

BERKELEY COUNTY, SOUTH CAROLINA

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015



BERKELEY COUNTY, SOUTH CAROLINA

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BERKELEY COUNTY, SOUTH CAROLINA

Established in 1942

LISTING OF ELECTED OFFICIALS

County Council

William Peagler, Supervisor and Chairman

Phillip Farley, District No. 1

Joshua Whitley, District No. 2

Kenneth Gunn, Jr., District No. 3

Tommy Newell, District No. 4

Dennis Fish, District No. 5

Jack Schurlknight, District No. 6

Caldwell Pinckney, Jr., District No. 7

Steve Davis, District No. 8

Other Elected Officials

Janet Brown Jurosko, Auditor

Mary Brown, Clerk of Court

William Salisbury, Coroner

Keith Kornahrens, Probate Judge

Cynthia Forte, Register of Deeds

Dwayne Lewis, Sheriff

Scarlett Wilson, Solicitor

Carolyn Umphlett, Treasurer



Greene Finney & Horton

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Berkeley County, South Carolina (the "County"), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Berkeley County, South Carolina, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note I.B to the financial statements, in the year ended June 30, 2015 the County adopted the provisions of Governmental Accounting Standards Board Statement No. 68 *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and Governmental Accounting Standards Board Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. Our opinion is not modified with respect to these matters.

As discussed in Note IV.N to the financial statements, in the year ended June 30, 2015 the County has elected to change its policy for accounting and reporting its parks and recreation and emergency telephone operations from enterprise funds to governmental funds. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Supplementary Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 11, 2016 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Greene, Finney & Horton LLP".

Greene, Finney & Horton, LLP
Mauldin, South Carolina
January 11, 2016

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2015

Our discussion and analysis of Berkeley County's annual financial report presents a narrative overview of the County's financial performance during the fiscal year ended June 30, 2015. This information should be read in conjunction with the financial statements and the accompanying notes.

FINANCIAL HIGHLIGHTS

- Berkeley County's assets exceeded its liabilities (net position) at June 30, 2015 by approximately \$393.9 million as compared to approximately \$367.4 million at the prior fiscal year end (adjusted for the implementation of new accounting standards discussed below). Unrestricted net position may be used to meet the County's ongoing obligations to citizens and creditors; Berkeley County's unrestricted net position at June 30, 2015 amounted to a deficit balance of approximately \$22.9 million which was an increase of approximately \$14.3 million from the previous fiscal year adjusted for the implementation of new accounting standards discussed below.
- The County's total net position this fiscal year increased approximately \$26.4 million over the previous year (adjusted for the implementation of new accounting standards discussed below): approximately \$16.2 million of the increase is from governmental activities and approximately \$10.2 million from business-type activities.
- At June 30, 2015 the County's governmental funds reported combined ending fund balances of approximately \$128.7 million, an increase of approximately \$4.6 million over the previous fiscal year adjusted for the change in reporting related to the park and recreation fund and the emergency telephone fund. Total fund balances include \$18.2 million for the General Fund, \$93.0 million for the Capital Projects Fund, and \$17.5 million for all other governmental funds.
- The General Fund reported an unassigned fund balance of approximately \$14.8 million, which is consistent with the prior year's unassigned fund balance of \$14.8 million.
- The County's total capital assets were approximately \$514.9 million at June 30, 2015, an increase of approximately \$19.1 million from the prior year total capital assets of \$495.8 million.
- The County's total long-term indebtedness (bonds, loans and notes payable) was approximately \$242.0 million at June 30, 2015, an increase of approximately \$1.2 million from the previous year primarily due to new debt issued by the Water and Sewer Fund partially offset by principal payments during the year.
- The County issued \$7.75 million in Series 2015 General Obligation Refunding Bonds in April 2015 in order to refund \$7.4 million in outstanding debt. The refunding resulted in net cash flow savings of \$510 thousand and a net economic gain of \$519 thousand.
- The County also issued \$20.3 million in Series 2014 Combined Utility Revenue bonds to fund the County's portion of the Lake Moultrie Water Agency water treatment plant upgrade.
- The debt service coverage ratio for the Water, Sewer and Solid Waste revenue bonds (combined for this purpose as a result of the ordinances approved in August 2010) was 156%, which exceeded the 120% required by the bond covenants. However, excluding nonrecurring fees (impact and connection fees of \$7.4 million) the debt coverage ratio would be 130% for 2015.
- Effective July 1, 2014, the County converted its parks and recreation and emergency telephone activities from enterprise funds to special revenue funds. These changes in accounting principle resulted in adjustments to beginning fund balance of (\$502,403) and \$729,403 for the Parks and Recreation Fund and Emergency Telephone, respectively, and an adjustment to beginning net position of \$1,724,457 for the business-type activities. These amounts represent the ending net position as of June 30, 2014 adjusted for the net book value of capital assets less the compensated absences liability as these types of long-term assets and obligations are not reported in governmental funds. On its government-wide financial statements, the County recognized a corresponding increase to beginning net position for governmental activities and decrease for business-type activities. There was no change in total net position for the County as a result of this change.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2015

FINANCIAL HIGHLIGHTS (CONTINUED)

- The County implemented GASB Statement No. 68 *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* (“GASB #68”) and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68* (“GASB #71” and collectively “Statements”) in the year ended June 30, 2015. The primary objective of these Statements is to improve accounting and financial reporting by state and local governments for pensions. In addition, state and local governments who participate in a cost-sharing multiple employer plan are now required to recognize a liability for their proportionate share of the net pension liability of that plan. It is GASB’s intention that these Statements will provide citizens and other users of the financial statements with a clearer picture of the size and nature of the County’s financial obligations to current and former employees for past services rendered. In particular, these Statements require the County to recognize a net pension liability, deferred outflows of resources (including pension contributions made after the measurement date) and deferred inflows of resources for its participation in the South Carolina Retirement System and South Carolina Police Officers Retirement System, cost-sharing multiple-employer defined benefit pension plans, on financial statements prepared on the economic resources measurement focus and accrual basis of accounting (i.e., the Statement of Net Position) and present more extensive note disclosures.

The adoption of these Statements had no impact on the County’s governmental fund financial statements, which continue to report expenditures in the amount of the contractually required contributions, as required by the South Carolina Public Employee Benefit Authority (“PEBA”) who administers the Plans. However, the adoption has resulted in the restatement of the County’s net position as of July 1, 2014 for its government-wide and enterprise fund financial statements to reflect the reporting of net pension liabilities and deferred outflows of resources for each of its qualified Plans in accordance with the provisions of these Statements. Net position of the County’s government-wide and enterprise fund financial statements as of July 1, 2014 was decreased by approximately \$74,365,000 and \$17,415,000, respectively, reflecting the cumulative change in accounting principle related to the adoption of these Statements. See the notes to the financial statements for more information regarding the County’s retirement plans.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

The Statement of Net Position shows the County’s assets and deferred outflows of resources less its liabilities and deferred inflows of resources at June 30, 2015. The difference between these assets/deferred outflows of resources and liabilities/deferred inflows of resources is reported as net position. Changes in net position over time may be helpful in indicating an improving or deteriorating financial condition.

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2015

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

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

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

Fund Financial Statements

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

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

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

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

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

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

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

BERKELEY COUNTY, SOUTH CAROLINA
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2015

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Comparative data for net position as of June 30, 2015 and 2014 are shown below.

Berkeley County
Net Position (In Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2015	2014*	2015	2014*	2015	2014*
Assets:						
Current and Other Assets	\$ 181,793	176,750	84,796	79,044	266,589	\$ 255,794
Capital Assets, Net	166,629	165,816	348,317	329,989	514,946	495,805
Total Assets	<u>348,422</u>	<u>342,566</u>	<u>433,113</u>	<u>409,033</u>	<u>781,535</u>	<u>751,599</u>
Deferred Outflows of Resources:						
Deferred Charges	671	722	9,155	9,794	9,826	10,516
Deferred Pension Charges	5,437	-	1,531	-	6,968	-
Total Deferred Outflows of Resources	<u>6,108</u>	<u>722</u>	<u>10,686</u>	<u>9,794</u>	<u>16,794</u>	<u>10,516</u>
Liabilities:						
Current Liabilities	24,655	24,473	14,217	14,667	38,872	39,140
Non-Current Liabilities	103,716	58,938	211,577	180,446	315,293	239,384
Total Liabilities	<u>128,371</u>	<u>83,411</u>	<u>225,794</u>	<u>195,113</u>	<u>354,165</u>	<u>278,524</u>
Deferred Inflows of Resources:						
Deferred Revenue	43,429	41,779	-	-	43,429	41,779
Pension Investment Experience	5,327	-	1,489	-	6,816	-
Total Deferred Inflows of Resources	<u>48,756</u>	<u>41,779</u>	<u>1,489</u>	<u>-</u>	<u>50,245</u>	<u>41,779</u>
Net Position:						
Net Investment in						
Capital Assets	120,442	109,541	194,056	185,630	314,498	295,171
Restricted	101,251	97,251	1,089	1,042	102,340	98,293
Unrestricted	(44,290)	11,306	21,371	37,042	(22,919)	48,348
Total Net Position	<u>\$ 177,403</u>	<u>218,098</u>	<u>216,516</u>	<u>223,714</u>	<u>393,919</u>	<u>\$ 441,812</u>

*The 2014 amounts shown above have been adjusted for the reclassification of the parks and recreation and emergency telephone operations from business-type activities to governmental activities for the year ended June 30, 2015. See Note IV.N for information about the change in accounting principle.

BERKELEY COUNTY, SOUTH CAROLINA
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2015

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Information about changes in net position can identify sources of County revenue, and how the County uses its funds. Below is a summary of the change in net position for the fiscal years ending June 30, 2015 and 2014.

Berkeley County Statement of Activities (In Thousands)						
	Governmental Activities		Business-Type Activities		Total	
	2015	2014*	2015	2014*	2015	2014*
Revenues:						
Program Revenues:						
Charges for Services	\$ 21,132	19,752	53,199	52,490	74,331	\$ 72,242
Operating Grants and Contributions	3,676	2,669	349	4,352	4,025	7,021
Capital Grants and Contributions	4,359	13,980	9,887	6,543	14,246	20,523
General Revenues:						
Property Taxes	26,432	27,465	-	-	26,432	27,465
Fee in Lieu of Taxes	8,205	7,905	-	-	8,205	7,905
Local Option Sales Tax	14,816	11,877	-	-	14,816	11,877
Transportation Sales Tax	23,504	22,389	-	-	23,504	22,389
Other Taxes	1,134	1,036	-	-	1,134	1,036
Unrestricted Grants	6,980	7,171	-	-	6,980	7,171
Interest Income	163	83	35	36	198	119
Gain on Sale of Assets	30	28	-	849	30	877
Miscellaneous	830	803	-	338	830	1,141
Total Revenues	<u>111,261</u>	<u>115,158</u>	<u>63,470</u>	<u>64,608</u>	<u>174,731</u>	<u>179,766</u>
Expenses:						
General Government	25,850	22,941	-	-	25,850	22,941
Public Safety	31,362	30,708	-	-	31,362	30,708
Airport, Highways and Streets	24,161	24,022	-	-	24,161	24,022
Culture and Recreation	5,058	4,267	-	-	5,058	4,267
Health and Welfare	1,482	2,138	-	-	1,482	2,138
Community Development	4,086	3,260	-	-	4,086	3,260
2014 Winter Ice Storm	-	268	-	-	-	268
Interest and Fiscal Charges	2,507	2,597	-	-	2,507	2,597
Water and Sewer	-	-	40,460	38,617	40,460	38,617
Solid Waste	-	-	13,293	22,415	13,293	22,415
Total Expenses	<u>94,506</u>	<u>90,201</u>	<u>53,753</u>	<u>61,032</u>	<u>148,259</u>	<u>151,233</u>
Increase in Net Position before Transfers	16,755	24,957	9,717	3,576	26,472	28,533
Transfers	(500)	(500)	500	500	-	-
Change in Net Position	<u>16,255</u>	<u>24,457</u>	<u>10,217</u>	<u>4,076</u>	<u>26,472</u>	<u>28,533</u>
Net Position, Beginning of Year	218,098	193,641	223,714	219,638	441,812	413,279
Change in Accounting Principle	(56,950)	-	(17,415)	-	(74,365)	-
Adjusted Net Position, Beginning of Year	161,148	193,641	206,299	219,638	367,447	413,279
Net Position, End of Year	<u>\$ 177,403</u>	<u>218,098</u>	<u>216,516</u>	<u>223,714</u>	<u>393,919</u>	<u>\$ 441,812</u>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2015

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

*The 2014 amounts shown above have been adjusted for the reclassification of the parks and recreation and emergency telephone operations from business-type activities to governmental activities for the year ended June 30, 2015. See Note IV.N for information about the change in accounting principle.

The County reported positive balances in all categories of net position in both governmental and business-type activities for 2015 except for governmental activities unrestricted net position. The County's total unrestricted net position decreased approximately \$71.3 million including an opening balance adjustment of \$74.4 million related to the implementation of new accounting standards discussed above. Total restricted net position increased approximately \$4.0 million and net investment in capital assets increased \$2.2 million. Unrestricted net position is County resources that may be used to meet the County's ongoing obligations to citizens and creditors while restricted assets are resources subject to external restriction. The largest portion of the County's net position (67%) reflects its net investment in capital assets (e.g., land, buildings, infrastructure, software, machinery, and equipment). These assets are presented less any outstanding debt related to the acquisition and accumulated depreciation of those assets. The County uses capital assets to provide services to citizens and consequently these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, the capital assets themselves cannot be used to liquidate that liability and other resources will be needed to repay any associated debt.

Governmental Activities. The County recognized an overall decrease in governmental activities revenues of approximately \$3.9 million (3%) in 2015 as compared to 2014 due to a \$9.6 million decrease in capital grants and contributions partially offset by a \$1.4 million increase in charges for services, a \$2.9 million increase in local option sales taxes, and a \$1.1 million increase in transportation sales tax revenue due to increased local sales.

Expenses increased approximately \$4.3 million (5%) in 2015 compared to 2014 primarily due to a \$2.9 million increase in general government expenditures, and an \$826 thousand increase in community development expenditures.

Business-type Activities. Revenues for business-type activities decreased \$1.1 million (2%) mainly due to a \$4.0 million decrease in operating grants and contributions, and a \$3.3 million (51%) increase in capital grants and contributions. The \$4.2 million decrease in operating grants and contributions is primarily due to \$4.1 million in federal revenues recorded during the prior fiscal year related to reimbursements expected to be received from FEMA related to the February 2014 ice storm clean up costs. The decrease in capital grants and contributions is mainly due to a decrease in systems contributed by developers.

Expenses for business-type activities decreased approximately \$7.3 million (12%) due to a \$9.1 million decrease in solid waste expenses partially offset by a \$1.8 million increase in water and sewer expenditures. Solid waste expenses decreased \$9.1 million as a result of a \$7.9 million decrease in landfill closure and postclosure costs and a \$5.1 million decrease in ice storm cleanup costs in the prior year. Landfill closure and postclosure costs decreased primarily due to the addition of the C&D landfill and changes in estimates in the prior year. Ice storm cleanup costs decreased due to the significant efforts by the County related to cleaning up debris related to the February 2014 ice storm in the prior year. These costs were partially reimbursed by FEMA. Water and sewer expenses decreased \$1.8 million as a result of \$1.0 million increase in depreciation resulting from the \$18.0 million increase in depreciable assets in the year ended June 30, 2015.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2015

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, 2015, and the amount and percentage of increases and decreases in relation to prior year amounts (in thousands):

	Amount	Percent of Total	Increase (Decrease) from 2014	Percent Increase (Decrease)
Revenues				
Property and Accommodations Taxes	\$ 27,082	22.4%	\$ (423)	-1.5%
Fee in Lieu of Taxes	8,205	6.8%	331	4.2%
Local Taxes (transportation and local option sales tax)	38,320	31.7%	4,054	11.8%
Licenses, Fees and Permits	2,839	2.4%	348	14.0%
Fines, Forfeitures and Fees	18,201	15.1%	2,850	18.6%
Interest Income	163	0.1%	80	96.4%
Local Revenue	656	0.5%	59	9.9%
Intergovernmental - Federal	2,031	1.7%	(336)	-14.2%
Intergovernmental - State and Local	9,306	7.7%	916	10.9%
Miscellaneous	1,034	0.9%	(387)	-27.2%
Other Financing Sources				
Premium on Issuance of Debt	240	0.2%	240	100.0%
Proceeds from Issuance of Refunding Debt	7,750	6.4%	4,250	121.4%
Proceeds from Disposal of Assets	32	0.0%	(27)	-45.8%
Transfers In	4,921	4.1%	1,180	31.5%
Total	<u>\$ 120,780</u>	<u>100%</u>	<u>\$ 13,135</u>	<u>12.2%</u>

Local Taxes increased \$4.1 million mainly due to increased local option and transportation sales tax collections. Proceeds from the issuance of refunding debt increased \$4.3 million due to the issuance of the Series 2015 General Obligation Refunding Bonds. Fines, forfeitures and fees increased \$2.9 million due to slight increase in register of deeds filing fees, EMS fees, and fire fees.

