taxes		955,376	
Emergency medical fees		208,462	

490,044

**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, 2004**

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The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these differences in the treatment of general obligation bonds and related items is as follows:

Debt issued or incurred:		
Capital lease financing	\$	(1,032,666)
Bond proceeds from issuance of debt		(17,795,000)
Bond proceeds from refunding		(7,205,000)
Deposits to debt refunding agent		7,440,000
Premium on refunding		(696,862)
Discount on debt issuance		329,947
Deferred refunding costs		328,307
Principal repayments:		
General obligation bonds		240,000
Capital leases		993,845
	\$	(17,397,429)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported in the governmental funds. The details are as follows:

Compensated absences	\$	(423,869)
Interest expense		(557,709)
		(981,578)
<b>Change in net assets of governmental activities</b>	<b>\$</b>	<b>(1,925,614)</b>

**BERKELEY COUNTY, SOUTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**YEAR ENDED JUNE 30, 2004**

	Budgeted Amounts		Actual Amounts	Variance with final budget positive (negative)
	Original	Final		
<b>Revenues</b>				
Property taxes	\$ 17,724,104	\$ 18,001,199	\$ 18,194,573	\$ 193,374
Fee in lieu of taxes	4,021,500	4,021,500	3,412,072	(609,428)
Licenses, fees and permits	924,200	1,054,200	1,112,184	57,984
Fines, forfeitures and fees	5,401,680	5,914,992	5,958,453	43,461
Interest income	63,000	63,000	49,729	(13,271)
Intergovernmental - federal	119,754	141,500	184,967	43,467
Intergovernmental - state and local	6,793,199	6,794,774	6,630,345	(164,429)
Miscellaneous	289,480	408,002	398,528	(9,474)
<b>Total revenues</b>	<b>35,336,917</b>	<b>36,399,167</b>	<b>35,940,851</b>	<b>(458,316)</b>
<b>Expenditures</b>				
Current:				
General government				
Legislative	437,951	446,792	367,938	78,854
Judicial	4,182,549	4,308,270	4,155,810	152,460
Executive	117,605	121,122	115,390	5,732
Finance and administration	9,198,799	9,517,034	9,078,582	438,452
Elections	260,753	262,414	284,544	(22,130)
<b>Total general government</b>	<b>14,197,657</b>	<b>14,655,632</b>	<b>14,002,264</b>	<b>653,368</b>
Public safety				
Sheriff	6,645,679	6,858,783	6,691,881	166,902
Crime stoppers	3,000	3,000	3,000	-
Corrections	2,196,272	2,417,754	2,321,457	96,297
Fire	325,735	328,235	328,084	151
Communications	864,778	891,496	810,020	81,476
Emergency medical services	3,552,640	3,787,424	3,672,095	115,329
Coroner	248,042	276,543	270,358	6,185
<b>Total public safety</b>	<b>13,836,146</b>	<b>14,563,235</b>	<b>14,096,895</b>	<b>466,340</b>
Airport, highways and streets				
Airport	287,361	294,580	273,636	20,944
Highways and streets	3,580,650	3,752,313	3,643,180	109,133
Fleet management	431,130	443,652	386,768	56,884
Engineering	500,034	525,278	512,745	12,533
<b>Total airport, highways and streets</b>	<b>4,799,175</b>	<b>5,015,823</b>	<b>4,816,329</b>	<b>199,494</b>
Culture and recreation				
Berkeley Museum	40,000	40,000	40,000	-
<b>Total culture and recreation</b>	<b>40,000</b>	<b>40,000</b>	<b>40,000</b>	<b>-</b>

(continued)

**BERKELEY COUNTY, SOUTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**YEAR ENDED JUNE 30, 2004**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>final budget</b>
				<b>positive</b>
				<b>(negative)</b>
<b>Expenditures (continued)</b>				
Current: (continued)				
Health and welfare				
Health State	\$ 101,270	\$ 101,270	\$ 85,418	\$ 15,852
Mosquito Abatement	383,604	398,861	307,387	91,474
Veterans Services	92,174	94,337	91,598	2,739
Other Programs Assistance	796,289	804,352	792,915	11,437
Total health and welfare	1,373,337	1,398,820	1,277,318	121,502
Community development				
Santee Cooper Country	5,000	5,000	5,000	-
Regional Development Alliance	213,977	213,977	213,977	-
BCD Council of Governments	135,518	135,518	135,518	-
Total community development	354,495	354,495	354,495	-
Capital Outlay	269,902	1,267,645	1,231,090	36,555
Debt service:				
Principal retirement	716,923	989,451	989,439	12
Interest and fiscal charges	67,831	85,109	85,099	10
Total debt service	784,754	1,074,560	1,074,538	22
<b>Total expenditures</b>	<b>35,655,466</b>	<b>38,370,210</b>	<b>36,892,929</b>	<b>1,477,281</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(318,549)</b>	<b>(1,971,043)</b>	<b>(952,078)</b>	<b>1,018,965</b>
<b>Other financing sources (uses)</b>				
Reserved for contingency	(600,000)	(37,317)	-	37,317
Proceeds from capital lease	-	1,028,478	1,028,181	(297)
Transfers in	647,333	873,043	884,048	11,005
Transfers out	(1,990,237)	(2,154,614)	(2,250,494)	(95,880)
<b>Total other financing sources (uses)</b>	<b>(1,942,904)</b>	<b>(290,410)</b>	<b>(338,265)</b>	<b>(47,855)</b>
<b>Net change in fund balances</b>	<b>\$ (2,261,453)</b>	<b>\$ (2,261,453)</b>	<b>\$ (1,290,343)</b>	<b>\$ 971,110</b>

The accompanying notes are an integral part of this financial statement.

**BERKELEY COUNTY, SOUTH CAROLINA**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2004**

	Business Type Activities - Enterprise Funds			Totals*
	Water and Sewer	Solid Waste	Other Enterprise Funds	
<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalents	\$ 9,232,864	\$ 5,984,052	\$ 387,238	\$ 15,604,154
Accounts receivable, net	1,941,508	705,926	49,003	2,696,437
Due from other governments	3,212,768	-	276,755	3,489,523
Inventories, at cost	496,008	-	68,215	564,223
Prepaid items and deposits	26,135	5,964	11,070	43,169
Due from other funds	-	428,805	-	-
Restricted assets:				
Cash and cash equivalents:				
Temporarily restricted	40,783,279	1,785,979	-	42,569,258
<b>Total current assets</b>	<u>55,692,562</u>	<u>8,910,726</u>	<u>792,281</u>	<u>64,966,764</u>
<b>Noncurrent assets</b>				
<b>Capital assets</b>				
Nondepreciable	17,214,202	3,666,623	113,639	20,994,464
Depreciable, net of accumulated depreciation	125,474,063	20,301,543	2,636,489	148,412,095
<b>Total capital assets</b>	<u>142,688,265</u>	<u>23,968,166</u>	<u>2,750,128</u>	<u>169,406,559</u>
<b>Other noncurrent assets</b>				
Accounts receivable - due in more than one year	173,064	-	-	173,064
Joint municipal water system - net of accumulated amortization	6,445,509	-	-	6,445,509
Bond issuance costs - net of accumulated amortization	1,492,439	116,170	-	1,608,609
<b>Total other noncurrent assets</b>	<u>8,111,012</u>	<u>116,170</u>	<u>-</u>	<u>8,227,182</u>
<b>Total noncurrent assets</b>	<u>150,799,277</u>	<u>24,084,336</u>	<u>2,750,128</u>	<u>177,633,741</u>
<b>Total assets</b>	<u>206,491,839</u>	<u>32,995,062</u>	<u>3,542,409</u>	<u>242,600,505</u>



**BERKELEY COUNTY, SOUTH CAROLINA**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2004**

	Business Type Activities - Enterprise Funds			Totals*
	Water and Sewer	Solid Waste	Other Enterprise Funds	
<b>Liabilities</b>				
<b>Current liabilities</b>				
Accounts payable and accrued liabilities	\$ 841,245	\$ 158,620	\$ 58,616	\$ 1,058,481
Construction contract and retainage payable	98,590	38,616	-	137,206
Landfill closure and postclosure cost liability	-	53,762	-	53,762
Accrued interest payable	13,796	16,110	-	29,906
Capital leases payable	196,346	456,376	111,612	764,334
Compensated absences payable	230,232	86,124	43,891	360,247
Due to other funds	367,727	-	1,883,630	1,822,552
Deferred revenue	-	-	3,450	3,450
Liabilities payable from restricted assets:				
Construction contract and retainage payable	344,708	-	-	344,708
Accrued interest payable	500,233	57,051	-	557,284
Bonds payable	3,990,286	980,000	-	4,970,286
<b>Total current liabilities</b>	<b>6,583,163</b>	<b>1,846,659</b>	<b>2,101,199</b>	<b>10,102,216</b>
<b>Noncurrent liabilities</b>				
Accrued compensated absences	237,606	139,196	42,816	419,618
Landfill closure and postclosure cost liability	-	2,041,264	-	2,041,264
Capital leases	632,122	663,197	467,729	1,763,048
Bonds payable	101,378,398	14,136,089	-	115,514,487
<b>Total noncurrent liabilities</b>	<b>102,248,126</b>	<b>16,979,746</b>	<b>510,545</b>	<b>119,738,417</b>
<b>Total liabilities</b>	<b>108,831,289</b>	<b>18,826,405</b>	<b>2,611,744</b>	<b>129,840,633</b>
<b>Net assets</b>				
Invested in capital assets, net of related debt	81,957,170	7,752,302	2,170,787	91,880,259
Restricted for:				
Capital projects	1,660,458	50,341	-	1,710,799
Debt service	-	973,814	-	973,814
Unrestricted	14,042,922	5,392,200	(1,240,122)	18,195,000
<b>Total net assets</b>	<b>\$ 97,660,550</b>	<b>\$ 14,168,657</b>	<b>\$ 930,665</b>	<b>\$ 112,759,872</b>

\* After internal receivables and payables have been eliminated

The accompanying notes are an integral part of this financial statement.

**BERKELEY COUNTY, SOUTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
**YEAR ENDED JUNE 30, 2004**

	Business Type Activities - Enterprise Funds			
	Water and Sewer	Solid Waste	Other Enterprise Funds	Totals
<b>Operating revenues</b>				
Sales and services	\$ 18,656,236	\$ 8,057,449	\$ 865,501	\$ 27,579,186
Impact and capacity reservation fees	2,675,730	-	-	2,675,730
Other operating revenue	788,294	34,975	155,329	978,598
<b>Total operating revenues</b>	<b>22,120,260</b>	<b>8,092,424</b>	<b>1,020,830</b>	<b>31,233,514</b>
<b>Operating expenses</b>				
Provision for uncollectible debt	161,337	123,486	-	284,823
Personal services	5,597,835	3,159,638	832,469	9,589,942
Advertising	-	-	50,097	50,097
Utilities	1,287,197	45,065	279,310	1,611,572
Office expenses	410,945	77,587	45,520	534,052
Insurance	110,341	64,869	12,506	187,716
Maintenance and repairs	1,386,344	1,293,100	64,757	2,744,201
Contractual services	801,137	326,123	32,083	1,159,343
Other services and charges	50,854	104,745	180,951	336,550
Depreciation and amortization	5,252,053	1,493,629	173,448	6,919,130
Landfill closure and postclosure costs	-	123,381	-	123,381
<b>Total operating expenses</b>	<b>15,058,043</b>	<b>6,811,623</b>	<b>1,671,141</b>	<b>23,540,807</b>
<b>Operating income (loss)</b>	<b>7,062,217</b>	<b>1,280,801</b>	<b>(650,311)</b>	<b>7,692,707</b>
<b>Nonoperating revenues (expenses)</b>				
Interest income	429,537	52,979	692	483,208
Grant revenue	-	17,147	301,755	318,902
Gain (loss) on disposition of assets	27,087	(4,796)	(60,850)	(38,559)
Interest expense	(4,790,472)	(720,972)	(18,503)	(5,529,947)
<b>Total nonoperating revenues (expenses)</b>	<b>(4,333,848)</b>	<b>(655,642)</b>	<b>223,094</b>	<b>(4,766,396)</b>
<b>Income (loss) before contributions and transfers</b>	<b>2,728,369</b>	<b>625,159</b>	<b>(427,217)</b>	<b>2,926,311</b>
<b>Capital contributions and transfers</b>				
Capital contributions	4,889,427	-	39,870	4,929,297
Transfers in	-	-	20,063	20,063
<b>Total contributions and transfers</b>	<b>4,889,427</b>	<b>-</b>	<b>59,933</b>	<b>4,949,360</b>
<b>Change in net assets</b>	<b>7,617,796</b>	<b>625,159</b>	<b>(367,284)</b>	<b>7,875,671</b>
<b>Net assets</b>				
Beginning of year	90,042,754	13,543,498	1,297,949	104,884,201
End of year	\$ 97,660,550	\$ 14,168,657	\$ 930,665	\$ 112,759,872

The accompanying notes are an integral part of this financial statement.