The following schedule presents a summary of all governmental funds expenditures and other financing uses for the fiscal year ended June 30, 2015, and the percentage of increases and decreases in relation to prior year amounts (in thousands):

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2015

FINANCIAL ANALYSIS OF BERKELEY COUNTY'S FUNDS (CONTINUED)

Governmental Funds (Continued)

	Amount	Percent of Total	Increase (Decrease) from 2014	Percent Increase (Decrease)
Expenditures:				
General Government	\$ 23,557	20.3%	\$ 1,563	7.1%
Public Safety	30,897	26.6%	2,174	7.6%
Airport, Highways and Streets	6,826	5.9%	(2,207)	-24.4%
Culture and Recreation	4,460	3.8%	1,375	44.6%
Health and Welfare	1,834	1.6%	(78)	-4.1%
Community Development	3,555	3.1%	686	23.9%
Ice Storm Expenditures	-	0.0%	(236)	-100.0%
Capital Outlay	18,367	15.8%	(245)	-1.3%
Debt Service:				
Principal Retirement	10,722	9.2%	(557)	-4.9%
Interest and Fiscal Charges	2,578	2.2%	(514)	-16.6%
Payment to Escrow Agent for Current Refunding	-	0.0%	(3,464)	-100.0%
Debt Issuance Costs	189	0.2%	153	425.0%
Other Financing Uses:				
Deposit to Debt Refunding Agent	7,801	6.7%	7,801	100.0%
Transfers Out	5,421	4.7%	1,129	26.3%
Total	\$ 116,207	100.0%	\$ 7,580	7.0%

Total expenditures increased \$7.6 million, including a \$7.8 million increase in deposit to escrow agent for the refunding of bonds in the current year, a \$2.2 million increase in public safety and a \$1.6 million increase in general government offset by a \$2.2 million decrease in airport, highways and streets, and a \$3.5 million decrease in current refunding expenditures. The \$3.5 million decrease in payment to escrow agent for current refunding is due to the County issuing refunding debt in the prior year for a current refunding. The \$7.8 million increase in deposit to debt refunding agent is due to the County issuing \$7.75 million in Series 2015 General Obligation Refunding Bonds, which was used to advance refund \$7.4 million of the outstanding Series 2006 General Obligation Refunding and Improvement Bonds. The \$2.2 million decrease in airport, highways and streets expenditures is primarily due to the County spending \$2.8 million in C-Funds that were prepaid to the SCDOT in the prior year.

Governmental Funds

The General Fund is the chief operating fund of the County. At the end of the fiscal year, the total fund balance in the General Fund was \$18.2 million of which \$14.8 million was unassigned. As a measure of the General Fund's liquidity, it may be useful to compare total unassigned fund balance to total General Fund expenditures and transfers to other funds. Total net unassigned fund balance of approximately \$14.8 million represents 24.8% of total General Fund expenditures and transfers to other funds of approximately \$59.6 million, while total fund balance of \$18.2 million represents 30.5% of that same amount.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2015

FINANCIAL ANALYSIS OF BERKELEY COUNTY'S FUNDS (CONTINUED)

Governmental Funds (Continued)

The Capital Projects fund has a total fund balance of approximately \$93.0 million, all of which is nonspendable due to prepaid items, restricted for future transportation projects, restricted for the assessment district capital projects, or restricted for other capital projects. The net increase in fund balance during the current year was approximately \$651 thousand primarily due to increased transportation sales tax revenues.

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 two enterprise funds are Water and Sewer and Solid Waste.

At June 30, 2015, total net position amounted to approximately \$216.5 million for enterprise funds as compared to approximately \$206.3 million at June 30, 2014 (adjusted for the implementation of new accounting standards as discussed above). Net position changes are a result of operations, other non-operating revenues and expenses, capital contributions and donated assets, grants and transfers from other funds.

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

	Operating Income (Loss) (In Thousands)	
	2015	2014
Water and Sewer	\$ 9,333	\$ 10,205
Solid Waste	(1,204)	(6,629)
Total	<u>\$ 8,129</u>	<u>\$ 3,576</u>

The Water and Sewer Fund experienced an \$872 thousand decrease in operating income primarily due to increases of \$1.2 million in charges for sales and services being offset by a \$1.7 million increase in operating expenses. The increase in charges for sales and services is primarily due to increased service area (increased customers) as well as changes in rates for several contract customers. Operating expenses increased \$1.7 million due to slight increases in personnel services, depreciation expense and repairs and maintenance expenses. Operating loss for the Solid Waste Fund decreased \$5.4 million primarily due to a \$5.5 million decrease in operating expenses as a result of a \$6.5 million decrease in the landfill closure and postclosure cost estimates due to the County recognizing additional closure costs for the new landfills in the prior year.

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 the year ended June 30, 2015 as well as the final budget. The difference between the original budget and the final budget is primarily related to the supplemental appropriations approved by Council throughout the year. The net change between the original budget and the final budget was approximately \$1.1 million.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2015

FINANCIAL ANALYSIS OF BERKELEY COUNTY'S FUNDS (CONTINUED)

General Fund Budgetary Highlights (Continued)

A column for actual revenues and a column for differences between final budget and actual revenues follow the budgeted amounts columns. During the year ended June 30, 2015, revenues were less than budgetary estimates by approximately \$1.1 million as property tax revenues and FILOT revenues were \$2.1 million and \$1.3 million under budget, respectively, offset by local option sales tax revenues which were \$1.6 million over budget.

A column for actual expenditures and a column for differences between final budget and actual expenditures follow the budgeted amounts columns. During the year ended June 30, 2015, expenditures were less than budgetary estimates by approximately \$4.6 million. Most of this savings is attributable to approximately \$2.0 million realized in general government, \$1.5 million in public safety, and \$666 thousand in airport, highways and streets.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. At the end of 2015, the County had approximately \$514.9 million invested in capital assets, net of depreciation. This was an increase of approximately \$19.1 million from the prior year end. The investment in capital assets, both purchased and donated, includes land, buildings and utility systems, improvements, machinery and equipment, parks, roads, bridges and major drainage structures. Notable activity includes additional utility systems, infrastructure, software, computer equipment, and vehicles. The table below reflects the capital asset balances as of June 30, 2015 and 2014, net of accumulated depreciation (in thousands).

	Governmental Activities		Business-type Activities		Total	
	2015	2014*	2015	2014*	2015	2014*
Land	\$ 5,718	5,718	3,563	3,563	9,281	\$ 9,281
Construction in Progress	18,270	14,802	25,372	15,037	43,642	29,839
Buildings and Improvements	35,672	34,558	-	-	35,672	34,558
Furniture and Equipment	2,909	3,779	6,634	5,963	9,543	9,742
Utility Systems, Plants and Buildings	-	-	305,660	300,347	305,660	300,347
Infrastructure	98,322	101,678	-	-	98,322	101,678
Other	5,738	5,281	7,088	5,079	12,826	10,360
Total	\$ 166,629	165,816	348,317	329,989	514,946	\$ 495,805

*The 2014 amounts shown above have been adjusted for the reclassification of the parks and recreation and emergency telephone operations from business-type activities to governmental activities for the year ended June 30, 2015. See Note IV.N for information about the change in accounting principle.

At June 30, 2015, the Capital Projects Fund, Airport Improvements Fund, and Water and Sewer Fund had commitments under contracts for construction of various projects not completed of approximately \$1,902,000, \$400,000, and \$11,476,000, respectively. In addition, the County awarded an additional \$3,622,000 in construction contracts subsequent to June 30, 2015 to be paid out of the Capital Projects Fund and an additional \$2,106,000 to be paid out of the Water and Sewer Fund. More detailed information about the County's capital assets is included in Note III. D of the Notes to the Financial Statements.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2015

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Long-Term Debt. At June 30, 2015, the County had approximately \$221.5 million in bonds, loans and notes payable outstanding versus approximately \$219.8 million at June 30, 2014, or an increase of approximately \$1.7 million. The table below reflects the outstanding balances (in thousands) as of June 30, 2015 and 2014.

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
General Obligation Bonds	\$ 45,619	55,707	-	-	45,619	\$ 55,707
SC TIB Loan	5,332	5,572	-	-	5,332	5,572
Revenue Bonds	-	-	169,565	157,355	169,565	157,355
State Revolving Fund Loan	-	-	889	949	889	949
Notes Payable	-	-	50	192	50	192
Total	\$ 50,951	61,279	170,504	158,496	221,455	\$ 219,775

On August 23, 2010, County Council enacted Ordinance Nos. 10-08-28 and 10-08-29 (together, the "Combining Ordinances"). Ordinance No. 10-08-29 amended General Bond Ordinance No. 91-4-10 and General Bond Ordinance No. 03-03-12, each of which authorized and provided for the issuance of Water and Sewer System Revenue Bonds of the County (collectively, the "Water and Sewer Bond Ordinances"), and Ordinance No. 10-08-28 amended General Bond Ordinance No. 96-7-33, which authorized and provided for the issuance of Solid Waste System Revenue Bonds of the County (the "Solid Waste Bond Ordinance" and, together with the Water and Sewer Bond Ordinances, the "Bond Ordinances"). The amendments effected by the Combining Ordinances became effective as of November 12, 2010 (the "Effective Date").

Pursuant to each of the Combining Ordinances, the County (1) combined its existing water and sewer system and its existing solid waste system for purposes of the Bond Ordinances and (2) expanded the definitions of "System" (as defined in each of the Bond Ordinances) thereunder to include the County's water, sewer and solid waste system. The pledge of and lien upon "Net Revenues" (as defined in each of the Bond Ordinances) of the System, which secures indebtedness issued by the County under the Bond Ordinances, is unaffected by the effectiveness of the Combining Ordinances; however, by consent of the holders of the bonds issued pursuant to the Solid Waste Bond Ordinance which remains outstanding as of the Effective Date (the "Solid Waste Bonds"), such pledge and lien is and shall be junior and subordinate to the pledge and lien on Net Revenues securing "Bonds" (as such term is defined in the Water and Sewer Bond Ordinances) issued pursuant to the Water and Sewer Bond Ordinances. The County has further covenanted in the Bond Ordinances that it would no longer issue debt under the authority of the Solid Waste Bond Ordinance and that the Solid Waste Bonds shall constitute "Junior Bonds" (as defined in the Water and Sewer Bond Ordinances) for all purposes of the Water and Sewer Bond Ordinances.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2015

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

In April 2015, the County issued \$7,750,000 in Series 2015 General Obligation Refunding Bonds, receiving a premium of approximately \$240,000, and incurring bond issuance costs of approximately \$189,000. The County placed the net proceeds of approximately \$7,801,000 into an irrevocable trust, which will be used to redeem \$7,355,000 of the outstanding balance on the Series 2006 General Obligation Bonds maturing on September 1, 2017 through September 1, 2031. The proceeds in the trust will be used to make future debt service payments related to these bonds and redeem the bonds on September 1, 2016, the date the bonds are first callable, at a redemption price of par. The reacquisition price exceeded the net carrying amount of the old debt by approximately \$396,000. This amount is being amortized over the life of the new debt, which was slightly shorter than the life of the old debt. This refunding was undertaken to reduce total debt service payments over the next 17 years by an estimated \$510,000 and resulted in an economic gain of approximately \$519,000. The refunded bonds are considered to be defeased until redemption in September 2016 and the liability has been removed from the governmental activities column of the Statement of Net Position.

The County also issued \$20.3 million in Series 2014 Combined Utility Revenue bonds to fund the County's portion of the Lake Moultrie Water Agency water treatment plant upgrade.

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

The County's current general obligation rating remained at AA and the County's revenue bond rating remained at AA- as assigned by Standard and Poor's. These ratings reflect the strength of Berkeley County and its management staff.

ECONOMIC FACTORS AND THE 2016 BUDGET

Factors considered in preparing Berkeley County's budget for the year ended June 30, 2016 included:

- The County was selected in May 2015 as the location for Volvo Cars' first North American manufacturing facility, with a minimum investment of \$600 million and 2,000 jobs.
- Since January 2015, the County's economic development efforts secured announcements from industries of over \$700 million in new investment and 3,000 new jobs.
- Census data estimates the County's population to now be over 198,000 – making the County the 8th most populated county in the state.
- Census data shows the County is the fastest-growing county in the state and the 40th fastest-growing county in the entire country from 2010 to 2014.
- Having also secured in 2015 the distinction of having the lowest county government taxes in the state, the County expects and is planning for significant growth of both residences and businesses.
- During the year ended June 30, 2015, unassigned fund balance in the General Fund remained fairly consistent with an ending balance of approximately \$14,780,000.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2015

OTHER POTENTIALLY SIGNIFICANT MATTERS

Waste Water Treatment

The County operates the Lower Berkeley Wastewater Treatment Plant which had a treatment capacity of 18 million gallons per day (MGD). The County expanded the plant in 2011 to 22.5 MGD. The current DHEC permit is currently 18 MGD. Increasing the capacity to 22.5 MGD will require the addition of two blowers and additional diffusers. This improvement is programmed in the Resilient Asset Management Program (RAMP) to be initiated when flow and loading increase at the facility to require additional capacity.

Expansion of Water Systems

The Lake Marion Regional Water Agency ("Lake Marion WA") was formed in the mid 1990's in order to provide safe reliable drinking water to the residents of central South Carolina and to help bring economic growth to the Interstate 95 corridor. Members include Calhoun, Clarendon, Dorchester, Orangeburg, and Berkeley Counties and the Town of Santee. In November 2007, the County entered into a contract with Lake Marion WA. The County has committed to purchase up to 2.5 million gallons a day, or 29.4% of the total capacity of the plant. The initial term of the agreement is for twenty years, which shall be extended for subsequent twenty-year terms unless the County notifies Lake Marion WA in writing of its intent to terminate not less than thirty months prior to the expiration of the initial term or the expiration date of any renewal. Provisions of the agreement require the County to pay its share of the funds required to operate and maintain Lake Marion WA and to defray its capital costs, in addition to monthly demand (fixed) and volumetric (variable) charges based upon the amount of water purchased. More recently, some members of the Lake Marion WA have withdrawn their membership; thus, the obligations of each of the existing members has increased on a pro rata basis. Berkeley County has a current commitment to purchase up to approximately 3.1 million gallons per day.

In 2015, Berkeley County secured assurances from Lake Marion WA that two water lines into Berkeley County shall have priority over all other Lake Marion WA projects that have not already started. Completion of these two lines will provide Berkeley County with the entire volume of water they have committed to purchase.

The Lake Moultrie Water Agency is in the process of expanding the Lake Moultrie Water Treatment Facility to 40MGD. The expansion will increase BCWS capacity to 13.04MGD. The construction of the project will be in two phases starting the first quarter of 2014 and ending the first quarter of 2017. The budgeted cost for the project is \$33,455,000. The BCWS portion of the cost is estimated to be \$17MM-\$19MM. BCWS issued revenue bonds in the amount of \$20,500,000 to fund its portion of the plant expansion and any additional capacity purchased from other members. Phase 1 was completed in November 2015 which increased BCWS allocation by 3 MGD. The revised contract for services is expected to be drafted in the first quarter of 2016

Beneficial Use Of Waste

McGill Environmental Systems of North Carolina is a commercial compost production facility that will use wood waste together with fats, oil, grease ("FOG") and sludge.

The County is working with a company to test the success of growing algae for livestock feed or convert into a petroleum additive. The growing of algae uses a number of waste products: CO2 and heat from generator exhaust, leachate from the landfill, and treated and untreated waste water. The initial results of the possibilities to farm algae at the County landfill are promising.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2015

OTHER POTENTIALLY SIGNIFICANT MATTERS (CONTINUED)

Beneficial Use Of Waste (Continued)

The County is negotiating contracts with Repower South, a recovery and renewable energy company whose goal is to help transform communities toward a sustainable waste and energy future. It recovers up to 90 percent of recyclable materials from the waste stream and further extracts non-recyclable fibers and polymers to manufacture an advanced, biofuel that can be co-fired with coal to produce renewable energy while reducing harmful emissions. The company holds an exclusive license for the development, manufacture and sale of advanced biofuel in its nine state license region for which the EPA has issued a non-hazardous secondary material determination letter. The company is able to divert more than 70 percent of a community's waste stream from the landfill, dramatically transforming the landfill (i.e. cost, life, etc.), improving overall air quality and bringing a community to a near-zero waste performance. Preliminary design is underway.

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

REQUESTS FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS

BERKELEY COUNTY, SOUTH CAROLINA

STATEMENT OF NET POSITION

JUNE 30, 2015

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	\$ 25,036,659	59,188,686	\$ 84,225,345
Receivables, Net of Allowances:			
Property Taxes	45,296,505	-	45,296,505
Transportation Sales Tax	6,274,364	-	6,274,364
Accounts Receivable	1,931,534	5,007,042	6,938,576
Federal, State and Local Governments	2,662,083	323,108	2,985,191
Internal Balances	86,284	(86,284)	-
Inventories, at Cost	158,747	-	158,747
Prepaid Items	29,890,187	-	29,890,187
Restricted Cash and Cash Equivalents	34,807,998	20,207,439	55,015,437
Restricted Investments	35,648,636	-	35,648,636
TOTAL CURRENT ASSETS	181,792,997	84,639,991	266,432,988
NON-CURRENT ASSETS			
CAPITAL ASSETS			
Non-Depreciable	23,987,886	28,935,597	52,923,483
Depreciable, Net of Accumulated Depreciation	142,641,885	319,381,569	462,023,454
TOTAL CAPITAL ASSETS	166,629,771	348,317,166	514,946,937
OTHER NON-CURRENT ASSETS			
Accounts Receivable, Due in More Than One Year	-	155,570	155,570
TOTAL OTHER NON-CURRENT ASSETS	-	155,570	155,570
TOTAL NON-CURRENT ASSETS	166,629,771	348,472,736	515,102,507
TOTAL ASSETS	348,422,768	433,112,727	781,535,495
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Charges	670,857	9,155,189	9,826,046
Deferred Pension Charges	5,437,263	1,530,735	6,967,998
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$ 6,108,120	10,685,924	\$ 16,794,044

(Continued)

BERKELEY COUNTY, SOUTH CAROLINA

STATEMENT OF NET POSITION

JUNE 30, 2015

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
LIABILITIES			
CURRENT LIABILITIES			
Accounts Payable and Accrued Liabilities	\$ 7,832,955	4,429,761	\$ 12,262,716
Accrued Interest Payable	596,167	799,711	1,395,878
Accrued Compensated Absences	3,033,470	316,514	3,349,984
Landfill Closure and Postclosure Cost Liability	-	395,447	395,447
Unearned Revenue	745,271	134,750	880,021
Bonds, Loans and Notes Payable	12,447,732	8,140,691	20,588,423
TOTAL CURRENT LIABILITIES	24,655,595	14,216,874	38,872,469
NON-CURRENT LIABILITIES			
Accrued Compensated Absences	4,068,648	949,542	5,018,190
Unfunded OPEB Liability	2,392,020	387,785	2,779,805
Landfill Closure and Postclosure Cost Liability	-	10,867,333	10,867,333
Bonds, Loans and Notes Payable	39,742,783	181,708,121	221,450,904
Net Pension Liability	57,512,996	17,663,802	75,176,798
TOTAL NON-CURRENT LIABILITIES	103,716,447	211,576,583	315,293,030
TOTAL LIABILITIES	128,372,042	225,793,457	354,165,499
DEFERRED INFLOWS OF RESOURCES			
Deferred Revenue	43,428,579	-	43,428,579
Deferred Pension Credits	5,327,258	1,489,187	6,816,445
TOTAL DEFERRED INFLOWS OF RESOURCES	48,755,837	1,489,187	50,245,024
NET POSITION			
Net Investment in Capital Assets	120,442,301	194,055,743	314,498,044
Restricted For:			
Capital Projects	87,670,419	-	87,670,419
Debt Service	1,102,398	1,089,240	2,191,638
Impact Fees	8,709,372	-	8,709,372
Economic Development	824,647	-	824,647
Emergency Telephone	1,113,699	-	1,113,699
Stormwater Management	226,674	-	226,674
Other	1,603,543	-	1,603,543
Unrestricted	(44,290,044)	21,371,024	(22,919,020)
TOTAL NET POSITION	\$ 177,403,009	216,516,007	\$ 393,919,016

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

BERKELEY COUNTY, SOUTH CAROLINA

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2015

PRIMARY GOVERNMENT:	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	PRIMARY GOVERNMENT		
					GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Governmental Activities:							
General Government	\$ 25,849,673	9,168,330	1,185,146	175,239	(15,320,958)	-	\$ (15,320,958)
Public Safety	31,361,674	8,294,678	1,643,566	-	(21,423,430)	-	(21,423,430)
Airport, Highways and Streets	24,161,049	2,870,839	-	4,183,504	(17,106,706)	-	(17,106,706)
Culture and Recreation	5,057,710	651,075	248,424	-	(4,158,211)	-	(4,158,211)
Health and Welfare	1,482,138	-	157,939	-	(1,324,199)	-	(1,324,199)
Community Development	4,086,181	147,335	407,679	-	(3,531,167)	-	(3,531,167)
Interest and Fiscal Charges	2,507,360	-	-	-	(2,507,360)	-	(2,507,360)
Total Governmental Activities	94,505,785	21,132,257	3,642,754	4,358,743	(65,372,031)	-	(65,372,031)
Business-Type Activities:							
Water and Sewer	40,460,366	42,792,279	27,088	9,887,494	-	12,246,495	12,246,495
Solid Waste	13,293,373	10,406,584	322,244	-	-	(2,564,545)	(2,564,545)
Total Business-Type Activities	53,753,739	53,198,863	349,332	9,887,494	-	9,681,950	9,681,950
Total Primary Government	\$ 148,259,524	74,331,120	3,992,086	14,246,237	(65,372,031)	9,681,950	(55,690,081)
General Revenues:							
Taxes:							
Property Taxes					26,432,194	-	26,432,194
Fee in Lieu of Taxes					8,205,358	-	8,205,358
Local Option Sales Tax					14,816,054	-	14,816,054
Transportation Sales Tax					23,504,046	-	23,504,046
County Accommodations					593,974	-	593,974
Franchise Taxes					540,131	-	540,131
Grants and Contributions not Restricted to Specific Programs					6,979,671	-	6,979,671
Interest Income					163,412	34,562	197,974
Gain on Sale of Assets					29,986	-	29,986
Miscellaneous					862,997	-	862,997
Transfers					(500,000)	500,000	-
Total General Revenues and Transfers					81,627,823	534,562	82,162,385
CHANGE IN NET POSITION					16,255,792	10,216,512	26,472,304
NET POSITION - Beginning of Year					216,372,816	225,438,864	441,811,680
Restatement due to Accounting Change - See Note IV.N					1,724,457	(1,724,457)	-
Restatement due to Change in Accounting Principle - See Note I.B					(56,950,056)	(17,414,912)	(74,364,968)
NET POSITION - Beginning of Year, Adjusted					161,147,217	206,299,495	367,446,712
NET POSITION - End of Year					\$ 177,403,009	216,516,007	\$ 393,919,016

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

BERKELEY COUNTY, SOUTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2015

	GENERAL FUND	CAPITAL PROJECTS FUND	NONMAJOR FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS				
Cash and Cash Equivalents	\$ 18,431,094	-	6,605,565	\$ 25,036,659
Receivables, Net of Allowances:				
Property Taxes	31,965,185	884,381	12,446,939	45,296,505
Transportation Sales Tax	-	6,274,364	-	6,274,364
Accounts Receivable	1,349,702	-	581,832	1,931,534
Federal, State and Local Governments	1,671,951	-	990,132	2,662,083
Due from Other Funds	555,617	10,073	37,915	603,605
Inventories, at Cost	133,344	-	25,403	158,747
Prepaid Items	527,580	29,348,139	14,468	29,890,187
Restricted Cash and Cash Equivalents	-	23,514,503	11,293,495	34,807,998
Restricted Investments	-	35,648,636	-	35,648,636
TOTAL ASSETS	\$ 54,634,473	95,680,096	31,995,749	\$ 182,310,318
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES				
LIABILITIES				
Accounts Payable and Accrued Liabilities	\$ 4,231,898	1,714,981	1,886,076	\$ 7,832,955
Due to Other Funds	172,255	78,125	266,941	517,321
Unearned Revenue	714,102	-	31,169	745,271
TOTAL LIABILITIES	5,118,255	1,793,106	2,184,186	9,095,547
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue	723,221	-	405,323	1,128,544
Deferred Revenue	30,634,152	884,381	11,910,046	43,428,579
TOTAL DEFERRED INFLOWS OF RESOURCES	31,357,373	884,381	12,315,369	44,557,123
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	36,475,628	2,677,487	14,499,555	53,652,670
FUND BALANCES				
Nonspendable:				
Inventory	133,344	-	25,403	158,747
Prepaid Items	527,580	29,348,139	14,468	29,890,187
Restricted for:				
Debt Service	-	-	1,655,894	1,655,894
Impact Fees	-	-	8,709,372	8,709,372
Assessment District Projects	-	8,755,811	-	8,755,811
Transportation Projects	-	53,650,918	-	53,650,918
Economic Development	-	-	824,647	824,647
Clerk of Court	-	-	472,497	472,497
Grants	-	-	78,143	78,143
Emergency Telephone	-	-	1,099,639	1,099,639
Stormwater Management	-	-	226,674	226,674
Other	-	1,247,741	1,052,495	2,300,236
Committed for:				
Special Tax Districts	-	-	349,590	349,590
Economic Development	-	-	2,518,782	2,518,782
Geographic Information Systems	-	-	128,365	128,365
Parks and Recreation	-	-	310,692	310,692
Assigned for:				
Public Safety	-	-	29,533	29,533
Elected Officials' Carryover	140,801	-	-	140,801
Future Capital Outlay	76,653	-	-	76,653
OPEB Contribution	368,783	-	-	368,783
Future Year's Expenditures	2,132,000	-	-	2,132,000
Unassigned	14,779,684	-	-	14,779,684
TOTAL FUND BALANCES	18,158,845	93,002,609	17,496,194	128,657,648
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 54,634,473	95,680,096	31,995,749	\$ 182,310,318

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

BERKELEY COUNTY, SOUTH CAROLINA

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

JUNE 30, 2015

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS	\$	128,657,648
Amounts reported for the governmental activities in the Statement of Net Position are different because of the following:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets was \$311,844,148 and the accumulated depreciation was \$145,214,377.		166,629,771
Other assets are not available to pay for current period expenditures and therefore are not reported or are considered unavailable in the funds:		
Property Taxes		700,412
EMS Revenues		428,132
Bond deferred losses are amortized over the lives of the bonds; however, in governmental accounting, bond deferred losses are expenditures the year they are incurred. The bond deferred losses of \$877,275 have been shown net of accumulated amortization of \$206,418.		670,857
The County's proportionate shares of the net pension liability, deferred outflows of resources, and deferred inflows of resources related to its participation in the State pension plans are not recorded in the governmental funds but are recorded in the Statement of Net Position.		(57,402,991)
OPEB costs reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as a liability in the governmental funds		(2,392,020)
Long-term liabilities, including bonds and notes payable, are not due or payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consisted of the following:		
General Obligation Bonds	(45,619,000)	
Bond Premium	(1,239,327)	
SC Transportation Infrastructure Bank Loan	(5,332,188)	
Accrued Compensated Absences	(7,102,118)	
Accrued Interest	(596,167)	(59,888,800)
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES	\$	177,403,009

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

BERKELEY COUNTY, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2015

	GENERAL FUND	CAPITAL PROJECTS FUND	NONMAJOR FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES				
Property Taxes	\$ 21,308,238	-	5,179,347	\$ 26,487,585
Accommodations Taxes	-	-	593,974	593,974
Fee in Lieu of Taxes	5,807,029	-	2,398,329	8,205,358
Local Option Sales Tax	13,272,245	1,543,809	-	14,816,054
Transportation Sales Tax	-	23,504,046	-	23,504,046
Licenses, Fees and Permits	2,839,426	-	-	2,839,426
Fines, Forfeitures and Fees	8,814,335	886,230	8,500,868	18,201,433
Interest Income	6,902	153,363	3,147	163,412
Local Revenue	-	-	656,093	656,093
Intergovernmental - Federal	222,196	175,239	1,633,694	2,031,129
Intergovernmental - State and Local	7,372,665	-	1,933,285	9,305,950
Miscellaneous	775,398	13,800	244,457	1,033,655
TOTAL REVENUES	60,418,434	26,276,487	21,143,194	107,838,115
EXPENDITURES				
Current:				
General Government	20,758,189	1,594,938	1,203,647	23,556,774
Public Safety	24,822,201	-	6,074,862	30,897,063
Airport, Highways and Streets	5,834,377	-	991,383	6,825,760
Culture and Recreation	3,200,376	-	1,259,804	4,460,180
Health and Welfare	1,834,359	-	-	1,834,359
Community Development	806,573	-	2,748,285	3,554,858
Capital Outlay	805,450	15,066,289	2,495,378	18,367,117
Debt Service:				
Principal Retirement	-	9,469,369	1,253,000	10,722,369
Interest and Fiscal Charges	-	1,253,769	1,324,143	2,577,912
Debt Issuance Costs	-	-	189,119	189,119
TOTAL EXPENDITURES	58,061,525	27,384,365	17,539,621	102,985,511
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	2,356,909	(1,107,878)	3,603,573	4,852,604
OTHER FINANCING SOURCES (USES)				
Premium on Issuance of Debt	-	-	240,042	240,042
Proceeds from Issuance of Refunding Debt	-	-	7,750,000	7,750,000
Deposits to Debt Refunding Agent	-	-	(7,800,630)	(7,800,630)
Proceeds from Disposal of Assets	6,468	25,685	-	32,153
Transfers In	864,444	1,733,038	2,823,617	5,421,099
Transfers Out	(2,059,623)	-	(3,861,476)	(5,921,099)
TOTAL OTHER FINANCING SOURCES (USES)	(1,188,711)	1,758,723	(848,447)	(278,435)
NET CHANGE IN FUND BALANCES	1,168,198	650,845	2,755,126	4,574,169
FUND BALANCE - Beginning of Year	16,990,647	92,351,764	14,464,158	123,806,569
Restatement Due to Accounting Change - See Note IV.N	-	-	276,910	276,910
FUND BALANCE, Beginning of Year - Restated	16,990,647	92,351,764	14,741,068	124,083,479
FUND BALANCE - End of Year	\$ 18,158,845	93,002,609	17,496,194	\$ 128,657,648

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

BERKELEY COUNTY, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2015

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	\$ 4,574,169
Amounts reported for the governmental activities in the Statement of Activities are different because of the following:	
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. This amount represents the change in unavailable revenues for the year.	296,597
Repayment of bond and note payable principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	10,722,369
Payment to refunding debt escrow agent is an expenditure in the governmental funds, but the payment reduces long-term liabilities in the Statement of Net Position.	7,800,630
Proceeds from the issuance of debt provide current financial resources to governmental funds, but entering into debt increases long-term liabilities in the Statement of Net Position. This amount represents the proceeds received in the current year.	(7,750,000)
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. This amount represents the change in accrued interest for the year and the interest expensed as a result of the refunding.	(208,605)
Bond premiums are other financing sources in the year they are received in governmental funds; they are amortized over the lives of the bonds in the Statement of Activities. This amount represents the amortization for the year.	279,840
Deferred refunding charges are not recognized by the governmental funds but are amortized over the life of the refunded debt in the Statement of Activities. This amount represents the change in premium balance for the year.	(51,606)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and are not reported as expenditures in the governmental funds.	353,776
The County's Unfunded OPEB Liability resulting from the unfunded annual required contribution to the OPEB plan is not reported as a liability in the governmental funds. This amount represents the net change in this liability for the year.	(122,049)
Changes in the County's proportionate shares of the net pension liability, deferred outflows of resources, and deferred inflows of resources for the current year are not reported in the governmental funds but are reported in the Statement of Activities.	(452,935)
In the Statement of Activities, infrastructure and equipment contributed by developers and others are reported as revenues. Since such contributions result in neither the receipt nor the use of current financial resources, they are not reflected in the fund statements.	3,096,879
Governmental funds report capital asset additions as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense of \$11,813,868 and net disposals of \$2,167 exceeded capital asset additions of \$9,532,762, excluding donated capital additions of \$3,096,879.	(2,283,273)
TOTAL CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ 16,255,792

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

BERKELEY COUNTY, SOUTH CAROLINA

STATEMENT OF NET POSITION - PROPRIETARY FUNDS

JUNE 30, 2015

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		
	WATER AND SEWER	SOLID WASTE	TOTALS
ASSETS			
CURRENT ASSETS:			
Cash and Cash Equivalents	\$ 49,722,798	9,465,888	\$ 59,188,686
Cash and Cash Equivalents-Restricted	19,085,750	1,121,689	20,207,439
Accounts Receivable, Net of Allowance	4,114,300	892,742	5,007,042
Due from Federal, State and Local Governments, Net of Allowance	297,778	25,330	323,108
Due from Other Funds	-	112,910	112,910
TOTAL CURRENT ASSETS	73,220,626	11,618,559	84,839,185
NON-CURRENT ASSETS:			
CAPITAL ASSETS:			
Non-Depreciable	26,475,845	2,459,752	28,935,597
Depreciable, Net of Accumulated Depreciation	294,859,077	24,522,492	319,381,569
TOTAL CAPITAL ASSETS	321,334,922	26,982,244	348,317,166
OTHER NON-CURRENT ASSETS:			
Accounts Receivable, Due in More Than One Year	155,570	-	155,570
TOTAL OTHER NON-CURRENT ASSETS	155,570	-	155,570
TOTAL NON-CURRENT ASSETS	321,490,492	26,982,244	348,472,736
TOTAL ASSETS	394,711,118	38,600,803	433,311,921
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Charges	8,959,938	195,251	9,155,189
Deferred Pension Charges	1,058,353	472,382	1,530,735
TOTAL DEFERRED OUTFLOWS OF RESOURCES	10,018,291	667,633	10,685,924
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 404,729,409	39,268,436	\$ 443,997,845

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

(Continued)