**BERKELEY COUNTY, SOUTH CAROLINA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**YEAR ENDED JUNE 30, 2004**

	Business Type Activities - Enterprise Funds			Totals
	Water and Sewer	Solid Waste	Other Enterprise Funds	
<b>Cash flows from operating activities</b>				
Cash received from customers and users	\$ 21,395,177	\$ 8,356,726	\$ 1,037,352	\$ 30,789,255
Cash received from interfund services provided	400,000	-	-	400,000
Cash paid to suppliers	(4,318,796)	(1,919,962)	(678,547)	(6,917,305)
Cash paid to employees	(5,293,348)	(2,663,520)	(301,603)	(8,258,471)
Cash paid for interfund services provided	-	(400,000)	-	(400,000)
<b>Net cash provided (used) by operating activities</b>	<b>12,183,033</b>	<b>3,373,244</b>	<b>57,202</b>	<b>15,613,479</b>
<b>Cash flows from noncapital financing activities</b>				
Operating grant contributions	-	17,147	-	17,147
Transfers and advances between funds	1,116,470	(1,116,470)	20,063	20,063
<b>Net cash provided (used) by noncapital financing activities</b>	<b>1,116,470</b>	<b>(1,099,323)</b>	<b>20,063</b>	<b>37,210</b>
<b>Cash flows from capital and related financing activities</b>				
Proceeds from capital lease	-	47,018	-	47,018
Bond issue costs	(40,925)	-	-	(40,925)
Grant contributions	469,392	-	-	469,392
Contributed capital proceeds	-	-	25,000	25,000
Proceeds from the sale of assets	28,140	-	-	28,140
Acquisition and construction of capital assets	(12,479,554)	(1,195,261)	(600,384)	(14,275,199)
Principal paid - revenue bonds and capital leases	(3,979,212)	(915,481)	(117,090)	(5,011,783)
Interest paid - revenue bonds and capital leases	(4,914,512)	(739,470)	(18,503)	(5,672,485)
<b>Net cash (used) by capital and related financing activities</b>	<b>(20,916,671)</b>	<b>(2,803,194)</b>	<b>(710,977)</b>	<b>(24,430,842)</b>
<b>Cash flows from investing activities</b>				
Interest on investments	429,537	52,979	692	483,208
<b>Net decrease in cash and cash equivalents</b>	<b>(7,187,631)</b>	<b>(476,294)</b>	<b>(633,020)</b>	<b>(8,296,945)</b>
<b>Cash and cash equivalents</b>				
Beginning of year	57,203,774	8,246,325	1,020,258	66,470,357
End of year	<b>\$ 50,016,143</b>	<b>\$ 7,770,031</b>	<b>\$ 387,238</b>	<b>\$ 58,173,412</b>

**BERKELEY COUNTY, SOUTH CAROLINA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**YEAR ENDED JUNE 30, 2004**

	Business Type Activities - Enterprise Funds			Totals
	Water and Sewer	Solid Waste	Other Enterprise Funds	
<b>Reconciliation of operating income (loss) to net cash provided</b>				
<b>(used) by operating activities</b>				
Operating income (loss)	\$ 7,062,217	\$ 1,280,801	\$ (650,311)	\$ 7,692,707
 Adjustments to reconcile operating income (loss) to net cash provided				
(used) by operating activities:				
Depreciation and amortization	5,252,053	1,493,629	173,448	6,919,130
Provision for uncollectible accounts	161,337	123,486	-	284,823
(Increase) decrease in current assets:				
Accounts receivable	(325,083)	264,302	16,072	(44,709)
Inventories	(79,195)	-	1,092	(78,103)
Prepaid items and deposits	82,219	-	(9,270)	72,949
Increase (decrease) in current liabilities:				
Accounts payable and accrued liabilities	(114,037)	55,484	1,829	(56,724)
Landfill closure and postclosure cost liability	-	116,538	-	116,538
Compensated absences payable	143,522	39,004	12,194	194,720
Due to other funds	-	-	511,698	511,698
Deferred revenue	-	-	450	450
Total adjustments	5,120,816	2,092,443	707,513	7,920,772
<b>Net cash provided (used) by operating activities</b>	<b>\$ 12,183,033</b>	<b>\$ 3,373,244</b>	<b>\$ 57,202</b>	<b>\$ 15,613,479</b>
 <b>Schedule of noncash investing, capital and financing activities</b>				
Acquisition of capital assets through developer and other contributions	\$ 1,867,991	\$ -	\$ 24,450	\$ 1,892,441
Interest capitalized on assets	\$ 334,533	\$ 31,424	\$ -	\$ 365,957
Amortization of bond issue costs	\$ 62,185	\$ 8,298	\$ -	\$ 70,483
Increase in outstanding debt obligations due to accretion of interest and amortization of premiums, original issue discounts and deferred refunding costs	\$ 50,512	\$ 5,024	\$ -	\$ 55,536
Book value of assets transferred to governmental activities	\$ -	\$ -	\$ (9,550)	\$ (9,550)
Book value of assets transferred from governmental activities	\$ -	\$ -	\$ 15,421	\$ 15,421
 <b>Reconciliation of cash and cash equivalents to the balance sheet</b>				
Current:				
Cash and cash equivalents	\$ 9,232,864	\$ 5,984,052	\$ 387,238	\$ 15,604,154
Restricted cash and cash equivalents	40,783,279	1,785,979	-	42,569,258
	<b>\$ 50,016,143</b>	<b>\$ 7,770,031</b>	<b>\$ 387,238</b>	<b>\$ 58,173,412</b>

The accompanying notes are an integral part of this financial statement.

**BERKELEY COUNTY, SOUTH CAROLINA**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2004**

	<u>Agency Fund</u>
<b>Assets</b>	
Cash and cash equivalents	\$ 11,520,502
Investments, at fair value	17,138,025
Receivable:	
Accounts	8,200
State government	<u>198,238</u>
<b>Total assets</b>	<u><u>\$ 28,864,965</u></u>
<b>Liabilities</b>	
Due to school district	\$ 10,758,184
Due to other designated recipients	<u>18,106,781</u>
<b>Total liabilities</b>	<u><u>\$ 28,864,965</u></u>

The accompanying notes are an integral part of this financial statement.

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**BERKELEY COUNTY, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2004**

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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. 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 (sheriff and fire), highways and streets, sanitation, health and social services, cultural and recreational programs, public improvements, planning and zoning, courts, and general administrative services.

As required by generally accepted accounting principles, these financial statements present the County and its component units, entities for which the County is considered to be financially accountable or for which exclusion of a component unit would render the financial statements 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.

**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.

**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. For the most part, the effect of interfund activity has been removed from these statements. 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.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**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.

**BERKELEY COUNTY, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2004**

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

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

**3. Major Fund:**

The County reports the following major governmental fund:

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 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.

**4. Nonmajor Fund:**

In addition, the County reports the following 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 *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 *Proprietary Funds* are business-type activities that report revenue from fees charged to their customers, and the related expenses incurred to provide those goods and services.

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

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

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

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



**BERKELEY COUNTY, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2004**

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

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

**Basis of Accounting**

Governmental funds are presented on the modified accrual basis of accounting in the Fund Financial Statements. Under this 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). This includes 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.

When grant funds are received in advance, revenue recognition is deferred until qualifying expenditures are made.

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

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

*Expenditure Recognition*

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

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

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

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

**BERKELEY COUNTY, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2004**

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

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

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

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

The County considers cash and cash equivalents for cash flow purposes to be currency on hand, demand deposits with banks, amounts included in pooled cash and investment accounts, and liquid investments with an original maturity of three months or less when purchased.

**2. Investments**

State statutes authorize the County to invest in the following:

- (1) Obligations of the United States and agencies thereof;
- (2) General obligations of the State of South Carolina or any of its political units;
- (3) Savings and loan association deposits to the extent insured by the Federal Deposit Insurance Corporation;
- (4) Certificates of deposit and repurchase agreements collateralized by securities of the type described in (1) and (2) above held by a third party as escrow agent or custodian, of a market value not less than the amount of certificates of deposit and repurchase agreements so secured, including interest; and
- (5) No-load open and 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.

In addition, South Carolina State statutes authorize the County to invest in the South Carolina Local Government Investment Pool. 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 has a number of financial instruments, none of which is held for trading purposes. Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Non-participating investment contracts such as nonnegotiable certificates of deposit and repurchase agreements are reported at cost. Debt securities are reported at cost or amortized cost. For additional information related to deposits and investments see note III.B.

**3. Restricted Assets and Reserved Retained Earnings**

The County's restricted accounts are established to account 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, and (ii) the next succeeding principal and accrued interest payment.

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 FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2004**

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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, 2004. 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 unfunded 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 I. C and III.C.

**5. Inventories and Prepaid Items**

Inventories are valued at cost for the General Fund and lower of cost or market for the Proprietary Fund using the first-in, first-out method. Inventory in the General Fund consists of expendable supplies held for consumption using the purchase method. General Fund inventories have been charged as expenditures when purchased. 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 replacement parts, supplies for operating systems, and 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 FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2004**

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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 columns 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 in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. 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.

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.

All reported capital assets, except land and certain infrastructure assets, 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	4-15 years
Software	5-15 years
Infrastructure	15-40 years
Utility systems, treatment plants and buildings	15-40 years

GASB No. 34 required the County to report and depreciate new infrastructure assets effective with the fiscal year ended June 30, 2003. Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the County. Neither their historical cost nor related depreciation has historically been reported in the financial statements. The retroactive reporting of infrastructure is subject to an extended implementation period and must be completed by fiscal years ending in 2006. The County has elected not to implement the retroactive provisions of GASB No. 34 in the current year for infrastructure. The County is still gathering cost information and plans to implement the retroactive provisions for those assets in fiscal year 2006. Had all of the infrastructure networks been capitalized in 2004, net assets would be significantly higher.

**7. Compensated Absences**

It is the County's policy to permit employees to accumulate earned but unused vacation, personal and sick pay benefits. There is no liability for unpaid accumulated sick leave since it is the County's policy to record the cost of sick leave only when it is paid. Accumulated vacation and personal pay 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 FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2004**

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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, gains or losses on refundings and defeasance, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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 debt issued 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. 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 appropriable for expenditure or have been segregated for specific future uses by legal mandate. Designations represent tentative plans by the County for financial resource utilization in a future period as documented in the budgeting process for a succeeding year. Such plans are subject to change from original authorizations and may never result in expenditures.