BERKELEY COUNTY, SOUTH CAROLINA

STATEMENT OF NET POSITION - PROPRIETARY FUNDS

JUNE 30, 2015

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		
	WATER AND SEWER	SOLID WASTE	TOTALS
LIABILITIES			
CURRENT LIABILITIES:			
Accounts Payable and Accrued Liabilities	\$ 4,188,118	241,643	\$ 4,429,761
Landfill Closure and Postclosure Cost Liability	-	395,447	395,447
Accrued Interest Payable	791,647	8,064	799,711
Accrued Compensated Absences	211,009	105,505	316,514
Due to Other Funds	199,194	-	199,194
Unearned Revenue	134,750	-	134,750
Current Portion of Bonds and Notes Payable	6,748,190	1,392,501	8,140,691
TOTAL CURRENT LIABILITIES	12,272,908	2,143,160	14,416,068
NON-CURRENT LIABILITIES:			
Unfunded OPEB Liability	279,185	108,600	387,785
Accrued Compensated Absences	633,028	316,514	949,542
Landfill Closure and Postclosure Cost Liability	-	10,867,333	10,867,333
Bonds and Notes Payable	172,669,175	9,038,946	181,708,121
Net Pension Liability	12,212,780	5,451,022	17,663,802
TOTAL NON-CURRENT LIABILITIES	185,794,168	25,782,415	211,576,583
TOTAL LIABILITIES	198,067,076	27,925,575	225,992,651
DEFERRED INFLOWS OF RESOURCES			
Deferred Pension Credits	1,029,626	459,561	1,489,187
TOTAL DEFERRED INFLOWS OF RESOURCES	1,029,626	459,561	1,489,187
NET POSITION			
Net Investment in Capital Assets	176,951,765	17,103,978	194,055,743
Restricted for Debt Service	325,481	763,759	1,089,240
Unrestricted	28,355,461	(6,984,437)	21,371,024
TOTAL NET POSITION	205,632,707	10,883,300	216,516,007
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 404,729,409	39,268,436	\$ 443,997,845

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

BERKELEY COUNTY, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2015

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		
	WATER AND SEWER	SOLID WASTE	TOTALS
OPERATING REVENUES			
Sales and Services	\$ 34,819,398	10,216,234	\$ 45,035,632
Impact and Connection Fees	7,389,199	-	7,389,199
Other Operating Revenue	583,682	190,350	774,032
TOTAL OPERATING REVENUES	42,792,279	10,406,584	53,198,863
OPERATING EXPENSES			
Personnel Services	9,355,038	4,045,349	13,400,387
Utilities	3,810,341	169,348	3,979,689
Office Expenses	729,532	67,705	797,237
Maintenance and Repairs	3,364,090	1,943,566	5,307,656
Contractual Services	1,202,678	580,350	1,783,028
Other Services and Charges	1,925,947	389,066	2,315,013
Depreciation	13,071,362	2,978,413	16,049,775
Landfill Closure and Postclosure Costs	-	1,437,195	1,437,195
TOTAL OPERATING EXPENSES	33,458,988	11,610,992	45,069,980
OPERATING INCOME (LOSS)	9,333,291	(1,204,408)	8,128,883
NON-OPERATING REVENUES (EXPENSES)			
Interest Income	34,085	477	34,562
Grant Revenue	27,088	322,244	349,332
Bond Issuance Costs	(367,849)	-	(367,849)
Loss on Disposition of Assets	(54,296)	(1,052,835)	(1,107,131)
Interest Expense	(6,947,082)	(261,697)	(7,208,779)
TOTAL NON-OPERATING REVENUES (EXPENSES)	(7,308,054)	(991,811)	(8,299,865)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	2,025,237	(2,196,219)	(170,982)
CAPITAL CONTRIBUTIONS AND TRANSFERS			
Capital Contributions	9,887,494	-	9,887,494
Transfers In	500,000	-	500,000
TOTAL CAPITAL CONTRIBUTIONS AND TRANSFERS	10,387,494	-	10,387,494
CHANGE IN NET POSITION	12,412,731	(2,196,219)	10,216,512
NET POSITION, Beginning of Year	205,260,673	18,453,734	223,714,407
Adjustment for Implementation of GASB 68	(12,040,697)	(5,374,215)	(17,414,912)
NET POSITION, Beginning of Year, Adjusted	193,219,976	13,079,519	206,299,495
NET POSITION, End of Year	\$ 205,632,707	10,883,300	\$ 216,516,007

The notes to the financial statements are an integral part of this statement.

See accompanying independent auditor's report.

BERKELEY COUNTY, SOUTH CAROLINA

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2015

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		
	WATER AND SEWER	SOLID WASTE	TOTALS
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Customers and Users	\$ 42,373,587	10,294,725	\$ 52,668,312
Cash Paid to Suppliers	(10,421,606)	(2,793,791)	(13,215,397)
Cash Paid to Employees	(9,403,634)	(3,986,789)	(13,390,423)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	22,548,347	3,514,145	26,062,492
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Non-Capital Grant Contributions	134,730	4,490,138	4,624,868
Transfers and Advances Between Funds	426,730	157,940	584,670
NET CASH PROVIDED BY (USED IN) NON-CAPITAL FINANCING ACTIVITIES	561,460	4,648,078	5,209,538
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from Issuance of Debt	21,399,133	-	21,399,133
Bond Issue Costs	(367,849)	-	(367,849)
Proceeds from the Sale of Assets	26,550	904,712	931,262
Acquisition and Construction of Capital Assets	(20,940,330)	(6,714,954)	(27,655,284)
Principal Paid - Bonds and Notes Payable	(6,929,577)	(1,402,682)	(8,332,259)
Interest Paid - Bonds and Notes Payable	(7,531,870)	(288,828)	(7,820,698)
NET CASH (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	(14,343,943)	(7,501,752)	(21,845,695)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Income on Investments	34,085	477	34,562
NET CASH PROVIDED BY INVESTING ACTIVITIES	34,085	477	34,562
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	8,799,949	660,948	9,460,897
CASH AND CASH EQUIVALENTS, Beginning of Year	60,008,599	9,926,629	69,935,228
CASH AND CASH EQUIVALENTS, End of Year	\$ 68,808,548	10,587,577	\$ 79,396,125
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position			
Cash and Cash Equivalents - Current Assets	\$ 49,722,798	9,465,888	\$ 59,188,686
Restricted Cash and Cash Equivalents - Current Assets	19,085,750	1,121,689	20,207,439
	\$ 68,808,548	10,587,577	\$ 79,396,125

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

(Continued)

BERKELEY COUNTY, SOUTH CAROLINA

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2015

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		
	WATER AND SEWER	SOLID WASTE	TOTALS
Reconciliation of Operating Income (Loss) to Net Cash Provided By Operating Activities:			
Operating Income (Loss)	\$ 9,333,291	(1,204,408)	\$ 8,128,883
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided By Operating Activities:			
Depreciation and Amortization	13,071,362	2,978,413	16,049,775
Non-Cash Pension Expense	143,356	63,986	207,342
(Increase) Decrease in Assets and Deferred Outflows of Resources:			
Accounts Receivable	(538,442)	(111,859)	(650,301)
Increase (Decrease) in Liabilities and Deferred Inflows of Resources:			
Accounts Payable and Accrued Liabilities	425,757	356,124	781,881
Landfill Closure and Postclosure Cost Liability	-	1,437,195	1,437,195
Compensated Absences Payable	(24,214)	(12,106)	(36,320)
Unearned Revenue	119,750	-	119,750
Unfunded OPEB Liability	17,487	6,800	24,287
Total Adjustments	13,215,056	4,718,553	17,933,609
Net Cash Provided by Operating Activities	\$ 22,548,347	3,514,145	\$ 26,062,492
Schedule of Noncash Investing, Capital and Financing Activities:			
Acquisition of Capital Assets Through Developer Contributions	\$ 9,887,494	-	\$ 9,887,494
Change in Capital Acquisition Included in Accounts Payable	770,336	356,244	1,126,580
Amortization of Bond Premium and Deferred Refunding Costs	\$ (560,581)	(22,947)	\$ (583,528)

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

BERKELEY COUNTY, SOUTH CAROLINA

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

JUNE 30, 2015

	<u>AGENCY FUNDS</u>
ASSETS	
Cash and Cash Equivalents	\$ 42,775,522
Investments	1,999,943
Accounts Receivable	1,521,755
TOTAL ASSETS	<u>\$ 46,297,220</u>
LIABILITIES	
Due to School District	\$ 19,238,520
Due to Other Designated Recipients	27,058,700
TOTAL LIABILITIES	<u>\$ 46,297,220</u>

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

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

Related Organizations

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

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

B. Government-wide and Fund Financial Statements

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

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

1. *Government-Wide Statements:*

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

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

2. *Fund Financial Statements:*

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

Fund financial statements report detailed information about the County. The focus of governmental and proprietary (enterprise) fund financial statements is on major funds rather than reporting funds by type. Each major fund is reported in a single column in the fund financial statements. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are presented by fund type and are excluded from the government-wide financial statements.

3. *Major and Non-major Funds:*

The County reports the following major and non-major governmental funds:

The ***General Fund, a major fund***, is the general operating fund of the County and accounts for all revenues and expenditures of the County except those required to be accounted for in other funds. All general tax revenues and other receipts that (a) are not allocated by law or contractual agreement to other funds or (b) that have not been restricted, committed, or assigned to other funds are accounted for in the General Fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Fund.

The ***Capital Projects Fund, a major fund***, is used to account for and report financial resources that are restricted, committed, or assigned for expenditures of capital outlay related to equipment, site acquisitions, construction, renovation of capital facilities, and other capital assets for the County that are not being financed by proprietary or nonexpendable trust funds.

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources (that are expected to continue to comprise a substantial portion of the inflows of the fund) that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

Non-major special revenue funds: Economic Development, National Forest, Emergency Preparedness, GIS, Storm Water Management, Highway "C" Funds, EMS Equipment, Clerk of Court, State Accommodations Tax, Impact Fees, Sheriff's Grants, Miscellaneous Special Revenue, Victims' Assistance, Solicitor's Grants, County Accommodations Tax, Local Economic Development, Airport Improvements, Regional Disaster Planning Grant, Sangaree Special Tax District, Nexton Development, Pimlico Special Tax District, Tall Pines Special Tax District, Devon Forest Special Tax District, Special County Tax District, Lake Moultrie Park, Legal Forfeiture Proceeds, Volvo Car Corporation, Parks and Recreation Fund, and Emergency Telephone.

The *Debt Service Fund, a non-major fund*, is used to account for and report the accumulation of financial resources that are restricted, committed, or assigned for the payment of all long-term debt principal, interest, and related costs of the County that are not being financed by proprietary or nonexpendable trust funds.

The County reports the following major proprietary funds:

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

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

The *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.

4. *Significant New Accounting Standards Adopted*

The County implemented GASB Statement No. 68 *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* ("GASB #68") and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68* ("GASB #71" and collectively "Statements") in the year ended June 30, 2015. The primary objective of these Statements is to improve accounting and financial reporting by state and local governments for pensions. In addition, state and local governments who participate in a cost-sharing multiple employer plan are now required to recognize a liability for their proportionate share of the net pension liability of that plan. It is GASB's intention that these Statements will provide citizens and other users of the financial statements with a clearer picture of the size and nature of the County's financial obligations to current and former employees for past services rendered. In particular, these Statements require the County to recognize a net pension liability, deferred outflows of resources (including pension contributions made after the measurement date) and deferred inflows of resources for its participation in the South Carolina Retirement System and South Carolina Police Officers Retirement System, cost-sharing multiple-employer defined benefit pension plans, on financial statements prepared on the economic resources measurement focus and accrual basis of accounting (i.e., the Statement of Net Position) and present more extensive note disclosures.

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

4. *Significant New Accounting Standards Adopted (Continued)*

The adoption of these Statements had no impact on the County's governmental fund financial statements, which continue to report expenditures in the amount of the contractually required contributions, as required by the South Carolina Public Employee Benefit Authority ("PEBA") who administers the Plans. However, the adoption has resulted in the restatement of the County's net position as of July 1, 2014 for its government-wide and enterprise fund financial statements to reflect the reporting of net pension liabilities and deferred outflows of resources for each of its qualified Plans in accordance with the provisions of these Statements. Net position of the County's government-wide and enterprise fund financial statements as of July 1, 2014 was decreased by approximately \$74,365,000 and \$17,415,000, respectively, reflecting the cumulative change in accounting principle related to the adoption of these Statements. See Note IV.D for more information regarding the County's retirement plans.

C. Measurement Focus and Basis of Accounting

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

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

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

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

Revenue Recognition

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

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

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (Continued)

Revenue Recognition (Continued)

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.

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

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

D. Assets, Liabilities, Deferred Inflows/Outflows of Resources and Net Position or Equity

1. Cash and Cash Equivalents and Deposits

The "deposits" classification is used only in the notes, not on the face of the Statement of Net Position, Balance Sheet or Statement of Cash Flows. Deposits include only cash on hand, demand deposits, pooled money market funds, and/or certificates of deposit. For purposes of the Statement of Cash Flows for the Enterprise Funds, the County considers all highly liquid investments (including restricted assets) with original maturities of three months or less when purchased to be cash and cash equivalents.

2. Investments

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

- (a) Obligations of the United States and its agencies, the principal and interest of which is fully guaranteed by the United States.

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Inflows/Outflows of Resources and Net Position or Equity (Continued)

2. Investments (Continued)

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

In addition, South Carolina State statutes authorize the County to invest in the South Carolina Local Government Investment Pool ("SCLGIP"). The SCLGIP was created by state legislation which restricts the types of securities the pool can purchase. Specifically, the pool is permitted to purchase obligations of the United States, its agencies and instrumentalities, and any corporation within the United States if such obligations bear any of the three highest ratings of at least two nationally recognized rating services. The SCLGIP is 2a7-like pool, which is not registered with the Securities and Exchange Commission (SEC) as an investment company, but has a policy that it will operate in a manner consistent with the SEC's rule 2a7 of the Investment Company Act of 1940. The reported value of the County's position in the pool, if any, is the same as the fair value of the pool shares. In accordance with 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.

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Inflows/Outflows of Resources and Net Position or Equity (Continued)

2. Investments (Continued)

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

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

- Open-end mutual funds which are primarily invested in money market funds which invest in short term obligations of the United States and related agencies
- Securities as described in (b) above.

3. Restricted Assets

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

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, 2015. All net property taxes receivable at year-end, except those collected within 60 days, are recorded as unavailable or deferred revenue and thus not recognized as revenue until collected in the governmental funds.

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Inflows/Outflows of Resources and Net Position or Equity (Continued)

4. Receivables (Continued)

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

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

5. Inventories and Prepaid Assets

Inventories are valued at cost for the General Fund and non-major Special Revenue Funds using the first-in, first-out method. Inventory in the General Fund consists of expendable supplies held for consumption. General Fund inventories have been charged as expenditures when consumed. Inventory in the non-major Special Revenue Funds consist of items for resale. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid assets.

6. Capital Assets

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

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

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

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Inflows/Outflows of Resources and Net Position or Equity (Continued)

6. Capital Assets (Continued)

<u>Capital Asset Category</u>	<u>Useful Lives</u>
Buildings and Other Improvements	15-40 years
Equipment and Furniture	2-15 years
Software	5-15 years
Vehicles	5-10 years
Infrastructure	12-50 years
Utility Systems, Treatment Plants and Buildings	15-50 years
Library Materials	5-10 years
Water Agreements	35 years

7. Compensated Absences

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

8. Long-term Obligations

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

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

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Inflows/Outflows of Resources and Net Position or Equity (Continued)

9. Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position and the Balance Sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County currently has two types of deferred outflows of resources: (1) The County reports *deferred charges* in its government-wide Statement of Net Position. *Deferred charges*, which are the differences between the reacquisition prices and the net carrying amount of the defeased debt, are deferred and amortized over the life of the refunding bonds, which has the same maturity as the bonds that were refunded. Amortization of *deferred charges* is included in interest expense in the Statement of Activities. (2) The County also reports *deferred pension charges* in its Statements of Net Position in connection with its participation in the South Carolina Retirement System and the South Carolina Police Officers Retirement System. These *deferred pension charges* are either (a) recognized in the subsequent period as a reduction of the net pension liability (which includes pension contributions made after the measurement date) or (b) amortized in a systematic and rational method as pension expense in future periods in accordance with GAAP.

In addition to liabilities, the Statement of Net Position and the Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County currently has three types of deferred inflows of resources: (1) The County reports *unavailable revenue* only in the governmental funds Balance Sheet; it is deferred and recognized as an inflow of resources (property tax or EMS revenues) in the period the amounts become available. (2) The County also reports *deferred revenue* in its governmental fund Balance Sheet and the Statements of Net Position; it is deferred and recognized as an inflow of resources (revenue) in the period for which it was intended to finance. (3) The County also reports *deferred pension credits* in its Statements of Net Position in connection with its participation in the South Carolina Retirement System and South Carolina Police Officers Retirement System. These *deferred pension credits* are amortized in a systematic and rational method and recognized as a reduction of pension expense in future periods in accordance with GAAP.

10. Net Position and Fund Balances

Government-Wide and Proprietary Fund Statements

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources in the Statement of Net Position. Net position is classified as net investment in capital assets; restricted; and unrestricted. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Outstanding debt which has not been spent is included in the same net position component as the unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments.

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

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Inflows/Outflows of Resources and Net Position or Equity (Continued)

10. Net Position and Fund Balances (Continued)

Governmental Fund Statements

The County implemented GASB Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions* ("GASB #54") in the year ended June 30, 2011. The objective of GASB #54 was to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. GASB #54 established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in the governmental funds.

The County classifies governmental fund balances as follows:

Nonspendable – includes amounts that inherently cannot be spent either because it is not in spendable form (i.e., prepaids, inventories, etc.) or because of legal or contractual requirements (i.e., principal on an endowment, etc.).

Restricted – includes amounts that are constrained by specific purposes which are externally imposed by (a) other governments through laws and regulations, (b) grantors or contributions through agreements, (c) creditors through debt covenants or other contracts, or (d) imposed by law through constitutional provisions or enabling legislation.

Committed – includes amounts that are constrained for specific purposes that are internally imposed by the government through formal action made by the County Council, which is the highest level of decision making authority, before the end of the reporting period. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

Assigned – includes amounts that are intended to be used for specific purposes that are neither considered restricted or committed and that such assignments are made before the report issuance date. County Council is the only party that has the right to make assignments of fund balance for the County at this time.

Unassigned – includes amounts that do not qualify to be accounted for and reported in any of the other fund balance categories. This classification represents the amount of fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount.

The County generally uses restricted amounts first when both restricted and unrestricted (committed, assigned, and unassigned) fund balance is available to be expended unless there are legal documents, contracts, or agreements that prohibit doing such. Additionally, the County generally would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Inflows/Outflows of Resources and Net Position or Equity (Continued)

10. Net Position and Fund Balances (Continued)

Governmental Fund Statements (Continued)

The County has adopted a fund balance policy for the General Fund, with the goal of not less than 17% of the next year's budget be available as unassigned fund balance. The minimum fund balance amount that is available under the policy is approximately \$14,780,000 as of June 30, 2015 which represents 22% of the original budgeted expenditures for the General Fund of approximately \$68,403,000 for the year ended June 30, 2016.

11. Pensions

In government-wide financial statements, pensions are required to be recognized and disclosed using the accrual basis of accounting (see Note IV.D and the required supplementary information immediately following the notes to the financial statements for more information), regardless of the amount recognized as pension expenditures on the modified accrual basis of accounting. The County recognizes a net pension liability for each qualified pension plan in which it participates, which represents the excess of the total pension liability over the fiduciary net position of the qualified pension plan, or the County's proportionate share thereof in the case of a cost-sharing multiple-employer plan, measured as of the County's fiscal year-end. Changes in the net pension liability during the period are recorded as pension expense, or as deferred outflows or inflows of resources depending on the nature of the change, in the period incurred. Those changes in net pension liability that are recorded as deferred outflows or inflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the respective qualified pension plan and recorded as a component of pension expense beginning with the period in which they are incurred. Projected earnings on qualified pension plan investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred outflows or inflows of resources and amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred.

12. Contributed Capital

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

13. Other Postemployment Benefits

Other Postemployment Benefits ("OPEB") cost for retiree healthcare and similar, non-pension retiree benefits, is required to be measured and disclosed using the accrual basis of accounting (see Note IV.E and the required supplementary information immediately following the notes to the financial statements for more information), regardless of the amount recognized as OPEB expense on the modified accrual basis of accounting. Annual OPEB cost is equal to the annual required contributions to the OPEB Plan, calculated in accordance with GAAP.

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Inflows/Outflows of Resources and Net Position or Equity (Continued)

14. Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. Those estimates and assumptions affect the reported amounts of assets and deferred outflows of resources and liabilities and deferred inflows of resources and disclosure of these balances as of the date of the financial statements. In addition, they affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates and assumptions.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

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

The level of budgetary control is determined by County Council at the County’s total appropriations level. Expenditures by fund, department, and category (i.e., personnel, operating and capital outlay), are further defined in the budget document. The County Supervisor is authorized to make transfers of up to \$25,000 per occurrence between departments and funds as long as total appropriations are not exceeded. The budget ordinance must be amended by Council to effect changes in total appropriations. Budgets, as reported in the financial statements, are as originally passed by ordinance and subsequently amended. During the year ending June 30, 2015, net amendments totaling approximately \$1,063,000 were made to the General Fund budget.

Annual appropriations lapse at the end of the fiscal year.

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES

A. Deposits and Investments

Deposits

Custodial Credit Risk for Deposits: Custodial credit risk for deposits is the risk that, in the event of a bank failure, the County's deposits might not be recovered. The County does not have a deposit policy for custodial credit risk but follows the investment policy statutes of the State of South Carolina. As of June 30, 2015, none of the County's bank balances of \$153,436,041 (which had a recorded value of \$154,063,359) were exposed to custodial credit risk.

Investments

As of June 30, 2015, the County had the following investments:

Investment Type	Fair Value	S & P	Credit Ratings Moody's	Fitch	Weighted Average Maturity
First American Treasury Obligations Fund - Class Y	\$ 9,954,799	AAAm	Aaa-mf	AAAmmf	< 1 year
Morgan Stanley Government Advisory	9,639,677	AAAm	Aaa-mf	Unrated	< 1 year
First American Treasury Obligations Fund - Class D	287,482	AAAm	Aaa-mf	AAAmmf	< 1 year
First American Governmental Obligations Fund - Class Y	71,698	AAAm	Aaa-mf	AAAmmf	< 1 year
Freddie Mac Discount Notes	36,637,923	A-1+	P-1	F1+	< 1 year
Federal Farm Credit Bank	9,009,945	A-1+	P-1	F1+	< 1 year
Total Investments	<u>\$ 65,601,524</u>				

Interest Rate Risk: The County does not have a formal policy limiting investment maturities that would help manage its exposure to fair value losses from increasing interest rates.

Credit Risk for Investments: Credit risk for investments is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The County does not have an investment policy for credit risk, but follows the investment policy statutes of the State of South Carolina.

Custodial Credit Risk for Investments: Custodial credit risk for investments is the risk that, in the event of a counterparty failure, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County does not have an investment policy for custodial credit risk but follows the investment policy statutes of the State of South Carolina. As of June 30, 2015, none of the County's investments were exposed to custodial credit risk for investments.

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

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

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

A. Deposits and Investments (Continued)

Reconciliation to the Financial Statements

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

Description:	Amount
Carrying Amount of Deposits	\$ 154,063,359
Fair Value of Investments	65,601,524
Total	<u>\$ 219,664,883</u>
Statement of Net Position:	
Cash and Cash Equivalents	\$ 84,225,345
Restricted Cash and Cash Equivalents	55,015,437
Restricted Investments	35,648,636
Statement of Fiduciary Net Position:	
Cash and Cash Equivalents	42,775,522
Investments	1,999,943
Total	<u>\$ 219,664,883</u>

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

B. Receivables

Receivables as of year end, including the applicable allowances for uncollectible accounts, are as follows, which includes \$155,570 in non-current receivables for the Water and Sewer Fund:

Receivables:	General	Debt Service	Capital Projects Fund	Special Revenue Funds	Water and Sewer	Solid Waste	Totals
Property Taxes	\$ 33,971,153	3,347,112	919,830	9,934,567	-	-	\$ 48,172,662
Transportation Sales Tax	-	-	6,274,364	-	-	-	6,274,364
Accounts	3,527,787	-	-	581,832	4,533,616	892,742	9,535,977
Federal, State and Local Governments	1,671,951	-	-	990,132	297,778	25,330	2,985,191
Total	<u>39,170,891</u>	<u>3,347,112</u>	<u>7,194,194</u>	<u>11,506,531</u>	<u>4,831,394</u>	<u>918,072</u>	<u>66,968,194</u>
Less Allowance for Uncollectibles:							
Taxes	(2,005,968)	(207,676)	(35,449)	(627,064)	-	-	(2,876,157)
Accounts	(2,178,085)	-	-	-	(263,746)	-	(2,441,831)
Total	<u>(4,184,053)</u>	<u>(207,676)</u>	<u>(35,449)</u>	<u>(627,064)</u>	<u>(263,746)</u>	<u>-</u>	<u>(5,317,988)</u>
Net Receivables	<u>\$ 34,986,838</u>	<u>3,139,436</u>	<u>7,158,745</u>	<u>10,879,467</u>	<u>4,567,648</u>	<u>918,072</u>	<u>\$ 61,650,206</u>

BERKELEY COUNTY, SOUTH CAROLINA**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED JUNE 30, 2015**

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

The composition of interfund balances at June 30, 2015 is as follows:

	Receivable Fund	Payable Fund
General Fund	\$ 555,617	\$ 172,255
Special Revenue Funds:		
Emergency Preparedness	-	21,403
State Accommodations Tax	-	2,073
Miscellaneous Special Revenue	-	37,915
Solicitor's Grants	-	93,459
County Accommodations Tax	-	42,850
Local Economic Development	37,915	-
Airport Improvements	-	69,241
Capital Projects Fund	10,073	78,125
Enterprise Funds:		
Water and Sewer	-	199,194
Solid Waste	112,910	-
Total	<u>\$ 716,515</u>	<u>\$ 716,515</u>

Interfund balances largely result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All of the balances are expected to be paid or received within one year.

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

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

D. Capital Assets

Governmental capital asset activity for the year ended June 30, 2015, is as follows:

	Balance 6/30/2014*	Additions	Disposals	Transfers	Balance 6/30/2015
Capital Assets, Not Being Depreciated:					
Land	\$ 5,717,625	-	-	-	\$ 5,717,625
Construction in Progress	14,801,874	7,393,756	-	(3,925,369)	18,270,261
Total Capital Assets, Not Being Depreciated	20,519,499	7,393,756	-	(3,925,369)	23,987,886
Capital Assets, Being Depreciated:					
Buildings	40,499,071	-	-	3,058,164	43,557,235
Furniture	1,544,317	-	-	-	1,544,317
Equipment	14,530,159	316,324	(25,874)	-	14,820,609
Software	2,288,950	6,650	-	-	2,295,600
Vehicles	11,698,799	1,567,487	(457,531)	-	12,808,755
Improvements	17,362,355	10,352	-	115,150	17,487,857
Library Materials	2,342,119	269,193	(201,501)	-	2,409,811
Infrastructure	189,114,144	3,065,879	-	752,055	192,932,078
Total Capital Assets, Being Depreciated	279,379,914	5,235,885	(684,906)	3,925,369	287,856,262
Less: Accumulated Depreciation For:					
Buildings	14,273,163	1,070,439	-	-	15,343,602
Furniture	1,199,304	140,064	-	-	1,339,368
Equipment	11,096,432	1,043,419	(23,707)	-	12,116,144
Software	1,502,692	138,738	-	-	1,641,430
Vehicles	8,579,777	988,870	(457,531)	-	9,111,116
Improvements	9,030,465	998,637	-	-	10,029,102
Library Materials	965,390	259,975	(201,501)	-	1,023,864
Infrastructure	87,436,025	7,173,726	-	-	94,609,751
Total Accumulated Depreciation	134,083,248	11,813,868	(682,739)	-	145,214,377
Total Capital Assets, Being Depreciated, Net	145,296,666	(6,577,983)	(2,167)	3,925,369	142,641,885
Governmental Activities Capital Assets, Net	\$ 165,816,165	815,773	(2,167)	-	\$ 166,629,771

During the year ended June 30, 2015, the County recorded approximately \$3,097,000 in infrastructure contributed from developers and donated equipment and vehicles for its governmental activities.

*The land, buildings, equipment, vehicles, and improvements balances have been adjusted to include parks and recreation and emergency telephone operations, which were reclassified from business-type activities to governmental activities for the year ended June 30, 2015. See Note IV.N for information about the change in accounting principle.

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

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

D. Capital Assets (Continued)

Business-Type capital asset activity for the year ended June 30, 2015, is as follows:

	Balance 6/30/2014*	Additions	Disposals	Transfers	Balance 6/30/2015
Capital Assets, Not Being Depreciated:					
Land	\$ 3,563,403	-	-	-	\$ 3,563,403
Construction in Progress	15,036,767	20,080,477	-	(9,745,050)	25,372,194
Total Capital Assets, Not Being Depreciated	18,600,170	20,080,477	-	(9,745,050)	28,935,597
Capital Assets, Being Depreciated:					
Utility Systems, Treatment Plants and Buildings	442,405,228	10,522,347	(2,696,750)	9,745,050	459,975,875
Equipment, Vehicles and Furniture	19,460,185	5,813,374	(2,330,686)	-	22,942,873
Lake Moultrie Water Agency	11,086,345	-	-	-	11,086,345
Total Capital Assets, Being Depreciated	472,951,758	16,335,721	(5,027,436)	9,745,050	494,005,093
Less: Accumulated Depreciation For:					
Utility Systems, Treatment Plants and Buildings	142,057,558	13,054,813	(796,722)	-	154,315,649
Equipment, Vehicles and Furniture	13,497,973	2,611,635	(2,192,321)	-	13,917,287
Lake Moultrie Water Agency	6,007,261	383,327	-	-	6,390,588
Total Accumulated Depreciation	161,562,792	16,049,775	(2,989,043)	-	174,623,524
Total Capital Assets, Being Depreciated, Net	311,388,966	285,946	(2,038,393)	9,745,050	319,381,569
Business-Type Activities Capital Assets, Net	\$ 329,989,136	20,366,423	(2,038,393)	-	\$ 348,317,166

*The land, utility systems, treatment plants and buildings, and equipment, vehicles and furniture balances have been adjusted to remove parks and recreation and emergency telephone operations, which were reclassified from business-type activities to governmental activities for the year ended June 30, 2015. See Note IV.N for information about the change in accounting principle.

During the year ended June 30, 2015, the County recorded approximately \$9,887,000 in utility systems contributed by developers and others. No interest was capitalized for the business-type activities during the year ended June 30, 2015.

Depreciation expense for the year ended June 30, 2015 was charged to County functions as follows:

Governmental Activities:	
General Government	\$ 1,930,268
Public Safety	935,401
Airport, Highways and Streets	8,171,566
Culture and Recreation	597,531
Health and Welfare	145,566
Community Development	33,536
Total Governmental Activities Depreciation	<u>\$ 11,813,868</u>
Business-Type Activities:	
Water and Sewer	\$ 13,071,362
Solid Waste	2,978,413
Total Business-Type Activities Depreciation	<u>\$ 16,049,775</u>

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

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

D. Capital Assets (Continued)

Construction Commitments

At June 30, 2015, the Capital Projects Fund, Airport Improvements Fund, and Water and Sewer Fund had commitments under contracts for construction of various projects not completed of approximately \$1,902,000, \$400,000, and \$11,476,000, respectively. In addition, the County awarded an additional \$3,622,000 in construction contracts subsequent to June 30, 2015 to be paid out of the Capital Projects Fund and an additional \$2,106,000 to be paid out of the Water and Sewer Fund.

Joint Municipal Water Systems

In prior years, the County entered into a contract with the Lake Moultrie WA to purchase 24% of the finished water produced by Lake Moultrie WA. The contract expires on October 2, 2027. Provisions of the contract require a deposit to reserve the capacity and to pay monthly demand (fixed) and volumetric (variable) charges. The original deposit was recognized as a deferred charge and is being amortized over the life of the contract; the remaining unamortized amount is included in other non-current assets. The County paid \$8,921,929 to Lake Moultrie WA to reserve the desired capacity. In June 2007, Segment 7 was sold to the City of Goose Creek for \$44,451, reducing the residual purchase price to \$8,877,478. During 2008, the construction to upgrade the transmission portion of the plant was completed; the County's portion of these charges totaled \$2,208,867, which increased the purchase price to \$11,086,345. Accumulated amortization at June 30, 2015 was \$6,390,588 and amortization recognized during the year was \$383,327, which is included in depreciation expense for the Water and Sewer Fund. During 2015, the Lake Moultrie WA began expansion of the water plant from 24 MGD to 40 MGD, which will increase BCWS capacity to 13.04 MGD. The construction of the project will be in two phases, the first of which started in the first quarter of 2014 with the second phase ending the third quarter of 2016. The County's portion of the estimated total cost of the project is expected to be approximately \$19,137,000. The County issued revenue bonds in the amount of \$20,340,000 to fund its portion of the plant expansion and any additional capacity purchased from other members. The County contributed approximately \$12,019,000 during the year ended June 30, 2015, which is reflected in construction in progress as of June 30, 2015 as the project was not completed.

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

<u>Fiscal Year</u>	<u>Amount</u>
2016	\$ 797,957
2017	813,956
2018	871,891
2019	902,958
2020	938,743
	<u>\$ 4,325,505</u>

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

BERKELEY COUNTY, SOUTH CAROLINA**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED JUNE 30, 2015****III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)****D. Capital Assets (Continued)***Joint Municipal Water Systems (Continued)*

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

In 2012 the Lake Marion WA lost special appropriations in the Federal Budget, thus halting further system expansion beyond that already obligated. The agency has investigated borrowing the additional monies however that option was deemed non-viable. In January 2012 the Lake Marion WA voted to use the remaining funds available for system expansion to lay pipe toward Dorchester County as opposed to Berkeley County. Based on that decision, the lack of a funding source and monthly payments of over \$15,000, the County chose to resign its membership from the Lake Marion WA. Berkeley County Council passed a resolution to withdraw on March 25, 2013. A letter forwarding the resolution to the Lake Marion WA was dated May 3, 2013. The Lake Marion WA subsequently accepted the resignation of membership but claimed the County was still required to pay obligations outlined in the Water Purchase agreement signed in 2007 as a part of membership. In response, the County filed suit in Berkeley County on October 9, 2013. Lake Marion WA filed a motion to change venue, which was denied, then appealed and denied again. In June 2015, the County Council approved a settlement resolving all legal claims with the Lake Marion WA and authorizing reinstatement of the water sales agreement. Future plans call for the Lake Marion WA to extend lines to the County to provide water for the new Volvo Plant that is currently under construction.