**10. 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.

**BERKELEY COUNTY, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2004**

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**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 Clerk of Court Accounts, Special Sheriff Accounts, Planning Grant, Highway "C" Funds, PARD Grant, Heritage Community Service, and Legal Forfeiture Proceeds. 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 by July 1 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 \$2,000 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, one supplementary appropriation of \$2,306,279 was necessary. In addition, there were supplemental transfers totaling \$10,159 representing insurance recoveries and other miscellaneous revenues.

Encumbrance accounting is employed in the governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year. At June 30, 2004, there were no encumbrances outstanding.

**B. Excess of Expenditures Over Appropriations**

For the year ended June 30, 2004, expenditures exceeded appropriations in the following Special Revenue Funds, all of which were funded through revenues in excess of budget, operating transfers and fund balances. Total expenditures for the County did not exceed total appropriations. Therefore, the County has not violated any laws or regulations.

	<u>Appropriations</u>	<u>Expenditures</u>	<u>Excess</u>
Solicitor-Gun Prosecution Program	\$ 49,696	\$ 49,875	\$ 179
Solicitor-Project Sentry	\$ 46,406	\$ 46,829	\$ 423
EMS Equipment	\$ -	\$ 36,825	\$ 36,825
State Accommodations Tax	\$ 33,000	\$ 49,539	\$ 16,539
County Accommodations Tax	\$ 220,267	\$ 279,139	\$ 58,872
Sangaree Special Tax District	\$ 826,043	\$ 828,606	\$ 2,563
Special County Tax District	\$ 1,859,785	\$ 2,403,037	\$ 543,252
Pooled Fire Fees	\$ 159,800	\$ 192,830	\$ 33,030
Devon Forest Special Tax District	\$ 27,550	\$ 28,400	\$ 850
Pimlico Special Tax District	\$ 24,450	\$ 25,100	\$ 650
Lake Moultrie Park	\$ 40,000	\$ 55,476	\$ 15,476

**C. Deficit Fund Equity**

The Parks and Recreation Enterprise Fund had a deficit net asset balance of \$51,271 as of June 30, 2004. The County plans to pursue grants and other funding sources to cover this deficit.

**BERKELEY COUNTY, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2004**

**III. DETAILED NOTES ON ALL FUNDS**

**A. Prior Period Adjustment**

In the financial statements for the year ended June 30, 2003, an error was made in the recording of Governmental capital assets. This error has been corrected and has had the following effect on the beginning government-wide net assets:

Governmental activities, net assets as of June 30, 2003	<u>\$ 11,349,173</u>
<i>Correction of error</i>	
Capital assets previously expensed, net of accumulated depreciation	856,275
Items included in prior year capital assets that due to the cost of individual items do not meet the capitalization threshold.	<u>(41,984)</u>
Total corrections	<u>814,291</u>
Governmental activities net assets, restated as of June 30, 2003 for government-wide statement purposes	<u><u>\$ 12,163,464</u></u>

**B. Deposits and Investments**

At year-end, the County's carrying amount of deposits was \$26,808,726 and the bank balance was \$26,526,115. Of the bank balance, \$1,555,473 was covered by federal depository insurance or by collateral held by the County's agent in the County's name. Of the remaining balance, \$23,069,651 was collateralized with securities held by the pledging financial institution's trust department or agent in the County's name, and \$1,900,991 was collateralized with securities not in the County's name. The County had \$33,012 of unspent lease proceeds held on behalf of the County by a financial institution, and not subject to collateralization requirements.

Investments are categorized into these three categories of credit risk:

- (1) Insured or registered, or securities held by the County or its agent in the County's name.
- (2) Uninsured and unregistered, with securities held by the counter-party's trust department or agent in the County's name.
- (3) Uninsured and unregistered, with securities held by the counter-party, or by its trust department or agent but not in the County's name.

At year end, the County's investment balances are as follows:

	Category			Carrying Amount	Fair Value
	1	2	3		
Repurchase agreements	<u>\$ 39,823,295</u>	<u>\$ 4,516,533</u>	<u>\$ 7,309,000</u>	\$ 51,648,828	\$ 51,648,828
Investments not subject to categorization:					
Money markets and certificates of deposit				27,667,124	27,667,124
Mutual funds				<u>1,031,582</u>	<u>1,031,582</u>
Total investments				<u><u>\$ 80,347,534</u></u>	<u><u>\$ 80,347,534</u></u>

**BERKELEY COUNTY, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2004**

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

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

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

Disclosures:	
Cash on hand	\$ 6,670
Carrying amount of deposits	26,808,726
Carrying amount of unspent lease proceeds	33,012
Carrying amount of investments	<u>80,347,534</u>
Total	<u>\$107,195,942</u>
Statement of net assets:	
Cash and cash equivalents	\$ 22,748,045
Cash and cash equivalents- current restricted	42,602,270
Investments	13,187,100
Statement of fiduciary net assets:	
Cash and cash equivalents	11,520,502
Investments	<u>17,138,025</u>
Total	<u>\$107,195,942</u>

Additional disclosure regarding the County's deposits and investments is located at note I.D.1 and D.2.

**C. Receivables**

Receivables as of year end, including the applicable allowances for uncollectible accounts and noncurrent portions, are as follows:

	General	Water and Sewer	Solid Waste	Nonmajor Funds	Agency Funds
Receivables					
Taxes	\$ 19,028,887	\$ -	\$ -	\$ 3,054,316	\$ -
Accounts - current and noncurrent	4,070,494	2,253,658	885,231	2,948,797	8,200
Federal government	65,498	3,212,768	-	301,722	-
State and local governments	<u>1,629,595</u>	<u>-</u>	<u>-</u>	<u>488,697</u>	<u>198,238</u>
Gross receivables	24,794,474	5,466,426	885,231	6,793,532	206,438
Less: allowance for uncollectibles:					
Taxes	(1,090,721)	-	-	(322,572)	-
Accounts	<u>(3,692,628)</u>	<u>(139,086)</u>	<u>(179,305)</u>	<u>-</u>	<u>-</u>
Net receivables	<u>\$ 20,011,125</u>	<u>\$ 5,327,340</u>	<u>\$ 705,926</u>	<u>\$ 6,470,960</u>	<u>\$ 206,438</u>



**BERKELEY COUNTY, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2004**

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

**D. Interfund Receivables and Payables**

The composition of interfund balances at June 30, 2004, are as follows:

	Receivable Fund	Payable Fund
General Fund:	\$ 2,328,870	\$ 61,078
Special Revenue Funds:		
Emergency Preparedness	-	36,037
EMS Equipment	-	52,010
Economic Development	-	124,015
State Accommodations	-	27,607
Sheriff's Grants	-	83,432
Solicitor's Grants	-	20,418
County Accommodations	-	22,021
PARC Grant	-	26,186
Airport Improvements	-	53,514
Enterprise Funds:		
Water and Sewer	-	367,727
Solid Waste	428,805	-
Parks and Recreation	-	1,883,630
Total	<u>\$ 2,757,675</u>	<u>\$ 2,757,675</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.

**BERKELEY COUNTY, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2004**

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

**E. Capital Assets**

Capital asset activity in governmental funds for the year ended June 30, 2004, is as follows:

	Balance 6/30/2003	Note III.A.	Balance 6/30/2003 As Restated	Additions	Deletions	Transfers to/from Business-type activities	Balance 6/30/2004
Capital assets not being depreciated:							
Land	\$ 2,177,113	\$ -	\$ 2,177,113	\$ 15,000	\$ -	\$ -	\$ 2,192,113
Construction in progress	1,153,716	731,642	1,885,358	2,273,416	(1,017,879)	-	3,140,895
Total assets not being depreciated	3,330,829	731,642	4,062,471	2,288,416	(1,017,879)	-	5,333,008
Capital assets being depreciated:							
Buildings	18,065,665	-	18,065,665	-	-	-	18,065,665
Furniture	71,912	(10,427)	61,485	19,859	-	-	81,344
Equipment	7,464,796	(65,249)	7,399,547	679,625	(354,012)	(1,335)	7,723,825
Software	-	23,327	23,327	299,905	-	-	323,232
Vehicles	6,080,275	(6,775)	6,073,500	1,458,543	(477,062)	(22,277)	7,032,704
Improvements	5,222,365	87,426	5,309,791	201,481	(13,074)	(15,000)	5,483,198
Library materials	1,420,046	-	1,420,046	145,954	(124,532)	-	1,441,468
Infrastructure	1,430,000	-	1,430,000	861,689	-	-	2,291,689
Total assets being depreciated:	39,755,059	28,302	39,783,361	3,667,056	(968,680)	(38,612)	42,443,125
Total capital assets	43,085,888	759,944	43,845,832	5,955,472	(1,986,559)	(38,612)	47,776,133
Accumulated depreciation:							
Infrastructure	(23,833)	-	(23,833)	(62,028)	-	-	(85,861)
Buildings	(5,622,365)	-	(5,622,365)	(451,641)	-	-	(6,074,006)
Furniture	(28,108)	9,040	(19,068)	(6,612)	-	-	(25,680)
Equipment	(5,606,451)	80,995	(5,525,456)	(667,856)	323,779	1,574	(5,867,959)
Software	-	(16,329)	(16,329)	(9,163)	-	-	(25,492)
Vehicles	(3,546,135)	6,775	(3,539,360)	(796,887)	359,775	31,167	(3,945,305)
Library materials	(576,333)	-	(576,333)	(157,625)	124,532	-	(609,426)
Improvements	(2,159,749)	(26,134)	(2,185,883)	(297,205)	1,307	-	(2,481,781)
Total accumulated depreciation	(17,562,974)	54,347	(17,508,627)	(2,449,017)	809,393	32,741	(19,115,510)
Total capital assets being depreciated, net	22,192,085	82,649	22,274,734	1,218,039	(159,287)	(5,871)	23,327,615
Governmental activities capital assets, net	\$25,522,914	\$ 814,291	\$ 26,337,205	\$3,506,455	\$ (1,177,166)	\$ (5,871)	\$28,660,623

**BERKELEY COUNTY, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2004**

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

**E. Capital Assets (Continued)**

Business type capital asset activity for the year ended June 30, 2004, is as follows:

	Balance 6/30/2003	Additions	Deletions	Transfers to/from Governmental activities	Balance 6/30/2004
Capital assets not being depreciated:					
Land	\$ 2,755,853	\$ 9,000	\$ -	\$ -	\$ 2,764,853
Construction in progress	21,192,577	12,360,470	(15,323,436)	-	18,229,611
Total assets not being depreciated	23,948,430	12,369,470	(15,323,436)	-	20,994,464
Capital assets being depreciated:					
Utility systems, treatment plants and buildings	175,473,366	17,215,879	-	15,000	192,704,245
Equipment and furniture	16,040,926	1,420,670	(918,293)	23,612	16,566,915
Total assets being depreciated	191,514,292	18,636,549	(918,293)	38,612	209,271,160
Total capital assets	215,462,722	31,006,019	(16,241,729)	38,612	230,265,624
Accumulated depreciation:					
Utility systems, treatment plants and buildings	(44,203,607)	(5,151,076)	-	-	(49,354,683)
Equipment and furniture	(10,819,642)	(1,513,143)	861,144	(32,741)	(11,504,382)
Total accumulated depreciation	(55,023,249)	(6,664,219)	861,144	(32,741)	(60,859,065)
Total capital assets being depreciated, net	136,491,043	11,972,330	(57,149)	5,871	148,412,095
Business-type activities capital assets, net	\$ 160,439,473	\$ 24,341,800	\$ (15,380,585)	\$ 5,871	\$ 169,406,559