E. Interfund Transfers

Interfund transfers for the year ended June 30, 2015, consisted of the following:

	Transfer In	Transfer Out
General Fund	\$ 864,444	\$ 2,059,623
Capital Projects Fund	1,733,038	-
Non-major Special Revenue Funds:		
Economic Development Fund	-	399,280
National Forest Fund	13,215	351,366
Emergency Preparedness Fund	320,137	-
GIS Fund	297,007	-
EMS Equipment Fund	138	-
State Accommodations Tax Fund	-	29,461
Impact Fees Fund	-	1,233,038
Sheriff's Grants Fund	131,690	-
Miscellaneous Special Revenue Fund	-	500,000
Victims' Assistance	68,154	-
Solicitor's Grants	19,995	-
County Accommodations Tax Fund	-	143,093
Local Economic Development Fund	-	1,205,238
Airport Improvements Fund	1,239,696	-
Nexton Development	1,250	-
Parks and Recreation	732,335	-
Enterprise Funds:		
Water and Sewer	500,000	-
Total	\$ 5,921,099	\$ 5,921,099

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

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

E. Interfund Transfers (Continued)

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

In July 2009, County Council passed a resolution regarding tax revenues received from the Mt. Holly Commerce Park (reported in Miscellaneous Special Revenue Funds), stating that the General Fund will annually transfer \$500,000 in revenues collected to the Water and Sewer Fund until a total of approximately \$4,800,000 has been transferred out. As of June 30, 2015, the County had transferred a total of \$3,795,486 to the Water and Sewer Fund.

F. Unearned Revenues, Deferred Revenues, and Unavailable Revenues

The government-wide financial statements and the governmental funds recognize unearned revenues in connection with resources that have been received, but not yet earned. The balance in unearned revenue of approximately \$880,000 represents resources received in the current and prior periods, but unearned as of June 30, 2015. Government-wide financial statements and governmental funds also recognize deferred revenues in connection with resources applicable to a future period. The balance in deferred revenue (component of deferred inflows of resources) of approximately \$43,429,000 at June 30, 2015 represents property tax and stormwater fee receivables that are applicable to and will be received in future periods. In addition, governmental funds report unavailable revenue in the fund financial statements in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. The balance in unavailable revenue (component of deferred inflows of resources) of approximately \$1,129,000 at June 30, 2015 represents property tax and EMS receivables applicable to the current period, but not received within sixty days of year end.

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

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

G. Long-term Obligations

Presented below is a summary of changes in long-term obligations for the year ended June 30, 2015:

Long-Term Obligations	Beginning Balance*	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
General Obligation Bonds:					
Series 2006 Bond	\$ 7,980,000	-	7,355,000	625,000	\$ 295,000
Series 2009A Bond	9,965,000	-	100,000	9,865,000	100,000
Series 2009B Refunding and Improvement Bond	500,000	-	500,000	-	-
Series 2010 Bond	18,930,000	-	9,230,000	9,700,000	9,700,000
Series 2012 Refunding Bond	15,040,000	-	525,000	14,515,000	1,280,000
Series 2013 General Obligation Refunding Bonds	3,292,000	-	128,000	3,164,000	59,000
Series 2015 General Obligation Refunding Bonds	-	7,750,000	-	7,750,000	760,000
Subtotal	55,707,000	7,750,000	17,838,000	45,619,000	12,194,000
Premium - Series 2010 Bond	959,861	-	479,931	479,930	-
Premium - Series 2012 Bond	559,306	-	39,951	519,355	-
Premium - Series 2015 Bond	-	240,042	-	240,042	-
Total - General Obligation Bonds	57,226,167	7,990,042	18,357,882	46,858,327	12,194,000
SC Transportation Infrastructure Bank Loan	5,571,557	-	239,369	5,332,188	253,732
Compensated Absences	7,455,894	2,639,237	2,993,013	7,102,118	3,033,470
Total Governmental Activities	\$ 70,253,618	10,629,279	21,590,264	59,292,633	\$ 15,481,202
Business-Type Activities:					
Revenue Bonds:					
Series 2005A Revenue Bond - Combined Utilities	\$ 250,000	-	250,000	-	\$ -
Series 2008A Refunding Bond - Water & Sewer	35,285,000	-	585,000	34,700,000	615,000
Series 2002 Revenue Bond - Solid Waste	800,000	-	200,000	600,000	200,000
Series 2003 Refunding Bond - Solid Waste	2,545,000	-	815,000	1,730,000	850,000
Series 2005 Refunding Bond - Solid Waste	345,000	-	345,000	-	-
Series 2013 Refunding Bond - Combined Utilities	118,130,000	-	5,935,000	112,195,000	6,365,000
Series 2014 Revenue Bond - Combined Utilities	-	20,340,000	-	20,340,000	-
Subtotal	157,355,000	20,340,000	8,130,000	169,565,000	8,030,000
Premium - Series 2008A Revenue Bond - Water & Sewer	327,373	-	23,525	303,848	-
Premium - Series 2013 Refunding Bond - Combined Utilities	19,180,993	-	1,198,810	17,982,183	-
Premium - Series 2014 Refunding Bond - Combined Utilities	-	1,059,133	-	1,059,133	-
Total Revenue Bonds	176,863,366	21,399,133	9,352,335	188,910,164	8,030,000
State Revolving Fund Loan - AD Hare Rehab. - Water & Sewer	948,530	-	59,985	888,545	60,588
Notes Payable	192,377	-	142,274	50,103	50,103
Landfill Closure and Postclosure Care Cost	9,825,585	1,437,195	-	11,262,780	395,447
Compensated Absences	1,302,376	776,279	812,599	1,266,056	316,514
Total Business-Type Activities	\$ 189,132,234	23,612,607	10,367,193	202,377,648	\$ 8,852,652

*The compensated absences balances have been adjusted to reflect the reclassification of the parks and recreation and emergency telephone operations from business-type activities to governmental activities. See Note IV.N for information about the change in accounting principle.

BERKELEY COUNTY, SOUTH CAROLINA**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED JUNE 30, 2015****III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)****G. Long-term Obligations (Continued)**

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

General Obligation Bonds

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

General obligation bonds payable at June 30, 2015 are comprised of the following issues:

Title of Issues	Principal Amount Outstanding
Series 2006 General Obligation Bonds, with interest ranging from 4.00% to 6.00%, matures 2031.	\$ 625,000
Series 2009A General Obligation Bonds, with interest ranging from 3.55% to 4.75%, matures 2029.	9,865,000
Series 2010 General Obligation Bonds, with interest at 5.00%; matures 2016.	9,700,000
Series 2012 General Obligation Refunding Bonds, with interest ranging from 2.0% to 4.0%, matures 2026.	14,515,000
Series 2013 General Obligation Refunding Bonds, with interest at 30.2%; matures 2027.	3,164,000
Series 2015 General Obligation Refunding Bonds, with interest at 3.0%; matures 2031.	7,750,000
Total	<u>\$ 45,619,000</u>

In April 2015, the County issued \$7,750,000 in Series 2015 General Obligation Refunding Bonds, receiving a premium of \$240,042, and incurring bond issuance costs of \$189,119. The County placed the net proceeds of \$7,800,630 into an irrevocable trust, which will be used to redeem \$7,355,000 of the outstanding balance on the Series 2006 General Obligation Bonds maturing on September 1, 2017 through September 1, 2031. The proceeds in the trust will be used to make future debt service payments related to these bonds and redeem the bonds on September 1, 2016, the date the bonds are first callable, at a redemption price of par. The reacquisition price exceeded the net carrying amount of the old debt by \$395,700. This amount is being expensed in the current year due to immateriality. This refunding was undertaken to reduce total debt service payments over the next 17 years by an estimated \$509,681 and resulted in an economic gain of \$518,686. The refunded bonds are considered to be defeased until redemption in September 2016, and the liability has been removed from the governmental activities column of the Statement of Net Position.

Notes Payable

The County has entered into a note agreement to finance the acquisition of computer software. The interest rate on this note is 7.53% and matures in October 2015. The total outstanding principal at June 30, 2015 was \$50,103 for the County's business-type activities.

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

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

G. Long-term Obligations (Continued)

South Carolina State Drinking Water Revolving Fund Loan

The County entered into an agreement with the South Carolina State Budget and Control Board for a State Drinking Water Revolving Fund Loan in 2009 for a revised amount of \$1,253,812. The proceeds of this loan are being used to partially fund the costs to rehabilitate the AD Hare Water System. As of June 30, 2015, the outstanding balance of the loan was \$888,545 and is being repaid through quarterly payments of \$17,312 through June 2029, including interest at 1%.

Revenue Bonds

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

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

On August 23, 2010, County Council enacted Ordinance Nos. 10-08-28 and 10-08-29 (together, the "Combining Ordinances"). Ordinance No. 10-08-29 amended General Bond Ordinance No. 91-4-10 and General Bond Ordinance No. 03-03-12, each of which authorized and provided for the issuance of Water and Sewer System Revenue Bonds of the County (collectively, the "Water and Sewer Bond Ordinances"), and Ordinance No. 10-08-28 amended General Bond Ordinance No. 96-7-33, which authorized and provided for the issuance of Solid Waste System Revenue Bonds of the County (the "Solid Waste Bond Ordinance" and, together with the Water and Sewer Bond Ordinances, the "Bond Ordinances"). The amendments effected by the Combining Ordinances became effective as of November 12, 2010 (the "Effective Date"). As of June 30, 2015, the County has allocated \$7,546,950 in outstanding principal to the Solid Waste Fund.

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

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

G. Long-term Obligations (Continued)

Revenue Bonds (Continued)

Pursuant to each of the Combining Ordinances, the County (1) combined its existing water and sewer system and its existing solid waste system for purposes of the Bond Ordinances and (2) expanded the definitions of "System" (as defined in each of the Bond Ordinances) thereunder to include the County's water, sewer and solid waste system. The pledge of and lien upon "Net Revenues" (as defined in each of the Bond Ordinances) of the System, which secures indebtedness issued by the County under the Bond Ordinances, is unaffected by the effectiveness of the Combining Ordinances; however, by consent of the holders of the bonds issued pursuant to the Solid Waste Bond Ordinance which remains outstanding as of the Effective Date (the "Solid Waste Bonds"), such pledge and lien is and shall be junior and subordinate to the pledge and lien on Net Revenues securing "Bonds" (as such term is defined in the Water and Sewer Bond Ordinances) issued pursuant to the Water and Sewer Bond Ordinances. The County has further covenanted in the Bond Ordinances that it would no longer issue debt under the authority of the Solid Waste Bond Ordinance and that the Solid Waste Bonds shall constitute "Junior Bonds" (as defined in the Water and Sewer Bond Ordinances) for all purposes of the Water and Sewer Bond Ordinances.

Revenue bonds payable at June 30, 2015, are comprised of the following issues:	Outstanding Principal
Water and Sewer System Refunding Bond, Series 2008A, due June 2028, with annual principal payments ranging from \$480,000 to \$3,445,000 and interest ranging from 3.0% to 5.0%. These bonds were issued to currently redeem the outstanding Series 2006A Refunding Revenue Bonds.	\$ 34,700,000
Solid Waste System, Series 2002, due December 2017, with annual principal payments of \$200,000 and interest at 4.66%.	600,000
Solid Waste System, Refunding Revenue Bond, Series 2003, due December 2016, with annual principal payments ranging from \$300,000 to 345,000 and an interest rate of 3.95%.	1,730,000
Combined Utilities System Revenue Bond, Series 2013, due June 2030, with annual principal payments ranging from \$4,895,000 to \$13,170,000 and interest ranging from 2.0% - 5.0%.	112,195,000
Combined Utilities System Revenue Bond, Series 2014, due June 2034, with annual principal payments ranging from \$300,000 to \$3,9350,000 and interest ranging from 2.0% - 5.0%.	20,340,000
Total Revenue Bonds	\$ 169,565,000

There are numerous limitations, restrictions, and covenants contained in the various revenue bond indentures and ordinances. As of June 30, 2015, the County is in compliance with all significant restrictions and covenants, including its debt service coverage ratios for its Revenue Bonds. In 2008, County Council passed a resolution to increase the rates and fees approximately 30% for water and sewer customers, effective July 1, 2008. In addition, per the rate study that the County had conducted in the spring of 2008, additional 4% increases will be needed for each of the next three years in order for the County to continue to meet its debt coverage ratios in future years. However, County Council has not increased its rates since July 2008. The County is currently in the process of conducting an updated rate study.

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

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

G. Long-term Obligations (Continued)

South Carolina Transportation Infrastructure Bank Loan

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

Debt Service Requirements to Maturity

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

Year Ending June 30	Bonded Indebtedness		Loans and Notes Payable		Total
	Principal	Interest	Principal	Interest	
<u>Governmental Activities</u>					
2016	\$ 12,194,000	1,645,599	253,732	293,274	\$ 14,386,605
2017	1,940,000	1,119,919	268,956	278,745	3,607,620
2018	1,811,000	1,073,057	285,092	263,345	3,432,494
2019	1,930,000	1,023,162	302,200	247,021	3,502,383
2020	2,048,000	975,899	320,332	229,717	3,573,948
2021-2025	11,574,000	3,898,326	1,914,082	850,426	18,236,834
2026-2030	12,472,000	1,599,857	1,987,794	244,651	16,304,302
2031-2032	1,650,000	49,500	-	-	1,699,500
Total Governmental Activities	<u>\$ 45,619,000</u>	<u>11,385,319</u>	<u>5,332,188</u>	<u>2,407,179</u>	<u>\$ 64,743,686</u>
<u>Business-Type Activities</u>					
2016	\$ 8,030,000	2,423,887	110,691	9,444	\$ 10,574,022
2017	8,640,000	2,355,618	61,196	8,051	11,064,865
2018	8,135,000	2,307,789	61,810	7,436	10,512,035
2019	8,300,000	2,181,451	62,431	6,816	10,550,698
2020	8,675,000	2,063,551	63,057	6,189	10,807,797
2021-2025	50,095,000	8,026,794	324,909	21,324	58,468,027
2026-2030	62,830,000	4,132,038	254,554	5,121	67,221,713
2031-2034	14,860,000	1,515,000	-	-	16,375,000
Total Business-Type Activities	<u>\$ 169,565,000</u>	<u>25,006,128</u>	<u>938,648</u>	<u>64,381</u>	<u>\$ 195,574,157</u>

Landfill Closure and Postclosure Care Costs

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

BERKELEY COUNTY, SOUTH CAROLINA**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED JUNE 30, 2015****III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)****G. Long-term Obligations (Continued)***Landfill Closure and Postclosure Care Costs (Continued)*

The \$11,262,780 reported as an accrual for landfill closure and postclosure care at June 30, 2015, includes the estimated remaining liability of \$864,000 for postclosure care of the previously closed landfill site for another seventeen and a half years plus the estimated total liability less amounts paid to date for the open sites of both a subtitle D landfill as well as a C&D landfill, based on the following information:

Landfill	Estimated Remaining Landfill Life	Percentage Balance of Capacity Used	Estimated Total Costs			Remaining To Be Recognized
			Closure	Postclosure	Total	
Subtitle D Cells 1-4 (# 081001-1102)	2.0	95.0%	\$ 459,498	988,958	1,448,456	\$ 72,423
Subtitle D Cells 5-8 (# 081001-1102)	8.0	82.5%	3,899,482	2,492,988	6,392,470	1,006,814
Subtotal - Subtitle D			4,358,980	3,481,946	7,840,926	1,079,237
DPW-105 (# 081001-1101)	None	100%	-	864,000	864,000	-
C&D (#081001-1201)	5.0	95%	3,428,636	360,000	3,788,636	151,545
			<u>\$ 7,787,616</u>	<u>4,705,946</u>	<u>12,493,562</u>	<u>\$ 1,230,782</u>

These amounts are based on what it would cost to perform all closure and postclosure care as of June 30, 2015. Actual costs may be higher due to inflation, changes in technology or changes in regulations. The County provides financial assurance for closure and postclosure care costs through its ability to meet the requirements of the local government financial test as contained in SC DHEC regulations. The Subtitle D landfill site began accepting waste in July 2000.

IV. OTHER INFORMATION**A. Risk Management**

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

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

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

IV. OTHER INFORMATION (CONTINUED)

A. Risk Management (Continued)

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

B. Contingent Liabilities

Litigation

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

Sewer Pollutants

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

Grants

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

C. Deferred Compensation Plan

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

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

IV. OTHER INFORMATION (CONTINUED)

D. Retirement Plans

State Retirement Plans The County participates in the State of South Carolina's retirement plans, which are administered by the South Carolina Public Employee Benefit Authority ("PEBA"), which was created on July 1, 2012 and administers the various retirement systems and retirement programs managed by its Retirement Division. PEBA has an 11-member Board of Directors, appointed by the Governor and General Assembly leadership, which serves as co-trustee and co-fiduciary of the systems and the trust funds. By law, the Budget and Control Board, which consists of five elected officials, also reviews certain PEBA Board ("Board") decisions regarding the funding of the Systems and serves as a co-trustee of the Systems in conducting that review. PEBA issues a Comprehensive Annual Financial Report ("CAFR") containing financial statements and required supplementary information for the South Carolina Retirement Systems' Pension Trust Funds. The CAFR is publicly available on the Retirement Benefits' link on PEBA's website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, PO Box 11960, Columbia, SC 29211-1960. PEBA is considered a division of the primary government of the state of South Carolina and therefore, retirement trust fund financial information is also included in the Comprehensive Annual Financial Report of the State.

Plan Description

The South Carolina Retirement System ("SCRS"), a cost-sharing multiple-employer defined benefit pension plan, was established effective July 1, 1945, pursuant to the provisions of Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for employees of the state, its public school districts, and political subdivisions.

The South Carolina Police Officers Retirement System ("PORS"), a cost-sharing multiple-employer defined benefit pension plan, was established effective July 1, 1962, pursuant to the provisions of Section 9-11-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for police officers and firemen of the state and its political subdivisions.