Depreciation expense was charged to functions of the primary government as follows:

Governmental activities:	
General government	\$ 830,591
Public safety	641,016
Airport, highways and streets	615,072
Culture and recreation	241,179
Health and welfare	121,159
Total governmental activity depreciation	<u>\$ 2,449,017</u>
Business-type activities:	
Emergency telephone	\$ 78,777
Parks and recreation	94,671
Water and sewer	4,997,142
Solid waste	1,493,629
Total business-type activity depreciation	<u>\$ 6,664,219</u>

**BERKELEY COUNTY, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2004**

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

**E. Capital Assets (Continued)**

Interest costs incurred in enterprise funds during construction are capitalized as part of the cost of the related assets of the Water and Sewer fund and Solid Waste fund. Interest costs on long-term debt incurred and capitalized during the year ended June 30, were as follows:

	Water and Sewer	Solid Waste	Total
Interest cost incurred	\$ 5,125,005	\$ 752,396	\$ 5,877,401
Interest capitalized	\$ 334,533	\$ 31,424	\$ 365,957

**F. Interfund Transfers**

Interfund transfers for the year ended June 30, 2004, consists of the following:

	Transfer in	Transfer out
Major governmental fund:		
General fund	\$ 884,048	\$ 2,250,494
Nonmajor governmental funds:		
Library	1,595,860	-
National Forest		542,885
Emergency Preparedness	173,971	-
GIS	179,954	-
Storm Water Management	3,803	-
EMS Equipment	2,604	-
Clerk of Court	1,008	-
State Accommodations	-	27,607
Sheriff's Grants	32,499	320
Miscellaneous Special Revenue	219,747	-
Solicitor's Grants	9,975	-
County Accommodations	-	69,783
Local Economic Development	-	243,453
Airport Improvements	11,010	-
Nonmajor enterprise funds:		
Parks and Recreation	20,063	-
	<u>\$ 3,134,542</u>	<u>\$ 3,134,542</u>

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

**BERKELEY COUNTY, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2004**

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

**G. 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. At June 30, 2004, the various components of deferred and unearned revenue reported in the governmental funds were as follows:

Unearned:	
Real property taxes	\$ 19,014,761
User fees	2,660,516
Vehicle taxes	39,018
Other	<u>37,234</u>
Deferred revenue - statement of net assets	21,751,529
Unavailable:	
Real property taxes	696,265
Vehicle taxes	259,111
EMS fees	<u>208,462</u>
Deferred revenue - governmental funds	<u><u>\$ 22,915,367</u></u>

**H. Leases and Notes Payable**

*Operating Leases.*

The County leases various properties under several operating lease agreements maturing through January 2008. Total costs for such leases were \$108,271 for the year ended June 30, 2004. Of this amount, \$58,191 is included in General Fund expenditures, and \$50,080 is included in Special Revenue Fund expenditures. Future minimum lease payments for these leases are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2005	\$ 102,525
2006	51,062
2007	44,612
2008	29,855
2009	<u>23,649</u>
Total	<u><u>\$ 251,703</u></u>

*Capital Leases.*

The County has entered into various lease agreements to finance the acquisition of certain capital assets. These lease agreements qualify as capital leases for accounting purposes and therefore have been recorded at the present value of the future minimum lease payments as of the inception date.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2004, were as follows:

**BERKELEY COUNTY, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2004**

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

**H. Leases and Notes Payable (Continued)**

Year Ending June 30	General Fund	Special Revenue Fund	Total Governmental Funds	Proprietary Funds
2005	\$ 630,781	\$ 4,669	\$ 635,450	\$ 877,124
2006	450,019	1,080	451,099	740,181
2007	355,525	1,034	356,559	515,292
2008	93,119	-	93,119	492,949
2009	93,119	-	93,119	125,004
Total minimum lease payments	1,622,563	6,783	1,629,346	2,750,550
Less: amounts representing interest	(114,390)	(266)	(114,656)	(223,168)
Present value of minimum lease payments	<u>\$ 1,508,173</u>	<u>\$ 6,517</u>	<u>\$ 1,514,690</u>	<u>\$ 2,527,382</u>

The assets acquired through capital leases are as follows:

Buildings	\$ 230,334
Land	15,000
Equipment	3,260,550
Vehicles	1,161,751
Improvements	498,142
Subtotal	5,165,777
Less accumulated depreciation	(1,393,920)
	<u>\$ 3,771,857</u>

At June 30, 2004, the County had \$889,135 in unexpended capital lease proceeds. The portion attributable to governmental funds, \$33,012 has been reserved in the general fund. The remainder, \$856,122 is reported as a restricted asset in the Business-type activities.

Depreciation expense for buildings and equipment under capital leases is included in depreciation expense.

**I. Long-term Debt**

*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.

**BERKELEY COUNTY, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2004**

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

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

General obligation bonds payable at June 30, 2004 are comprised of the following issues:

<u>Title of Issues</u>	<u>Principal Amount Outstanding</u>
General Obligation Bond, dated September 1997, 4.80% to 5.00% interest, matures 2015	\$ 4,270,000
General Obligation Refunding and Improvement Bond, dated September 2003, 2.00% to 5.00% interest, matures 2028	<u>25,000,000</u>
Total	<u><u>\$ 29,270,000</u></u>

*Current refundings.*

The County issued \$25 million of General Obligation Refunding and Improvement bonds. The County used \$7.2 million of the proceeds along with \$697 thousand of issuance premium to fully redeem the 1993 General Obligation bonds in October 2003. The reacquisition price exceeded the net carrying amount of the old debt by \$328,307. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is shorter than the life of the new debt issued. This current refunding was undertaken to reduce total debt service payments by \$581,920, extend the payment terms, and obtain more favorable interest rates. This resulted in an economic gain of \$358,074.

*Intergovernmental Loan.*

The County entered into a ten year intergovernmental loan agreement, executed on January 15, 1998, with the South Carolina Public Service Authority (the Authority) whereby the Authority advanced \$5,000,000 to be used in providing infrastructure for a commerce park within the County. The proceeds of the loan were drawn down as construction progressed. This sum will be augmented further by \$2,000,000 from the County, of which \$1,706,842 has been expended at June 30, 2004. Interest will accrue on the loan at a rate equal to the rate borne by 10-year U.S. Treasury Bonds, with such rate adjusted annually on January 15. The rate at June 30, 2004 was 4.06%.

Proceeds from the sale of property in the commerce park will be paid first to the property owner at the greater of \$25,500 per acre, or 80% of sales proceeds, net of closing costs. Remaining funds will be paid to the County and will be pledged to the reduction of accrued interest and loan principal. Such pledged revenues are to be remitted annually to the Authority on January 15. In the event that pledged revenues are insufficient to pay all principal and accrued interest by the maturity date, January 15, 2008, the County shall issue a Special Source Revenue Bond to pay the insufficiency. The Special Source Revenue Bond will be paid from fee in lieu of tax revenue.

Interest has accrued on the loan in the amount of \$1,333,682 as of June 30, 2004, of which \$149,505 has been paid.

**BERKELEY COUNTY, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2004**

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

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

*Revenue Bonds.*

The Enterprise Fund issued 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, together with the interest thereon, are payable from revenues derived by the County from the operation of its system and monies on deposit on any fund or account 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 on any fund or account established pursuant to the bond ordinance.

There are a numbers of limitations, restrictions, and covenants contained in the various bond indentures and ordinances. As of June 30, 2004, the Authority is in compliance with all significant restrictions and covenants, and no events of default occurred during the past year.

Revenue Bonds payable at June 30, 2004, are comprised of the following:

Description	Interest Rates	Balance at June 30, 2004
Capital appreciation bonds, due June 2012, inclusive of \$1,937,682 cumulative accretion of interest	5.3% to 5.75%	\$ 4,244,821
Water and Sewer System Revenue Bond-Hanahan Project due December 2025	4.855%	3,996,430
Water and Sewer System, Series 2003, due June 2028, inclusive of issuance premiums of \$5,147,764, and net of deferred refunding costs of \$2,880,332	2.0% to 5.25%	<u>97,127,432</u>
Total Water and Sewer Revenue Bonds		<u>105,368,683</u>
Solid waste System Series 2002, due December 2017	4.66%	2,800,000
Solid Waste System, Refunding Revenue Bond, Series 2004, due December 2016, net of deferred refunding costs of \$33,911	3.95%	9,141,090
Solid Waste System Revenue Bonds, Series 2000, due December 2014	6.5%	<u>3,175,000</u>
Total Solid Waste Revenue Bonds		<u>15,116,090</u>
Total revenue bonds outstanding		<u><u>\$ 120,484,773</u></u>



**BERKELEY COUNTY, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2004**

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

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

*Changes in long-term liabilities.*

Long-term liability activity for the year ended June 30, 2004, is as follows:

	Balance 6/30/2003	Additions	Reductions	Balance 6/30/2004	Due within one year
<b><u>Governmental activities</u></b>					
General obligation bonds	\$ 11,950,000	\$ 25,000,000	\$ (7,680,000)	\$ 29,270,000	\$ 760,000
Plus (less) deferred amounts					
For issuance discounts	-	(329,947)	10,449	(319,498)	-
For issuance premiums	-	696,862	(61,298)	635,564	-
On refunding costs	-	(328,307)	28,879	(299,428)	-
Total general obligation bonds	11,950,000	25,038,608	(7,701,970)	29,286,638	760,000
Intergovernmental loan	5,000,000	-	-	5,000,000	-
Capital leases	1,475,870	1,032,666	(993,846)	1,514,690	585,109
Compensated absences	3,567,299	2,244,060	(1,839,030)	3,972,329	1,692,203
Total long-term liabilities	<u>\$ 21,993,169</u>	<u>\$ 28,315,334</u>	<u>\$ (10,534,846)</u>	<u>\$ 39,773,657</u>	<u>\$ 3,037,312</u>
	Balance 6/30/2003	Additions	Reductions	Balance 6/30/2004	Due within one year
<b><u>Business-type activities</u></b>					
Revenue bonds payable	\$ 120,769,515	\$ -	\$ (4,455,945)	\$ 116,313,570	\$ 4,970,286
Plus (less) deferred amounts					
For accretion of interest	1,704,726	232,956	-	1,937,682	-
For issuance premiums	5,561,969	-	(414,205)	5,147,764	-
On refunding costs	(3,151,028)	-	236,785	(2,914,243)	-
Total revenue bonds payable	124,885,182	232,956	(4,633,365)	120,484,773	4,970,286
Capital leases	3,036,202	47,018	(555,838)	2,527,382	764,334
Landfill closure and postclosure care cost	1,978,488	123,381	(6,843)	2,095,026	53,762
Compensated absences	585,145	644,031	(449,311)	779,865	360,247
Total long-term liabilities	<u>\$ 130,485,017</u>	<u>\$ 1,047,386</u>	<u>\$ (5,645,357)</u>	<u>\$ 125,887,046</u>	<u>\$ 6,148,629</u>

**BERKELEY COUNTY, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2004**

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

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

*Debt service requirements to maturity.*

As of June 30, 2004, general obligation bond debt service requirements to maturity are as follows:

**Governmental activities**

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$ 760,000	\$ 1,415,695	\$ 2,175,695
2006	800,000	1,376,965	2,176,965
2007	840,000	1,336,520	2,176,520
2008	880,000	1,294,105	2,174,105
2009	925,000	1,249,600	2,174,600
2010-2014	5,400,000	5,466,569	10,866,569
2015-2019	5,640,000	4,013,500	9,653,500
2020-2024	6,870,000	2,486,750	9,356,750
2025-2029	7,155,000	832,375	7,987,375
Subtotal	29,270,000	19,472,079	48,742,079
Plus (less) deferred amounts:			
For issuance discounts	(319,498)	-	(319,498)
For issuance premiums	635,564	-	635,564
On refunding costs	(299,428)	-	(299,428)
Total	<u>\$ 29,286,638</u>	<u>\$ 19,472,079</u>	<u>\$ 48,758,717</u>

As of June 30, 2004, revenue bond debt service requirements to maturity are as follows:

**Business-type activities**

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$ 4,970,286	\$ 5,608,920	\$ 10,579,206
2006	5,093,367	5,309,413	10,402,780
2007	5,308,871	5,097,874	10,406,745
2008	5,534,642	4,836,893	10,371,535
2009	5,790,693	4,564,134	10,354,827
2010-2014	29,782,169	18,993,127	48,775,296
2015-2019	25,941,984	17,684,553	43,626,537
2020-2024	14,867,959	11,465,596	26,333,555
2025-2028	19,023,599	3,690,482	22,714,081
Subtotal	116,313,570	77,250,992	193,564,562
Plus (less) deferred amounts:			
For accretion of interest	1,937,682	-	1,937,682
For issuance premiums	5,147,764	-	5,147,764
On refunding costs	(2,914,243)	-	(2,914,243)
Total	<u>\$ 120,484,773</u>	<u>\$ 77,250,992</u>	<u>\$ 197,735,765</u>

**BERKELEY COUNTY, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2004**

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

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

**J. Landfill Closure**

State and federal laws and regulations require the County to place a final cover on its landfill sites when each site stops accepting waste and to perform certain maintenance and monitoring functions at the sites for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfills stop accepting waste, the County reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$2,095,026 reported as an accrual for landfill closure and postclosure care at June 30, 2004, includes liability remaining for postclosure care of two previously closed landfill sites in the amount of \$1,210,847, plus the cumulative amount reported 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 to be Recognized			Remaining To Be Recognized
			Closure	Postclosure	Total	
Subtitle D	26 years	14.94%	\$ 4,445,001	\$1,473,000	\$ 5,918,001	\$ 5,033,822
DPW-105	None	100%	-	1,199,880	1,199,880	-
DPW-73	None	100%	-	10,967	10,967	-
BCW&SA			<u>\$ 4,445,001</u>	<u>\$2,683,847</u>	<u>\$ 7,128,848</u>	<u>\$ 5,033,822</u>

These amounts are based on what it would cost to perform all closure and postclosure care in fiscal year 2004. Actual cost may be higher due to inflation, changes in technology or changes in regulations. The Subtitle D landfill site began accepting waste in July 2000. No assets have been restricted for payment of closure and postclosure care costs.

**K. 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 and Deposits.* 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 Encumbrances.* Encumbrances representing commitments to vendors which had not been received or completed at year end have been reserved since they are not legally available for appropriation. At June 30, 2004, there were no encumbrances outstanding.

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

*Designated for Subsequent Year's Appropriations/Operations.* The fiscal year 2005 budget ordinance designates \$2,508,387 of the ending General Fund fund balance for fiscal year 2005 appropriations.

*Reserved for Future Capital Lease Acquisitions.* Fund balance has been reserved to indicate that the County had unexpended capital lease proceeds which are restricted under financing agreements to be expended only on capital asset additions.

*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 FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2004**

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**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 pool 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 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 State's health insurance plans 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 Worker's Compensation Trust, a public entity risk pool operating for the benefit of local governments. The County pays an annual premium to the Worker's Compensation Trust for its insurance coverage.

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

**B. Contingent Liabilities**

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.

The County, its officers and its employees, are defendants in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the County's attorney 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.

**C. Commitments**

*Related Organization.*

The County is a member of the Lake Moultrie Water Agency (LMWA), a Municipal Water System. It appoints one representative to the four member board of LMWA. The County has no equity interest in this Agency. The County has entered into a contract expiring October 2, 2027, to purchase 24% of the finished water produced by LMWA. Provisions of the contract require a deposit to reserve the capacity and to pay monthly demand (fixed) and volumetric (variable) charges.

The Water and Sewer Enterprise Fund paid \$8,921,929 to LMWA to reserve the desired capacity. These deferred charges are being amortized over the life of the contract. Accumulated amortization at June 30, 2004, is \$2,476,420 and amortization recognized during the year was \$254,912, which was included in depreciation expense.

**BERKELEY COUNTY, SOUTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2004**

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**IV. OTHER INFORMATION (CONTINUED)**

**C. Commitments (Continued)**

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

<u>Year Ending June 30,</u>	<u>Amount</u>
2005	\$ 353,010
2006	\$ 361,919
2007	\$ 372,575
2008	\$ 383,764
2009	\$ 395,340

*Construction commitments.*

At June 30, 2004, the Water and Sewer and the Solid Waste Enterprise Funds had commitments under contracts for construction of various projects not completed of approximately \$1,503,390 and \$38,616, respectively. Airport Improvement Special Revenue Fund had commitments under contracts for construction of various projects not completed of approximately \$975,776, and the Capital Projects Fund had commitments under contracts for construction of various projects not completed of approximately \$3,628,596.

**D. Deferred Compensation Plan**

*Internal Revenue Code Section 457 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.

**E. Other Post-employment Benefits**

The County provides post-retirement health, life and dental care benefits, as per the requirement of a local ordinance, for certain retirees and their dependents. Substantially all employees who retire under the state retirement plans are eligible to continue their coverage. The County pays up to \$120 per month of the retiree's premium for standard health and dental coverage. The retiree pays the remaining balance, plus any additional coverage for dependents. The government finances the plan on a pay-as-you-go-basis. The cost to the County for the year ended June 30, 2004, is \$92,607. As of year-end there were 62 employees who had retired with the County and are continuing their coverage.

**F. Employee Retirement Systems and Plans**

*South Carolina Retirement and Police Officer's Retirement System*

**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 FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2004**

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**IV. OTHER INFORMATION (CONTINUED)**

**G. Concentrations of Credit Risk**

**Funding Policy.** SCRS Plan members are required to contribute 6% of their annual covered salary and the County is required to contribute at an actuarially determined rate. The current rate is 6.7% of annual covered payroll. The County's contributions to SCRS for the years ending June 30, 2004, 2003, and 2002, were \$1,517,656, \$1,383,834, and \$1,338,189 respectively, equal to the required contributions for each year. Additionally, participating employers of the SCRS contribute .15% of payroll to provide a group life insurance benefit for their participants.

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 current rate is 10.3% of annual covered payroll. The County's contributions to SCPORS for the years ending June 30, 2004, 2003, and 2002, were \$589,281, \$516,165, and \$492,421 respectively, equal to the required contributions for each year. Additionally, participating employers of the SCPORS contribute .2% of payroll to provide a group life insurance benefit for their participants.

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 Fund to credit risk. No collateral is required for credit granted to customers.

The Enterprise Fund terminates services for accounts unpaid after 90 days. Additionally, the Fund participates in the State of South Carolina debt collection program, whereby delinquent customer balances may be withheld from customers' state income tax refunds.

**H. Conduit Debt**

From time to time, the County has issued 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, 2004, there were forty-one series of Special Source Revenue Bonds outstanding. The aggregate principal amount payable for the fifteen series issued after July 1, 1995, was \$563.2 million. The aggregate principal amount payable for the twenty-six series issued prior to July 1, 1995, could not be determined; however, their original issue amounts totaled \$766.7 million.

**I. Reciprocal Interfund Transactions**

During the year ended June 30, 2004, the Water and Sewer Enterprise Fund paid the General and GIS Special Revenue Funds \$70,000 and \$25,977 for administrative services and for participation in the geographic information system, respectively.

The Solid Waste Fund reimbursed the Water and Sewer Fund for administrative services totaling \$400,000 in 2004. These amounts are reported as if they were external transactions, as revenues and expenses in the applicable fund.

**BERKELEY COUNTY, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2004**

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**IV. OTHER INFORMATION (CONTINUED)**

**J. Property Taxes**

The County is permitted under South Carolina law to levy property taxes for general governmental services and payment of principal and interest on long-term debt. The County tax rate to finance general governmental services for the year ended June 30, 2004, was set by County Council on June 16, 2003, at 49.5 mills (\$4.95 per \$100 assessed valuation) for general uses and purposes of the County. Additional tax rates were set as follows: 55.0 mills for the Sangaree Special District, and 3.0 mills for debt retirement. The assessed valuation of properties, exclusive of vehicles (valued at \$74,340,240), within the County's boundaries as of June 30, 2004, was \$467,639,772 according to the records of the County Auditor and Assessor.

**K. Subsequent Events**

Subsequent to June 30, 2004, County Council approved construction contracts totaling \$16,408,703 and equipment purchases in the amount of \$3,216,585. In addition, County Council approved the issuance of capital leases totaling \$2,631,904.

Also subsequent to year-end the County incurred hurricane damage and debris removal costs of approximately \$3,107,000. Of these costs, \$2,245,000 has been approved for reimbursement by FEMA. Claims are pending for an additional \$1,061,000.

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## **SUPPLEMENTARY FINANCIAL INFORMATION**

**BERKELEY COUNTY, SOUTH CAROLINA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2004**

	Special Revenue			
	Planning Grant	Library	National Forest	Emergency Preparedness
<b>Assets</b>				
Cash and cash equivalents	\$ -	\$ 83,451	\$ 135,721	\$ -
Investments	-	-	-	-
Receivables, net of allowances:				
Taxes	-	-	-	-
Accounts	-	-	-	-
Federal government	-	-	-	41,640
State and local governments	-	-	-	-
Prepaid items	-	148	-	100
<b>Total assets</b>	<u>\$ -</u>	<u>\$ 83,599</u>	<u>\$ 135,721</u>	<u>\$ 41,740</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable and accrued liabilities	\$ -	\$ 83,599	\$ -	\$ 5,603
Due to other funds	-	-	-	36,037
Deferred revenues	-	-	-	-
<b>Total liabilities</b>	<u>-</u>	<u>83,599</u>	<u>-</u>	<u>41,640</u>
<b>Fund balances (deficits)</b>				
Reserved for:				
Prepays items	-	-	-	100
Debt service	-	-	-	-
Other	-	-	135,721	-
Unreserved:				
Undesignated, reported in:				
Special revenue funds	-	-	-	-
Capital projects funds	-	-	-	-
<b>Total fund balances (deficits)</b>	<u>-</u>	<u>-</u>	<u>135,721</u>	<u>100</u>
<b>Total liabilities and fund balances (deficits)</b>	<u>\$ -</u>	<u>\$ 83,599</u>	<u>\$ 135,721</u>	<u>\$ 41,740</u>

GIS	Storm Water Management	Highway "C" Funds	EMS Equipment	Clerk of Court	Economic Development
\$ 62,125	\$ -	\$ 31,464	\$ -	\$ 86,957	\$ 20,432
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	53	-
-	-	-	53,059	25,431	-
-	-	-	-	-	124,246
-	-	-	-	-	-
<u>\$ 62,125</u>	<u>\$ -</u>	<u>\$ 31,464</u>	<u>\$ 53,059</u>	<u>\$ 112,441</u>	<u>\$ 144,678</u>
\$ 16,712	\$ -	\$ 31,464	\$ 1,049	\$ 14,661	\$ 231
-	-	-	52,010	-	124,015
-	-	-	-	-	-
<u>16,712</u>	<u>-</u>	<u>31,464</u>	<u>53,059</u>	<u>14,661</u>	<u>124,246</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
45,413	-	-	-	97,780	20,432
-	-	-	-	-	-
<u>45,413</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>97,780</u>	<u>20,432</u>
<u>\$ 62,125</u>	<u>\$ -</u>	<u>\$ 31,464</u>	<u>\$ 53,059</u>	<u>\$ 112,441</u>	<u>\$ 144,678</u>