Plan Membership

Membership requirements are prescribed in Title 9 of the South Carolina Code of Laws. A brief summary of the requirements under each system is presented below.

- **SCRS** - Generally, all employees of covered employers are required to participate in and contribute to the system as a condition of employment. This plan covers general employees and teachers and individuals newly elected to the South Carolina General Assembly beginning with the November 2012 general election. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012 is a Class Three member.
- **PORS** - To be eligible for PORS membership, an employee must be required by the terms of his employment, by election or appointment, to preserve public order, protect life and property, and detect crimes in the state; to prevent and control property destruction by fire; or to serve as a peace officer employed by the Department of Corrections, the Department of Juvenile Justice, or the Department of Mental Health. Probate judges and coroners may elect membership in PORS. Magistrates are required to participate in PORS for service as a magistrate. PORS members, other than magistrates and probate judges, must also earn at least \$2,000 per year and devote at least 1,600 hours per year to this work, unless exempted by statute. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012 is a Class Three member.

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

IV. OTHER INFORMATION (CONTINUED)

D. Retirement Plans (Continued)

Plan Benefits

Benefit terms are prescribed in Title 9 of the South Carolina Code of Laws. PEBA does not have the authority to establish or amend benefit terms without a legislative change in the code of laws. Key elements of the benefit calculation include the benefit multiplier, years of service, and average final compensation. A brief summary of benefit terms for each system is presented below.

- SCRS - A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 65 or with 28 years credited service regardless of age. A member may elect early retirement with reduced pension benefits payable at age 55 with 25 years of service credit. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension upon satisfying the Rule of 90 requirement that the total of the member's age and the member's creditable service equals at least 90 years. Both Class Two and Class Three members are eligible to receive a reduced deferred annuity at age 60 if they satisfy the five- or eight-year earned service requirement, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program.

The annual retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of one percent or five hundred dollars every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase. Members who retire under the early retirement provisions at age 55 with 25 years of service are not eligible for the benefit adjustment until the second July 1 after reaching age 60 or the second July 1 after the date they would have had 28 years of service credit had they not retired.

- PORS - A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 55 or with 25 years of service regardless of age. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension at age 55 or with 27 years of service regardless of age. Both Class Two and Class Three members are eligible to receive a deferred annuity at age 55 with five or eight years of earned service, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program. Accidental death benefits are also provided upon the death of an active member working for a covered employer whose death was a natural and proximate result of an injury incurred while in the performance of duty.

The retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of one percent or five hundred dollars every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase.

Plan Contributions

Contributions are prescribed in Title 9 of the South Carolina Code of Laws. The Board may increase the SCRS and PORS employer and employee contribution rates on the basis of the actuarial valuations, but any such increase may not result in a differential between the employee and employer contribution rate that exceeds 2.9 percent of earnable compensation for the SCRS and 5 percent for the PORS. An increase in the contribution rates adopted by the Board may not provide for an increase of more than one-half of one percent in any one year. If the scheduled employee and employer contributions provided in statute or the rates last adopted by the Board are insufficient to maintain a thirty year amortization schedule of the unfunded liabilities of the plans, the Board shall increase the contribution rates in equal percentage amounts for the employer and employee as necessary to maintain the thirty-year amortization period; and, this increase is not limited to one half of one percent per year.

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

IV. OTHER INFORMATION (CONTINUED)

D. Retirement Plans (Continued)

Plan Contributions (Continued)

As noted above, both employees and the County are required to contribute to the Plans at rates established and as amended by the PEBA. The County's contributions are actuarially determined but are communicated to and paid by the County as a percentage of the employees' annual eligible compensation as follows for the past three years:

	SCRS Rates			PORS Rates		
	2013	2014	2015	2013	2014	2015
Employer Rate:						
Retirement	10.45%	10.45%	10.75%	11.90%	12.44%	13.01%
Incidental Death Benefit	0.15%	0.15%	0.15%	0.20%	0.20%	0.20%
Accidental Death Contributions	0.00%	0.00%	0.00%	0.20%	0.20%	0.20%
	<u>10.60%</u>	<u>10.60%</u>	<u>10.90%</u>	<u>12.30%</u>	<u>12.84%</u>	<u>13.41%</u>
Employee Rate	<u>7.00%</u>	<u>7.50%</u>	<u>8.00%</u>	<u>7.00%</u>	<u>7.84%</u>	<u>8.41%</u>

The required contributions and percentages of amounts contributed by the County to the Plans for the past three years were as follows:

Year Ended June 30,	SCRS Contributions		PORS Contributions	
	Required	% Contributed	Required	% Contributed
2015	\$ 3,479,786	100%	\$ 1,383,165	100%
2014	3,350,297	100%	1,229,265	100%
2013	\$ 3,272,411	100%	\$ 1,107,894	100%

Eligible payrolls of the County covered under the Plans for the past three years were as follows:

Year Ended June 30,	SCRS Payroll	PORS Payroll	Total Payroll
2015	\$ 31,924,641	10,314,427	\$ 42,239,068
2014	31,604,098	9,557,629	41,161,727
2013	\$ 30,871,805	9,007,265	\$ 39,879,070

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions

The most recent annual actuarial valuation reports adopted by the PEBA Board and Budget and Control Board are as of July 1, 2013. The net pension liability of each defined benefit pension plan was therefore determined based on the July 1, 2013 actuarial valuations, using membership data as of July 1, 2013, projected forward to the end of the fiscal year, and financial information of the pension trust funds as of June 30, 2014, using generally accepted actuarial procedures. Information included in the following schedules is based on the certification provided by PEBA's consulting actuary, Gabriel, Roeder, Smith and Company.

BERKELEY COUNTY, SOUTH CAROLINA**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED JUNE 30, 2015****IV. OTHER INFORMATION (CONTINUED)****D. Retirement Plans (Continued)***Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)*

The net pension liability ("NPL") is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB No. 67 less that System's fiduciary net position. For the year ended June 30, 2014, NPL amounts and the change in NPL amounts for SCRS and PORS are as follows:

System	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Pension Liability (Asset)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
SCRS	\$ 42,955,205,796	25,738,521,026	\$ 17,216,684,770	59.92%
PORS	\$ 5,899,529,434	3,985,101,996	\$ 1,914,427,438	67.55%

At June 30, 2015, the County reported a liabilities of approximately \$59,938,000 and \$15,239,000 for its proportionate share of the net pension liabilities for the SCRS and PORS ("Plans"), respectively. The net pension liabilities were measured as of June 30, 2014, and the total pension liabilities for the Plans used to calculate the net pension liabilities were determined based on the most recent actuarial valuation report as of July 1, 2013 that was projected forward to the measurement date. The County's proportion of the net pension liabilities were based on a projection of the County's long-term share of contributions to the Plans relative to the projected contributions of all participating South Carolina state and local governmental employers, actuarially determined. At June 30, 2014, the County's SCRS proportion was .348 percent, which was equal to its proportion measured as of June 30, 2013. At June 30, 2014, the County's PORS proportion was .796 percent, which was equal to its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the County recognized pension expense of approximately \$4,201,000 and \$1,333,000 for the SCRS and PORS, respectively. At June 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
SCRS		
Differences Between Expected and Actual Experience	\$ 1,698,396	\$ -
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	5,053,224
The County's Contributions Subsequent to the Measurement Date	3,479,786	-
Total SCRS	5,178,182	5,053,224
PORS		
Differences Between Expected and Actual Experience	406,651	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	1,763,221
The County's Contributions Subsequent to the Measurement Date	1,383,165	-
Total PORS	1,789,816	1,763,221
Total SCRS and PORS	\$ 6,967,998	\$ 6,816,445

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

IV. OTHER INFORMATION (CONTINUED)

D. Retirement Plans (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

Approximately \$3,480,000 and \$1,383,000 that were reported as deferred outflows of resources related to the County's contributions subsequent to the measurement date to the SCRS and PORS, respectively, will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the SCRS and PORS will be recognized in pension expense as follows:

Year Ended June 30,	SCRS	PORS	Total
2016	\$ (737,975)	\$ (335,346)	\$ (1,073,321)
2017	(737,975)	(335,346)	(1,073,321)
2018	(737,975)	(335,346)	(1,073,321)
2019	(1,140,903)	(350,532)	(1,491,435)
Total	<u>\$ (3,354,828)</u>	<u>\$ (1,356,570)</u>	<u>\$ (4,711,398)</u>

Actuarial Assumptions and Methods

Actuarial valuations involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined during the valuation process are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. The last experience study was performed on data through June 30, 2010, and the next experience study is scheduled to be conducted after the June 30, 2015 annual valuation is complete.

The following table provides a summary of the actuarial cost method and assumptions used in the July 1, 2013, valuations for SCRS and PORS.

	SCRS	PORS
Actuarial Cost Method	Entry Age	Entry Age
Actuarial Assumptions:		
Investment Rate of Return	7.50%	7.50%
Salary Increases	Levels off at 3.5%	Levels off at 4.0%
Includes Inflation at	2.75%	2.75%
Benefit Adjustments	Lesser of 1% or \$500	Lesser of 1% or \$500

The post-retiree mortality assumption is dependent upon the member's job category and gender. This assumption includes base rates which are automatically adjusted for future improvement in mortality using published Scale AA projected from the year 2000.

BERKELEY COUNTY, SOUTH CAROLINA**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED JUNE 30, 2015**

IV. OTHER INFORMATION (CONTINUED)**D. Retirement Plans (Continued)***Actuarial Assumptions and Methods (Continued)*

Former Job Class	Males	Females
Educators and Judges	RP-2000 Males (with White Collar adjustment) multiplied by 110%	RP-2000 Females (with White Collar adjustment) multiplied by 95%
General Employees and Members of the General Assembly	RP-2000 Males multiplied by 100%	RP-2000 Females multiplied by 90%
Public Safety, Firefighters and members of the South Carolina National Guard	RP-2000 Males (with Blue Collar adjustment) multiplied by 115%	RP-2000 Females (with Blue Collar adjustment) multiplied by 115%

The long-term expected rate of return on pension plan investments for actuarial purposes is based upon the 30 year capital market outlook at the end of the third quarter 2012. The actuarial long-term expected rates of return represent best estimates of arithmetic real rates of return for each major asset class and were developed in coordination with the investment consultant for the Retirement System Investment Commission ("RSIC") using a building block approach, reflecting observable inflation and interest rate information available in the fixed income markets as well as Consensus Economic forecasts. The actuarial long-term assumptions for other asset classes are based on historical results, current market characteristics and professional judgment.

The RSIC has exclusive authority to invest and manage the retirement trust funds' assets. As co-fiduciary of the Systems, statutory provisions and governance policies allow the RSIC to operate in a manner consistent with a long-term investment time horizon. The expected real rates of investment return, along with the expected inflation rate, form the basis for the target asset allocation adopted annually by the RSIC. For actuarial purposes, the long-term expected rate of return is calculated by weighting the expected future real rates of return by the target allocation percentage and then adding the actuarial expected inflation which is summarized in the table on the following page. For actuarial purposes, the 7.50 percent assumed annual investment rate of return used in the calculation of the total pension liability includes a 4.75 percent real rate of return and a 2.75 percent inflation component.

BERKELEY COUNTY, SOUTH CAROLINA**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED JUNE 30, 2015****IV. OTHER INFORMATION (CONTINUED)****D. Retirement Plans (Continued)***Actuarial Assumptions and Methods (Continued)*

Asset Class	Target Allocation	Expected Arithmetic Real Rate of Return	Long Term Expected Portfolio Real Rate of Return
Short Term	5%		
Cash	2%	0.30%	0.01%
Short Duration	3%	0.60%	0.02%
Domestic Fixed Income	13%		
Core Fixed Income	7%	1.10%	0.08%
High Yield	2%	3.50%	0.07%
Bank Loans	4%	2.80%	0.11%
Global Fixed Income	9%		
Global Fixed Income	3%	0.80%	0.02%
Emerging Markets Debt	6%	4.10%	0.25%
Global Public Equity	31%	7.80%	2.42%
Global Tactical Asset Allocation	10%	5.10%	0.51%
Alternatives	32%		
Hedge Funds (Low Beta)	8%	4.00%	0.32%
Private Debt	7%	10.20%	0.71%
Private Equity	9%	10.20%	0.92%
Real Estate (Broad Market)	5%	5.90%	0.29%
Commodities	3%	5.10%	0.15%
Total Expected Real Return	100%		5.88%
Inflation for Actuarial Purposes			2.75%
Total Expected Nominal Return			8.63%

Discount Rate

The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS and PORS will be made based on the actuarially determined rates based on provisions in the South Carolina State Code of Laws. Based on those assumptions, each System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

IV. OTHER INFORMATION (CONTINUED)

D. Retirement Plans (Continued)

Discount Rate (Continued)

The following table presents the sensitivity of the County's proportionate share of the net pension liability of the Plans to changes in the discount rate, calculated using the discount rate of 7.5 percent, as well as what it would be if it were calculated using a discount rate that is 1% point lower (6.5 percent) or 1% point higher (8.5 percent) than the current rate:

System	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
County's proportionate share of the net pension liability of the SCRS	\$ 77,563,696	59,938,166	\$ 45,233,419
County's proportionate share of the net pension liability of the PORS	\$ 21,295,592	15,238,632	\$ 21,295,592

Plans Fiduciary Net Position

Detailed information regarding the fiduciary net position of the Plans administered by PEBA is available in the separately issued CAFR containing financial statements and required supplementary information for the SCRS and PORS. The CAFR of the Pension Trust Funds is publicly available on PEBA's Retirement Benefits' website at www.retirement.sc.gov, or a copy may be obtained by submitting a request to PEBA, PO Box 11960, Columbia, SC 29211-1960.

Payable to Plans

The County reported payables of approximately \$456,000 and \$174,000 to the PEBA as of June 30, 2015, representing required employer and employee contributions for the month of June 2015 for the SCRS and PORS, respectively. These amounts are included in Accounts Payable and Accrued Liabilities on the financial statements and were paid in July 2015.

E. Other Post-employment Benefits

Plan Description

The County sponsors a single-employer defined benefit healthcare plan (the "Plan") that provides medical and dental insurance for retirees for the duration of their lives with the exception of Water & Sanitation, which provides medical and dental insurance for retirees under the Medicare eligible age of 65. Employees who: (1) were hired prior to October 1, 2011, (2) retire having worked full-time with Berkeley County or Berkeley County Water & Sanitation for 10 consecutive years, (3) are SCRS or PORS retirement eligible with at least 20 years of service in that program are eligible for post-employment benefits. Information regarding SCRS and PORS eligibility may be found in Note IV. D. The amount the County contributes to the retirees' health insurance is approved in the annual budget. These contributions are neither guaranteed nor mandatory. The County has retained the right to unilaterally modify its payments toward retiree health care benefits at any time. The Plan does not issue a stand-alone financial report.

As of July 1, 2015, the measurement date, there were 745 covered participants, including 149 covered participants from the Water and Sanitation department, and 72 retired participants receiving benefits.

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

IV. OTHER INFORMATION (CONTINUED)

E. Other Post-employment Benefits (Continued)

Funding Policy

The County contributes a fixed dollar amount each year. In fiscal year 2015, the County contributed, on a monthly basis, up to \$175 for retiree only and retiree family healthcare coverage. For the Plan, the retiree contributes the balance between the actuarially calculated costs less the fixed dollar amount. The retiree pays 100% of the actuarially calculated dental costs.

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

Actuarial Methods and Assumptions

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

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

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

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

IV. OTHER INFORMATION (CONTINUED)

E. Other Post-employment Benefits (Continued)

Actuarial Methods and Assumptions (Continued)

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

Actuarial Valuation Date:	July 1, 2015
Actuarial Cost Method:	Projected Unit Credit
Amortization Method:	Level Dollar Method
Amortization Period:	30 Years
Actuarial Assumptions:	
Investment Rate of Return:	Discount rate of 4.0% annual return, net of both administrative and investment related expenses
Health Cost Trend:	7.25% to 4.50% in 0.25% annual steps
Coverage Elections:	80% of eligible retirees and 30% of spouses will elect to receive coverage upon retirement
Active Participant Marriage Assumption:	80% of all active employees are assumed to be married with female spouses assumed to be 3 years younger.
Mortality Table:	RP 2000 Employee Mortality Table
Implicit Rate Subsidy:	Total cost of coverage for pre-65 retirees is 50% higher than the average premium rate to account for the implicitly subsidized costs.
Changes in Actuarial Assumptions/Cost Method:	Change in healthcare plan provider.

Annual OPEB Costs and Rollforward of Net OPEB Obligation

The County implemented GASB Statement No. 45 in fiscal 2009. For 2015, the annual OPEB cost (expense) and the progression of the net OPEB obligation in the Plan for the most recent plan year (fiscal year 2015) was as follows:

1.	Net OPEB Obligation, Beginning of the Plan Year	<u>\$ 2,633,469</u>
2.	One Year's Interest on the Net OPEB Obligation	105,339
3.	ARC (Normal Cost Plus Any Amortization Payments)	333,771
4.	Adjustment to Annual Required Contribution	(146,437)
5.	Annual OPEB Cost	<u>292,673</u>
6.	Contributions Made for the Plan Year	<u>(146,337)</u>
7.	Increase (Decrease) in Net OPEB Obligation	146,336
8.	Net OPEB Obligation, End of the Plan Year	<u><u>\$ 2,779,805</u></u>

BERKELEY COUNTY, SOUTH CAROLINA**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED JUNE 30, 2015****IV. OTHER INFORMATION (CONTINUED)****E. Other Post-employment Benefits (Continued)***Schedule of Employer Contributions*

The County did not make contributions to the Plan in 2015 to pre-fund benefits; therefore, contributions only include \$115,078 made by the County through payment of covered participants' subsidized benefits and an adjustment of \$31,260 for the discharge of implicit subsidy.