**BERKELEY COUNTY, SOUTH CAROLINA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2004**

	Special Revenue			
	State Accommodations	Sheriff's Grants	Miscellaneous Special Revenue	Victim's Witness
<b>Assets</b>				
Cash and cash equivalents	\$ 32,615	\$ 79,482	\$ 174,536	\$ 474,861
Investments	-	-	-	-
Receivables, net of allowances:				
Taxes	-	-	-	-
Accounts	-	2,025	-	-
Federal government	-	85,156	-	-
State and local governments	44,531	-	-	-
Prepaid items	-	4,606	-	-
<b>Total assets</b>	<u>\$ 77,146</u>	<u>\$ 171,269</u>	<u>\$ 174,536</u>	<u>\$ 474,861</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable and accrued liabilities	\$ 49,539	\$ 15,784	\$ -	\$ 13,892
Due to other funds	27,607	83,432	-	-
Deferred revenues	-	12,234	-	-
<b>Total liabilities</b>	<u>77,146</u>	<u>111,450</u>	<u>-</u>	<u>13,892</u>
<b>Fund balances (deficits)</b>				
Reserved for:				
Prepays items	-	4,606	-	-
Debt service	-	-	-	-
Other	-	-	-	-
Unreserved:				
Undesignated, reported in:				
Special revenue funds	-	55,213	174,536	460,969
Capital projects funds	-	-	-	-
<b>Total fund balances (deficits)</b>	<u>-</u>	<u>59,819</u>	<u>174,536</u>	<u>460,969</u>
<b>Total liabilities and fund balances (deficits)</b>	<u>\$ 77,146</u>	<u>\$ 171,269</u>	<u>\$ 174,536</u>	<u>\$ 474,861</u>

Solicitor's Grants	County Accommodations	PARD Grant	Local Economic Development	Airport Improvements	Heritage Community Service
\$ -	\$ 74,854	\$ -	\$ 1,522,531	\$ -	\$ 10,132
-	-	-	-	-	-
-	-	-	458,249	-	-
-	35,253	-	5,740	-	-
26,402	-	-	-	70,034	-
-	-	26,186	-	16,979	-
-	-	-	250	-	-
<u>\$ 26,402</u>	<u>\$ 110,107</u>	<u>\$ 26,186</u>	<u>\$ 1,986,770</u>	<u>\$ 87,013</u>	<u>\$ 10,132</u>
\$ 5,984	\$ 88,086	\$ -	\$ 14,539	\$ 33,499	\$ 10,132
20,418	22,021	26,186	-	53,514	-
-	-	-	486,838	-	-
<u>26,402</u>	<u>110,107</u>	<u>26,186</u>	<u>501,377</u>	<u>87,013</u>	<u>10,132</u>
-	-	-	250	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	1,485,143	-	-
-	-	-	-	-	-
-	-	-	1,485,393	-	-
<u>\$ 26,402</u>	<u>\$ 110,107</u>	<u>\$ 26,186</u>	<u>\$ 1,986,770</u>	<u>\$ 87,013</u>	<u>\$ 10,132</u>

**BERKELEY COUNTY, SOUTH CAROLINA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2004**

	Special Revenue			
	Sangaree Special Tax District	Pimlico Special Tax District	Tall Pines Special Tax District	Devon Forest Special Tax District
<b>Assets</b>				
Cash and cash equivalents	\$ 874,261	\$ -	\$ -	\$ -
Investments	-	-	-	-
Receivables, net of allowances:				
Taxes	628,144	-	-	-
Accounts	-	25,266	36,405	28,326
Federal government	-	-	-	-
State and local governments	-	-	-	-
Prepaid items	-	-	-	-
<b>Total assets</b>	<u>\$ 1,502,405</u>	<u>\$ 25,266</u>	<u>\$ 36,405</u>	<u>\$ 28,326</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable and accrued liabilities	\$ 880,855	\$ 75	\$ -	\$ 75
Due to other funds	-	-	-	-
Deferred revenues	621,550	25,191	36,405	28,251
<b>Total liabilities</b>	<u>1,502,405</u>	<u>25,266</u>	<u>36,405</u>	<u>28,326</u>
<b>Fund balances (deficits)</b>				
Reserved for:				
Prepays items	-	-	-	-
Debt service	-	-	-	-
Other	-	-	-	-
Unreserved:				
Undesignated, reported in:				
Special revenue funds	-	-	-	-
Capital projects funds	-	-	-	-
<b>Total fund balances (deficits)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total liabilities and fund balances (deficits)</b>	<u>\$ 1,502,405</u>	<u>\$ 25,266</u>	<u>\$ 36,405</u>	<u>\$ 28,326</u>

Special County Tax District	Lake Moultrie Park	Legal Forfeiture Proceeds	Capital Projects	Debt Service	Total Nonmajor Governmental Funds
\$ 61,138	\$ 33,371	\$ 26,493	\$ 830,022	\$ 528,746	\$ 5,143,192
-	-	-	11,947,656	1,239,444	13,187,100
-	-	-	-	1,645,351	2,731,744
2,754,720	7,164	-	4,842	-	2,899,794
-	-	-	-	-	301,722
-	-	-	-	-	211,942
-	-	-	-	-	5,104
<u>\$ 2,815,858</u>	<u>\$ 40,535</u>	<u>\$ 26,493</u>	<u>\$ 12,782,520</u>	<u>\$ 3,413,541</u>	<u>\$ 24,480,598</u>
\$ 100,122	\$ -	\$ -	\$ 631,153	\$ -	\$ 1,997,054
-	-	-	-	-	445,240
2,715,736	-	-	-	1,620,832	5,547,037
<u>2,815,858</u>	<u>-</u>	<u>-</u>	<u>631,153</u>	<u>1,620,832</u>	<u>7,989,331</u>
-	-	-	-	-	4,956
-	-	-	-	1,792,709	1,792,709
-	-	-	-	-	135,721
-	40,535	26,493	-	-	2,406,514
-	-	-	12,151,367	-	12,151,367
-	40,535	26,493	12,151,367	1,792,709	16,491,267
<u>\$ 2,815,858</u>	<u>\$ 40,535</u>	<u>\$ 26,493</u>	<u>\$ 12,782,520</u>	<u>\$ 3,413,541</u>	<u>\$ 24,480,598</u>

**BERKELEY COUNTY, SOUTH CAROLINA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2004**

	Special Revenue			
	Planning Grant	Library	National Forest	Emergency Preparedness
<b>Revenues</b>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Other	-	-	-	-
Fee in lieu of taxes	-	-	-	-
Fines, forfeitures and fees	-	39,714	-	-
Interest income	-	-	-	-
Local revenue	-	-	-	-
Intergovernmental - federal	23,258	763	678,606	65,773
Intergovernmental - state and local	-	196,041	-	-
Miscellaneous	-	859	-	-
<b>Total revenues</b>	<b>23,258</b>	<b>237,377</b>	<b>678,606</b>	<b>65,773</b>
<b>Expenditures</b>				
Current:				
General government	23,258	-	-	-
Public safety	-	-	-	210,311
Airport, highways and streets	-	-	-	-
Culture and recreation	-	1,817,820	-	-
Health and welfare	-	-	-	-
Community development	-	-	-	-
Capital outlay	-	18,709	-	28,267
Debt service:				
Principal retirement	-	1,122	-	985
Interest and fiscal charges	-	71	-	81
<b>Total expenditures</b>	<b>23,258</b>	<b>1,837,722</b>	<b>-</b>	<b>239,644</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>-</b>	<b>(1,600,345)</b>	<b>678,606</b>	<b>(173,871)</b>
<b>Other financing sources (uses)</b>				
Proceeds from issuance of debt	-	-	-	-
Proceeds from refunding	-	-	-	-
Deposits to debt refunding agent	-	-	-	-
Proceeds from capital lease	-	4,485	-	-
Premium on refunding	-	-	-	-
Bond discount	-	-	-	-
Transfers in	-	1,595,860	-	173,971
Transfers out	-	-	(542,885)	-
<b>Total other financing     sources (uses)</b>	<b>-</b>	<b>1,600,345</b>	<b>(542,885)</b>	<b>173,971</b>
<b>Net changes in fund balances</b>	<b>-</b>	<b>-</b>	<b>135,721</b>	<b>100</b>
<b>Fund balances (deficit) at beginning of year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balances (deficit) at end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 135,721</b>	<b>\$ 100</b>



GIS	Storm Water Management	Highway "C" Funds	EMS Equipment	Clerk of Court	Economic Development
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
12,679	-	-	-	-	-
-	-	-	-	-	-
104,348	-	50,000	-	-	-
-	-	-	247,163	316,937	-
7,466	-	213,604	34,221	-	59,706
-	-	-	-	-	-
124,493	-	263,604	281,384	316,937	59,706
278,128	-	-	-	281,471	-
-	-	-	221,609	-	-
-	3,803	4,144	-	-	-
-	-	-	-	-	-
-	-	-	-	-	59,706
-	-	259,460	62,379	20,873	-
2,299	-	-	-	-	-
190	-	-	-	-	-
280,617	3,803	263,604	283,988	302,344	59,706
(156,124)	(3,803)	-	(2,604)	14,593	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
179,954	3,803	-	2,604	1,008	-
-	-	-	-	-	-
179,954	3,803	-	2,604	1,008	-
23,830	-	-	-	15,601	-
21,583	-	-	-	82,179	20,432
\$ 45,413	\$ -	\$ -	\$ -	\$ 97,780	\$ 20,432

**BERKELEY COUNTY, SOUTH CAROLINA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2004**

	Special Revenue			
	State Accommodations	Sheriff's Grants	Miscellaneous Special Revenue	Victim's Witness
<b>Revenues</b>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Other	-	-	-	-
Fee in lieu of taxes	-	-	-	-
Fines, forfeitures and fees	-	18,883	151,642	239,985
Interest income	-	251	-	-
Local revenue	-	254,099	-	-
Intergovernmental - federal	-	376,876	10,882	-
Intergovernmental - state and local	77,146	-	-	-
Miscellaneous	-	3,461	126,121	-
<b>Total revenues</b>	<u>77,146</u>	<u>653,570</u>	<u>288,645</u>	<u>239,985</u>
<b>Expenditures</b>				
Current:				
General government	-	-	7,771	-
Public safety	-	393,407	326,085	262,552
Airport, highways and streets	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Community development	49,539	-	-	-
Capital outlay	-	325,281	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total expenditures</b>	<u>49,539</u>	<u>718,688</u>	<u>333,856</u>	<u>262,552</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>27,607</u>	<u>(65,118)</u>	<u>(45,211)</u>	<u>(22,567)</u>
<b>Other financing sources (uses)</b>				
Proceeds from issuance of debt	-	-	-	-
Proceeds from refunding	-	-	-	-
Deposits to debt refunding agent	-	-	-	-
Proceeds from capital lease	-	-	-	-
Premium on refunding	-	-	-	-
Bond discount	-	-	-	-
Transfers in	-	32,499	219,747	-
Transfers out	(27,607)	(320)	-	-
<b>Total other financing     sources (uses)</b>	<u>(27,607)</u>	<u>32,179</u>	<u>219,747</u>	<u>-</u>
<b>Net changes in fund balances</b>	-	(32,939)	174,536	(22,567)
<b>Fund balances (deficit) at beginning of year</b>	-	92,758	-	483,536
<b>Fund balances (deficit) at end of year</b>	<u>\$ -</u>	<u>\$ 59,819</u>	<u>\$ 174,536</u>	<u>\$ 460,969</u>

Solicitor's Grants	County Accommodations	PARD Grant	Local Economic Development	Airport Improvements	Heritage Community Service
\$ -	\$ -	\$ -	\$ 53,906	\$ -	\$ -
-	348,922	-	-	-	-
-	-	-	630,614	-	-
-	-	-	5,740	-	-
-	-	-	-	-	-
-	-	44	-	-	-
86,729	-	-	-	177,882	-
-	-	14,158	857,934	8,755	-
-	-	-	190,240	-	-
86,729	348,922	14,202	1,738,434	186,637	-
96,704	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	14,202	-	-	-
-	-	-	-	-	-
-	279,139	-	1,594,037	-	10,132
-	-	-	22,512	197,647	-
-	-	-	-	-	-
-	-	-	-	-	-
96,704	279,139	14,202	1,616,549	197,647	10,132
(9,975)	69,783	-	121,885	(11,010)	(10,132)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
9,975	-	-	-	11,010	-
-	(69,783)	-	(243,453)	-	-
9,975	(69,783)	-	(243,453)	11,010	-
-	-	-	(121,568)	-	(10,132)
-	-	-	1,606,961	-	10,132
\$ -	\$ -	\$ -	\$ 1,485,393	\$ -	\$ -

**BERKELEY COUNTY, SOUTH CAROLINA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2004**

	Special Revenue			
	Sangaree Special Tax District	Pimlico Special Tax District	Tall Pines Special Tax District	Devon Forest Special Tax District
<b>Revenues</b>				
Taxes:				
Property	\$ 825,120	\$ -	\$ -	\$ -
Other	-	-	-	-
Fee in lieu of taxes	-	-	-	-
Fines, forfeitures and fees	-	25,100	34,864	28,400
Interest income	-	-	-	-
Local revenue	-	-	-	-
Intergovernmental - federal	-	-	-	-
Intergovernmental - state and local	-	-	-	-
Miscellaneous	3,486	-	-	-
<b>Total revenues</b>	<b>828,606</b>	<b>25,100</b>	<b>34,864</b>	<b>28,400</b>
<b>Expenditures</b>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Airport, highways and streets	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Community development	828,606	25,100	34,864	28,400
Capital outlay	-	-	-	-
Debt service				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total expenditures</b>	<b>828,606</b>	<b>25,100</b>	<b>34,864</b>	<b>28,400</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other financing sources (uses)</b>				
Proceeds from issuance of debt	-	-	-	-
Proceeds from refunding	-	-	-	-
Deposits to debt refunding agent	-	-	-	-
Proceeds from capital lease	-	-	-	-
Premium on refunding	-	-	-	-
Bond discount	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total other financing     sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net changes in fund balances</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balances (deficit) at beginning of year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balances (deficit) at end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

Special County Tax District	Lake Moultrie Park	Legal Forfeiture Proceeds	Capital Projects	Debt Service	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 1,113,867	\$ 1,992,893
-	-	-	-	-	348,922
-	-	-	-	290,858	921,472
2,595,867	-	13,430	-	-	3,166,304
-	-	-	-	104,322	104,573
-	-	-	-	-	408,491
-	-	-	-	-	1,984,869
-	-	-	-	-	1,469,031
-	14,302	-	-	-	338,469
2,595,867	14,302	13,430	-	1,509,047	10,735,024
-	-	6,984	229,364	-	923,680
2,595,867	-	-	246,861	-	4,256,692
-	-	-	5,088	-	13,035
-	39,326	-	-	-	1,871,348
-	-	-	700	-	700
-	-	-	-	-	2,909,523
-	16,150	-	2,331,535	-	3,282,813
-	-	-	-	240,000	244,406
-	-	-	321,360	930,327	1,252,029
2,595,867	55,476	6,984	3,134,908	1,170,327	14,754,226
-	(41,174)	6,446	(3,134,908)	338,720	(4,019,202)
-	-	-	17,795,000	-	17,795,000
-	-	-	-	7,205,000	7,205,000
-	-	-	-	(7,768,307)	(7,768,307)
-	-	-	-	-	4,485
-	-	-	-	696,862	696,862
-	-	-	(329,947)	-	(329,947)
-	-	-	-	-	2,230,431
-	-	-	-	-	(884,048)
-	-	-	17,465,053	133,555	18,949,476
-	(41,174)	6,446	14,330,145	472,275	14,930,274
-	81,709	20,047	(2,178,778)	1,320,434	1,560,993
\$ -	\$ 40,535	\$ 26,493	\$ 12,151,367	\$ 1,792,709	\$ 16,491,267

**BERKELEY COUNTY, SOUTH CAROLINA**  
**COMBINING STATEMENT OF NET ASSETS**  
**NONMAJOR ENTERPRISE FUNDS**  
**JUNE 30, 2004**

	<u>Parks and Recreation</u>	<u>Emergency Telephone</u>	<u>Totals</u>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	\$ -	\$ 387,238	\$ 387,238
Receivables, net of allowance			
Accounts	-	49,003	49,003
State and local governments	-	276,755	276,755
Inventories, at cost	68,215	-	68,215
Prepaid items and deposits	3,200	7,870	11,070
<b>Total current assets</b>	<u>71,415</u>	<u>720,866</u>	<u>792,281</u>
<b>Capital assets</b>			
Nondepreciable assets	113,639	-	113,639
Depreciable, net of accumulated depreciation	1,786,856	849,633	2,636,489
<b>Total capital assets</b>	<u>1,900,495</u>	<u>849,633</u>	<u>2,750,128</u>
<b>Total assets</b>	<u>1,971,910</u>	<u>1,570,499</u>	<u>3,542,409</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	52,592	6,024	58,616
Capital leases payable	-	111,612	111,612
Accrued compensated absences	40,693	3,198	43,891
Due to other funds	1,883,630	-	1,883,630
Deferred revenue	3,450	-	3,450
<b>Total current liabilities</b>	<u>1,980,365</u>	<u>120,834</u>	<u>2,101,199</u>
<b>Noncurrent liabilities</b>			
Accrued compensated absences	42,816	-	42,816
Capital leases	-	467,729	467,729
<b>Total noncurrent liabilities</b>	<u>42,816</u>	<u>467,729</u>	<u>510,545</u>
<b>Total liabilities</b>	<u>2,023,181</u>	<u>588,563</u>	<u>2,611,744</u>
<b>Net assets</b>			
Invested in capital assets, net of related debt	1,900,495	270,292	2,170,787
Unrestricted	(1,951,766)	711,644	(1,240,122)
<b>Total net assets</b>	<u>\$ (51,271)</u>	<u>\$ 981,936</u>	<u>\$ 930,665</u>

**BERKELEY COUNTY, SOUTH CAROLINA**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**NONMAJOR ENTERPRISE FUNDS**  
**YEAR ENDED JUNE 30, 2004**

	Parks and Recreation	Emergency Telephone	Totals
<b>Operating revenues</b>			
Sales and services	\$ 403,481	\$ 462,020	\$ 865,501
Other operating revenue	155,106	223	155,329
<b>Total operating revenues</b>	<u>558,587</u>	<u>462,243</u>	<u>1,020,830</u>
<b>Operating expenses</b>			
Personal services	735,567	96,902	832,469
Advertising	47,571	2,526	50,097
Utilities	63,988	215,322	279,310
Office expenses	36,408	9,112	45,520
Insurance	3,679	8,827	12,506
Maintenance and repairs	10,903	53,854	64,757
Contractual services	16,083	16,000	32,083
Other services and charges	175,396	5,555	180,951
Depreciation and amortization	94,671	78,777	173,448
<b>Total operating expenses</b>	<u>1,184,266</u>	<u>486,875</u>	<u>1,671,141</u>
<b>Operating income (loss)</b>	<u>(625,679)</u>	<u>(24,632)</u>	<u>(650,311)</u>
<b>Nonoperating revenues (expenses)</b>			
Interest income	692	-	692
Grant revenue	25,000	276,755	301,755
Loss on disposition of assets	(60,850)	-	(60,850)
Interest expense	(317)	(18,186)	(18,503)
<b>Total nonoperating revenues (expenses)</b>	<u>(35,475)</u>	<u>258,569</u>	<u>223,094</u>
<b>Income (loss) before contributions and transfers</b>	<u>(661,154)</u>	<u>233,937</u>	<u>(427,217)</u>
<b>Capital contributions and transfers</b>			
Capital contributions	39,870	-	39,870
Transfers in	20,063	-	20,063
<b>Total contributions and transfers</b>	<u>59,933</u>	<u>-</u>	<u>59,933</u>
<b>Change in net assets</b>	(601,221)	233,937	(367,284)
<b>Total net assets</b>			
Beginning of year	549,950	747,999	1,297,949
End of year	<u>\$ (51,271)</u>	<u>\$ 981,936</u>	<u>\$ 930,665</u>

**BERKELEY COUNTY, SOUTH CAROLINA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NONMAJOR ENTERPRISE FUNDS**  
**YEAR ENDED JUNE 30, 2004**

	<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	\$ 559,037	\$ 478,315	\$ 1,037,352
Cash paid to suppliers	(354,128)	(324,419)	(678,547)
Cash paid to employees	(207,901)	(93,702)	(301,603)
<b>Net cash provided (used) by operating activities</b>	<u>(2,992)</u>	<u>60,194</u>	<u>57,202</u>
<b>Cash flows from noncapital financing activities</b>			
Transfers and advances between funds	20,063	-	20,063
<b>Net cash provided by noncapital financing activities</b>	<u>20,063</u>	<u>-</u>	<u>20,063</u>
<b>Cash flows from capital and related financing activities</b>			
Contributed capital proceeds	25,000	-	25,000
Acquisition and construction of capital assets	(36,242)	(564,142)	(600,384)
Principal paid on capital leases	(6,204)	(110,886)	(117,090)
Interest paid on capital leases	(317)	(18,186)	(18,503)
<b>Net cash used by capital and related financing activities</b>	<u>(17,763)</u>	<u>(693,214)</u>	<u>(710,977)</u>
<b>Cash flows from investing activities</b>			
Interest on investments	692	-	692
<b>Net cash provided by investing activities</b>	<u>692</u>	<u>-</u>	<u>692</u>
<b>Net decrease in cash and cash equivalents</b>	-	(633,020)	(633,020)
<b>Cash and cash equivalents</b>			
Beginning of year	-	1,020,258	1,020,258
End of year	<u>\$ -</u>	<u>\$ 387,238</u>	<u>\$ 387,238</u>



**BERKELEY COUNTY, SOUTH CAROLINA  
COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR ENTERPRISE FUNDS  
YEAR ENDED JUNE 30, 2004**

	<u>Parks and Recreation</u>	<u>Emergency Telephone</u>	<u>Totals</u>
<b>Reconciliation of operating (loss) to net cash provided (used) by operating activities</b>			
Operating (loss)	\$ (625,679)	\$ (24,632)	\$ (650,311)
Adjustments to reconcile operating (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization	94,671	78,777	173,448
(Increase) decrease in current assets:			
Accounts receivable	-	16,072	16,072
Inventories	1,092	-	1,092
Prepaid items and deposits	(3,200)	(6,070)	(9,270)
Increase (decrease) in current liabilities:			
Accounts payable and accrued liabilities	8,227	(6,398)	1,829
Accrued compensated absences	9,749	2,445	12,194
Due to other funds	511,698	-	511,698
Deferred revenue	450	-	450
Total adjustments	622,687	84,826	707,513
<b>Net cash provided (used) by operating activities</b>	<u>\$ (2,992)</u>	<u>\$ 60,194</u>	<u>\$ 57,202</u>
<b>Schedule of noncash investing, capital and financing activities</b>			
Acquisition of capital assets through contributions	\$ 24,450	\$ -	\$ 24,450
Book value of assets transferred to governmental activities	\$ (9,550)	\$ -	\$ (9,550)
Book value of assets transferred from governmental activities	\$ 15,421	\$ -	\$ 15,421

**BERKELEY COUNTY, SOUTH CAROLINA**  
**COMBINING STATEMENT OF FIDUCIARY NET ASSETS**  
**ALL AGENCY FUNDS**  
**JUNE 30, 2004**

	<u>Clerk of Court</u>	<u>Master in Equity</u>	<u>Tax Collector</u>
<b>Assets</b>			
Cash and cash equivalents	\$ 1,605,879	\$ 352,506	\$ 1,166,942
Investments, at fair value	-	-	-
Receivable:			
Accounts	-	-	-
State government	-	-	-
<b>Total assets</b>	<u>\$ 1,605,879</u>	<u>\$ 352,506</u>	<u>\$ 1,166,942</u>
<b>Liabilities</b>			
Due to school district	\$ -	\$ -	\$ -
Due to other designated recipients	1,605,879	352,506	1,166,942
<b>Total liabilities</b>	<u>\$ 1,605,879</u>	<u>\$ 352,506</u>	<u>\$ 1,166,942</u>

<u>Sheriff</u>	<u>Magistrates</u>	<u>Treasurer</u>	<u>"C" Funds Administration</u>	<u>Totals</u>
\$ 103,873	\$ 173,340	\$ 6,198,123	\$ 1,919,839	\$ 11,520,502
-	-	7,958,242	9,179,783	17,138,025
-	-	8,200	-	8,200
-	-	-	198,238	198,238
<u>\$ 103,873</u>	<u>\$ 173,340</u>	<u>\$ 14,164,565</u>	<u>\$ 11,297,860</u>	<u>\$ 28,864,965</u>
\$ -	\$ -	\$ 10,758,184	\$ -	\$ 10,758,184
103,873	173,340	3,406,381	11,297,860	18,106,781
<u>\$ 103,873</u>	<u>\$ 173,340</u>	<u>\$ 14,164,565</u>	<u>\$ 11,297,860</u>	<u>\$ 28,864,965</u>

**BERKELEY COUNTY, SOUTH CAROLINA  
SCHEDULE OF COURT ASSESSMENTS AND SURCHARGES  
CLERK OF COURT AND MAGISTRATES  
YEAR ENDED JUNE 30, 2004**

**Revenues**

**Collections**

Assessments	\$ 935,082
Surcharges	<u>455,109</u>

Total collections	1,390,191
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**Remitted to State Treasurer**

Assessments	818,616
Surcharges	<u>331,590</u>

Revenues retained by the County for Victim's Assistance Program	<u>239,985</u>
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**Expenditures**

Salaries and wages	\$ 180,449
Fringe benefits	54,342
Other operating expenses	<u>27,761</u>
Total program expenses	<u>262,552</u>

(Deficiency) of revenues over expenditures	(22,567)
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**Balances carried forward**

Beginning of year	<u>483,536</u>
End of year	<u><u>\$ 460,969</u></u>

**BERKELEY COUNTY, SOUTH CAROLINA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2004**

<b>FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM TITLE</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Grantor's Number</b>	<b>Allowable Federal Expenditures</b>
<b>U.S. DEPARTMENT OF HOUSING AND 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-P-01-009	\$ 23,258
Russellville Water Extension	14.228	4-L-03-003	483,591
Passed through City of Goose Creek, South Carolina			
Thurgood/Strawberry Community Water & Sewer Project	14.228	4-I-00-009	<u>200,355</u>
<b>Total U.S. Department of Housing and Urban Development</b>			<u>707,204</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
Passed through South Carolina Department of Social Services			
Child Support Enforcement Title IV-D			
Family Court - Filing Fees	93.563	G-04SC4004	258,933
Clerk of Court - Filing Fees	93.563	G-04SC4004	17,790
Sheriff's Department	93.563	G-04SC4004	11,815
Incentive Payments	93.563	G-04SC4004	46,784
Family Court Service of Process Payments	93.563	G-04SC4004	<u>11,220</u>
Total of CFDA # 93.563			<u>346,542</u>
Federal Financial Participation			
Administration for Children and Families			
Family Preservation & Support Services (CWS-Part II)	93.556	G-01SC00FP	1,009
TANF Block Grant	93.558	G-01SCTANF	61,573
Child Support Enforcement	93.563	G-04SC4004	99
Child Welfare Services - State Grants	93.645	G-101SC1400	5,459
Title IV-E Foster Care	93.658	G-01SC1401	9,645
Adoption Assistance	93.659	G-01SC1407	17
Social Services Block Grant	93.667	Reimbursement from SCDHHS	18,826
Center for Medicare and Medicare Services			
Medicaid Programs	93.778	Reimbursement from SCDHHS	23,839

(continued)

**BERKELEY COUNTY, SOUTH CAROLINA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2004**

<b>FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM TITLE</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Grantor's Number</b>	<b>Allowable Federal Expenditures</b>
Federal Financial Participation (continued)			
USDA Food Nutrition Service			
State Administration Matching Grant			
Food Stamp Program	10.561	12-35-4541	\$ 44,964
Total of Federal Financial Participation			165,431
<b>Total U.S. Department of Health and Human Services</b>			<u>511,973</u>
<b>U. S. INSTITUTE OF MUSEUM AND LIBRARY SERVICES</b>			
State Library Program			
LSTA. Project IIIA3: Continuing Education	45.310	IIB2-02-08	763
<b>Total U. S. Institute of Museum and Library Services</b>			<u>763</u>
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>			
Passed Through Department of Transportation			
Federal Aviation Administration	20.106	3-45-0041-09	30,096
Federal Aviation Administration	20.106	3-45-0041-10	85,055
Federal Aviation Administration	20.106	3-45-0041-11	62,441
Federal Aviation Administration	20.106	3-45-0041-12	290
<b>Total U.S. Department of Transportation</b>			<u>177,882</u>
<b>DEPARTMENT OF AGRICULTURE</b>			
Passed Through South Carolina State Treasurer			
National Forest Fund	10.665	n/a	542,885
<b>Total Department of Agriculture</b>			<u>542,885</u>
<b>FEDERAL EMERGENCY MANAGEMENT AGENCY</b>			
Passed Through Adjutant General's Office			
Disaster Assistance Program Disaster Preparedness	83.552	EMA-2003-GR-5307	65,773
<b>Total Federal Emergency Management Agency</b>			<u>65,773</u>
			(continued)

**BERKELEY COUNTY, SOUTH CAROLINA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2004**

<b>FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM TITLE</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Grantor's Number</b>	<b>Allowable Federal Expenditures</b>
<b>ENVIRONMENTAL PROTECTION AGENCY</b>			
Special Water Infrastructure Projects	66.606	XP984082-97	\$ 454,827
Special Water Infrastructure Projects	66.606	XP9849390-00	1,473,507
<b>Total Environmental Protection Agency</b>			<u>1,928,334</u>
<b>U. S. DEPARTMENT OF JUSTICE</b>			
Passed through South Carolina Public Safety			
Local Law Enforcement Block Grant	16.592	2003-LB-RFD LB.BX-021	124,955
Local Law Enforcement Block Grant	16.592	NIBRS 1F02094	41,083
Methamphetamine Training and Education	16.592	1F02129	622
Total of CFDA # 16.592			<u>166,660</u>
State Criminal Alien Assistance Program	16.606	2003APBX0370	1,746
Federal Equitable Sharing	16.000	SC0080000	10,882
Passed through South Carolina Public Safety			
Passed through County of Charleston			
Community Gun Violence Prosecution Program	16.609	2001-F0645-SC-GP	39,900
Solicitor Project Sentry	16.609	2003SE-CX0019	46,829
<b>Total U. S. Department of Justice</b>			<u>266,017</u>
<b>DEPARTMENT OF HOMELAND SECURITY</b>			
Passed through South Carolina Public Safety			
Homeland Security	97.004	3HSS026	198,401
EMS Basic COBRA Response Team	97.004	3HS008	166,094
Passed through Adjutant General's Office			
2002 Equipment Grant	97.004	2002-TE-CX-0086	81,069
<b>Total Department of Homeland Security</b>			<u>445,564</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u>\$ 4,646,395</u>

**BERKELEY COUNTY, SOUTH CAROLINA**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2004**

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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, basic financial statements.
- B. After the end of the fiscal year, the County received \$1,468,883 from the Environmental Protection Agency, \$778,103 of which represents reimbursements of expenditures incurred in a previous fiscal year. These costs are reflected in the expenditures reported for Special Water Infrastructure Project number XP9849390-00.



**INDEPENDENT AUDITOR'S REPORTS ON COMPLIANCE AND INTERNAL CONTROL**





# BRYAN, TRUESDALE, ADKINS & WILLIAMS, PA

*Certified Public Accountants and Financial Advisors*

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## **Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards**

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**, as of and for the year ended June 30, 2004, which collectively comprise **Berkeley County, South Carolina's** basic financial statements and have issued our report thereon dated November 24, 2004. 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 **Berkeley County, South Carolina's** internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting, which we have reported to management of **Berkeley County, South Carolina**, in a separate letter dated November 24, 2004.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether **Berkeley County, South Carolina's** 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 financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, others within the organization, County Council, 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.

*Bryan, Truesdale, Adkins & Williams, PA*

November 24, 2004

1. The first part of the paper is a review of the literature on the effects of the 1997 Asian financial crisis on the economies of the Asian countries. The second part of the paper is a review of the literature on the effects of the 1997 Asian financial crisis on the economies of the Asian countries.



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## **Independent Auditor's Report on Compliance With Requirements Applicable to Each Major Program and 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 the compliance of **Berkeley County, South Carolina**, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2004. **Berkeley County, South Carolina's** major federal programs are identified in the summary of auditor's 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 **Berkeley County, South Carolina's** management. Our responsibility is to express an opinion on **Berkeley County, South Carolina'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 **Berkeley County, South Carolina'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 on **Berkeley County, South Carolina's** compliance with those requirements.

In our opinion, **Berkeley County, South Carolina**, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2004.

### Internal Control Over Compliance

The management of **Berkeley County, South Carolina**, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered **Berkeley County, South Carolina's** internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our 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.



Members of County Council  
**Berkeley County, South Carolina**  
Moncks Corner, South Carolina  
Page Two

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management, others within the organization, County Council, 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.

*Bryan, Inesdale, Adkins & Williams, PA*

November 24, 2004





**BERKELEY COUNTY, SOUTH CAROLINA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2004**

**Section I - Summary of Audit Results**

**Financial Statements**

Type of auditor's report issued: unqualified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_ yes X no
- Reportable condition(s) identified that are not considered to be material weaknesses? \_\_\_ yes X none reported

Noncompliance material to financial statements noted? \_\_\_ yes X no

**Federal Awards**

Internal control over major programs:

- Material weakness(es) identified? \_\_\_ yes X no
- Reportable condition(s) identified that are not considered to be material weakness(es)? \_\_\_ yes X none reported

Type of auditor's 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 X no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.665	Roads and Bridges Grants to Counties
16.007	Homeland Security Grant Program
66.606	Special Water Infrastructure Projects

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? X yes \_\_\_ no

**Section II - Financial Statement Findings**

<u>Ref #</u>	<u>Department/ Program/Grant</u>	<u>Finding/Noncompliance</u>
None.		

**Section III - Federal Award Findings and Questioned Costs**

<u>Ref #</u>	<u>Department/ Program/Grant</u>	<u>Finding/Noncompliance</u>
None.		



**BERKELEY COUNTY, SOUTH CAROLINA  
SUMMARY OF PRIOR AUDIT FINDINGS  
YEAR ENDED JUNE 30, 2004**

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None.