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

Schedule of Employer Contributions				
Applicable to Fiscal Year Ending	Annual OPEB Cost	Annual OPEB Cost Contributed	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
June 30, 2015	\$ 292,673	146,337	50.00%	\$ 2,779,805
June 30, 2014	294,747	161,915	54.93%	2,633,469
June 30, 2013	\$ 474,114	228,581	48.21%	\$ 2,500,637

Funding Progress

Funding progress for the OPEB Plan as of June 30, 2015 is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Aggregate (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)
July 1, 2015	\$ -	2,961,758	\$ 2,961,758	0.00%

The schedule of funding progress following the Notes to the Financial Statements presents multiyear trend information regarding the actuarial value of plan assets relative to the actuarial accrued liability for benefits. As part of the approval process for the budget for the year ended June 30, 2015, the County Council approved the funding of the ARC plus the use of \$115,000 in fund balance to contribute to the OPEB Plan in addition to funding the ARC; however, no contributions were made to an irrevocable trust in the year ended June 30, 2015.

F. Concentrations of Credit Risk

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

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

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

IV. OTHER INFORMATION (CONTINUED)

G. Conduit Debt

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

As of June 30, 2015, there were twenty-three series of Special Source Revenue Bonds with an outstanding aggregate principal amount of approximately \$1.2 billion.

H. Reciprocal Interfund Transactions

During the year ended June 30, 2015, the County's General Fund charged the Water and Sewer and the Solid Waste Funds approximately \$235,000 for administrative services.

I. Property Taxes

The County is permitted under South Carolina law to levy property taxes for general governmental services and for the principal and interest on long-term debt. The County tax rate to finance general governmental services payments for the year ended June 30, 2015 was set by County Council in June 2014 for fiscal 2015 at 45.0 mills (\$4.50 per \$100 assessed valuation) for general uses and purposes of the County. Additional tax rates were applied in the year ended June 30, 2015 as follows: 50.0 mills for the Sangaree Special Tax District, 4.5 mills for debt retirement, and 1.0 mill for Cypress Gardens. The assessed valuation of properties within the County's boundaries for the 2014 tax levy year was approximately \$729.5 million, exclusive of vehicles valued at approximately \$93.6 million, according to the records of the County Auditor and Assessor.

J. Jedburg Road Improvement District

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

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

IV. OTHER INFORMATION (CONTINUED)

J. Jedburg Road Improvement District (Continued)

Principal and interest on the loans is expected to be repaid primarily with the assessments charged to the property owners in the JRID, with a portion to be financed by the County. The assessments on the properties in the JRID will be charged for a period of 20 years, beginning in fiscal 2010 through fiscal 2029, in an amount necessary to pay debt service, including principal and interest, on the loan and administrative expenses related to the JRID. The County will contribute up to \$10,000,000 to partially pay the costs of acquiring and constructing the improvements outlined in the Plan and/or to provide funds for the payment of debt service on the loan, with \$500,000 to be contributed each year for twenty years. The County used funds collected from local option sales taxes to make this contribution for fiscal 2015 and anticipates using subsequent collections of these taxes in future years to fund its annual contribution. Beginning in tax year 2009, and each following tax year through the 2028 tax year, County Council will confirm the annual payment to be collected from each parcel of assessed property in the JRID. In December 2015, County Council abolished the JRID as the outstanding debt for which the assessments had been imposed on the property within the District for the payment of the debt had been fully repaid.

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

K. Local Option Sales Tax

The County has a one percent local option sales tax ("LOST") that was approved via voter referendum in November of 1996. The South Carolina Department of Revenue ("SC DOR") collects the tax and disburses it to the County, who holds it in an agency fund. County Council allocated eighty (80%) percent of these funds to be used to offset taxpayers' County property tax liabilities for the year ended June 30, 2015. The remaining twenty (20%) of funds were allocated by County Council for capital expenditures and for general county operational expenditures.

L. Transportation Sales Tax

The County has a special one percent transportation sales tax that was approved via voter referendum in November of 2008. The tax is to be imposed for not more than seven years to fund the construction and maintenance of highways, roads, streets, bridges, and road amenities such as sidewalks, curbs, gutter repairs, and repairs to drainage facilities relating to highways, roads, streets and bridges and other transportation-related projects in the County. During the November 2014 elections, the voters of Berkeley County approved an extension to the one-cent transportation sales tax program through April 2023 or until \$230 million is collected, whichever comes first. In addition, the voters approved the issuance of up to \$150,000,000 in general obligation bonds to be payable from the one-cent transportation sales tax program. These bonds are expected to be issued no earlier than May 2016. The South Carolina Department of Revenue collects the tax and disburses it to the County. Transportation Sales Tax revenues for the year ended June 30, 2015 totaled approximately \$23,504,000.

BERKELEY COUNTY, SOUTH CAROLINA**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED JUNE 30, 2015**

IV. OTHER INFORMATION (CONTINUED)**M. Nexton Improvement District**

On September 22, 2014, County Council adopted Ordinance No. 14-28 authorizing the creation of the Nexton Improvement District ("NID"), approving and authorizing the implementation of the Improvement Plan – Nexton Improvement District (the "Plan"), providing for the financing of improvements within the NID by assessment, approving the rate and method of apportionment of assessments, approving the assessment report, and ordering the preparation of an assessment roll with a notice of the assessment sent to the property owners in the NID. The NID is located in the vicinity of the I-26 and US Highway 176 and consists of approximately 3,834 acres of mixed-use planned development, primarily consisting of residential land use. The Plan outlines various infrastructure improvements within the NID. The improvements as outlined in the Plan are expected to cost approximately \$75,140,000. The current expectation is that assessments will not be used to fund all of the potential improvements, but that assessments will be set aside to fund approximately \$58,725,000 of the uninflated cost of the improvements. The County is expected to issue one or more revenue bonds (or similar borrowings), each secured and serviced by assessments. The County may also utilize any other permitted funding source to finance the cost of some or all of the improvements. The funds for the improvements may also be obtained privately.

N. Change in Accounting Principle – Parks and Recreation and Emergency Telephone Funds

Effective July 1, 2014, the County converted its parks and recreation and emergency telephone activities from enterprise funds to special revenue funds. These changes in accounting principle resulted in adjustments to beginning fund balance of (\$502,493) and \$779,403 for the Parks and Recreation Fund and Emergency Telephone, respectively, and an adjustment to beginning net position of \$1,724,457 for the business-type activities. These amounts represent the ending net position as of June 30, 2014 adjusted for the net book value of capital assets less the compensated absences liability, as shown below, as these types of long-term assets and obligations are not reported in governmental funds. On its government-wide financial statements, the County recognized a corresponding increase to beginning net position for governmental activities and decrease for business-type activities. There was no change in total net position for the County as a result of this change.

Adjustment	Parks and Recreation Fund	Emergency Telephone Fund	Total
Ending Net Position, June 30, 2014	\$ 813,933	910,524	\$ 1,724,457
Less: Capital Assets, Net of Accumulated Depreciation	(1,455,358)	(168,405)	(1,623,763)
Add: Accrued Compensated Absences	138,932	37,284	176,216
Net Adjustments	(1,316,426)	(131,121)	(1,447,547)
Beginning Fund Balance, July 1, 2014	<u>\$ (502,493)</u>	<u>779,403</u>	<u>\$ 276,910</u>

Management believes that this new treatment is preferable because they plan to internally report and budget operations in the same manner as they do for all other governmental activities, using the modified accrual basis of accounting. In addition, a large source of revenues for both programs come from either property taxes or state revenues.

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

IV. OTHER INFORMATION (CONTINUED)

O. Subsequent Events

On July 31, 2015, Berkeley County entered into an agreement with Volvo for the construction of a new manufacturing facility in the county. The estimated total budget for the project is approximately \$200,947,000. The majority of this amount will be funded by state grants, and Berkeley County has agreed to fund approximately \$18,000,000 of the total project costs that include various infrastructure upgrades. Subsequent to June 30, 2015, the County agreed to purchase land for the project in the amount of \$5,000,000, which will be funded by the Water and Sewer Fund. The Water and Sewer Fund will ultimately be reimbursed through amounts collected through the FILOT paid by Volvo beginning three years after the completion of the project.

On July 27 2015, County Council approved ordinance 15-07-30 amending ordinance 12-04-09 to adjust the allocation of revenues generated by all joint industrial and business parks of which Berkeley County is a party or a member. The allocation of these revenues is now as follows for all fees-in-lieu paid excluding Volvo:

- One percent (1%) shall be paid to the partnering County
- Five percent (5%) shall be deposited in an economic development fund and used for economic development purposes of Berkeley County
- Thirty percent (30%) shall be retained by the County and used by the County to pay its operating expenses and its debt service payments
- Of the remaining funds, \$500,000 per year shall be allocated to Berkeley County Water and Sanitation Department until such time as a total of \$2,527,310 has been transferred and funds not to exceed \$2,000,000 per year shall be set aside for the construction of the Sheep Island Interchange with the remaining funds being paid to each taxing entity in an amount equal to the taxing entity's percentage of the millage being levied in the current tax year for property tax purposes.

All fees-in-lieu paid by Volvo will be allocated as follows:

- One percent (1%) shall be paid to the partnering County
- Five percent (5%) shall be deposited in an economic development fund and used for economic development purposes of Berkeley County
- One percent (1%) shall be paid to Berkeley County, the Berkeley County School District and each other taxing entity for which millage is levied on Volvo's facilities in Berkeley County
- The remaining funds shall be transferred first to the South Carolina Public Service Authority until such time as a total of \$6,500,000, or such lesser amount as may have been spent on the construction of the training center for Volvo and the construction of the infrastructure related to the development of the Camp Hall tract, has been transferred, and then to Berkeley County Water and Sanitation Department until such time as a total of \$5,000,000 has been transferred.
- After the transfers above have been completed, one percent (1%) of the Volvo fee-in-lieu shall be deposited in an economic development fund and used for economic development purposes of Berkeley County and thirty percent (30%) shall be retained by the County to pay its operating expenses and make its debt service payments with the remaining amounts paid to each taxing entity in an amount equal to the taxing entity's percentage of the millage being levied in the current tax year for property tax purposes.

Subsequent to year end, the County accepted an FAA Grant in the amount of approximately \$2,200,000 to clear obstructions in the Runway 5 approach.

Subsequent to year end, the County Council approved the issuance and sale of up to \$30,000,000 in Series 2015A General Obligation Bonds for various capital improvements.

REQUIRED SUPPLEMENTARY INFORMATION

BERKELEY COUNTY, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGETS AND ACTUAL - GENERAL FUND**

YEAR ENDED JUNE 30, 2015

	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL	FINAL	AMOUNTS	WITH FINAL BUDGET
REVENUES				
Property Taxes	\$ 23,104,498	23,423,768	21,308,238	\$ (2,115,530)
Fee in Lieu of Taxes	6,436,000	7,076,000	5,807,029	(1,268,971)
Local Options Sales Tax	11,677,009	11,677,009	13,272,245	1,595,236
Licenses, Fees and Permits	2,614,800	2,614,800	2,839,426	224,626
Fines, Forfeitures and Fees	8,773,833	8,773,833	8,814,335	40,502
Interest Income	50	50	6,902	6,852
Intergovernmental - Federal	201,924	219,465	222,196	2,731
Intergovernmental - State and Local	6,912,887	7,186,346	7,372,665	186,319
Miscellaneous	343,240	515,498	775,398	259,900
TOTAL REVENUES	60,064,241	61,486,769	60,418,434	(1,068,335)
EXPENDITURES				
Current:				
General Government				
Legislative	423,452	423,452	391,742	31,710
Judicial	6,467,401	6,480,987	6,150,982	330,005
Executive	316,014	394,140	361,062	33,078
Finance and Administration	13,910,142	14,865,927	13,292,332	1,573,595
Elections	525,544	548,699	562,071	(13,372)
Total General Government	21,642,553	22,713,205	20,758,189	1,955,016
Public Safety				
Sheriff	11,767,797	12,146,608	11,745,175	401,433
Crime Stoppers	2,850	2,850	2,850	-
Corrections	6,326,290	6,389,674	5,610,033	779,641
Fire	245,897	245,897	243,556	2,341
Communications	1,350,592	1,350,592	1,283,968	66,624
Emergency Medical Services	5,680,046	5,670,494	5,506,985	163,509
Coroner	416,981	470,576	429,634	40,942
Total Public Safety	25,790,453	26,276,691	24,822,201	1,454,490
Airport, Highways and Streets				
Airport	356,332	356,332	286,018	70,314
Highways and Streets	4,742,567	4,742,567	4,375,730	366,837
Fleet Management	655,065	655,065	593,840	61,225
Engineering	746,703	746,703	578,789	167,914
Total Airport, Highways and Streets	6,500,667	6,500,667	5,834,377	666,290
Culture and Recreation				
Berkeley Museum	47,500	47,500	47,500	-
Library	3,104,713	3,352,372	3,152,876	199,496
Total Culture and Recreation	\$ 3,152,213	3,399,872	3,200,376	\$ 199,496

(Continued)

BERKELEY COUNTY, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGETS AND ACTUAL - GENERAL FUND

YEAR ENDED JUNE 30, 2015

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL	ACTUAL AMOUNTS	
EXPENDITURES (CONTINUED)				
Current (Continued):				
Health and Welfare				
Health State	\$ 112,670	112,670	100,129	\$ 12,541
Mosquito Abatement	952,445	952,445	718,430	234,015
Veterans Services	169,840	169,840	170,013	(173)
Other Programs Assistance	864,846	864,846	845,787	19,059
Total Health and Welfare	2,099,801	2,099,801	1,834,359	265,442
Community Development				
Santee Cooper Country	4,750	4,750	4,750	-
Regional Development Alliance	257,873	257,872	257,872	-
BCD Council of Governments	168,951	168,951	168,951	-
Trident Tech Nursing Program	375,000	375,000	375,000	-
Total Community Development	806,574	806,573	806,573	-
Capital Outlay	705,000	854,248	805,450	48,798
TOTAL EXPENDITURES	60,697,261	62,651,057	58,061,525	4,589,532
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES				
	(633,020)	(1,164,288)	2,356,909	3,521,197
OTHER FINANCING SOURCES (USES)				
Reserved for Contingency	(29,000)	(24,000)	-	24,000
Proceeds from Disposal of Assets	10,000	10,000	6,468	(3,532)
Transfers In	856,455	856,455	864,444	7,989
Transfers Out	(1,736,960)	(2,273,648)	(2,059,623)	214,025
Total Other Financing Sources (Uses)	(899,505)	(1,431,193)	(1,188,711)	242,482
NET CHANGE IN FUND BALANCES	(1,532,525)	(2,595,481)	1,168,198	3,763,679
FUND BALANCE - Beginning of Year	16,990,647	16,990,647	16,990,647	-
FUND BALANCE - End of Year	\$ 15,458,122	14,395,166	18,158,845	\$ 3,763,679

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

BERKELEY COUNTY, SOUTH CAROLINA**REQUIRED SUPPLEMENTARY INFORMATION****OTHER POST-EMPLOYMENT BENEFIT PLAN – DEFINED BENEFIT HEALTHCARE PLAN –
SCHEDULES OF EMPLOYER CONTRIBUTIONS AND FUNDING STATUS****YEAR ENDED JUNE 30, 2015****SCHEDULE OF EMPLOYER CONTRIBUTIONS**

Applicable to Fiscal Year Ending	Annual OPEB Cost	Contribution for Fiscal Year	Annual Percentage Contributed	Net OPEB Obligation
June 30, 2015	\$ 292,673	146,337	50.00%	\$ 2,779,805
June 30, 2014	294,747	161,915	54.93%	2,633,469
June 30, 2013	474,114	228,581	48.21%	2,500,637
June 30, 2012	\$ 432,236	224,922	52.04%	\$ 2,255,104

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Aggregate (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)
July 1, 2015	\$ -	2,961,758	\$ 2,961,758	0.00%
June 30, 2013	-	3,790,374	3,790,374	0.00%
June 30, 2012	-	5,157,766	5,157,766	0.00%
June 30, 2011	\$ -	8,840,823	\$ 8,840,823	0.00%

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

BERKELEY COUNTY, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF BERKELEY COUNTY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
SOUTH CAROLINA RETIREMENT SYSTEM**

LAST TWO FISCAL YEARS

	Year Ended June 30,	
	2015	2014
Berkeley County's Proportion of the Net Pension Liability	0.34814%	0.34814%
Berkeley County's Proportionate Share of the Net Pension Liability	\$ 59,938,166	\$ 62,443,897
Berkeley County's Covered-Employee Payroll	\$ 31,604,098	\$ 30,871,805
Berkeley County's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	189.65%	202.27%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	59.919%	56.388%

Notes to Schedule:

The amounts presented for each fiscal year were determined as of June 30th of the preceding year.
Only two years of data were available; thus, only two years were presented.

BERKELEY COUNTY, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF BERKELEY COUNTY'S CONTRIBUTIONS
SOUTH CAROLINA RETIREMENT SYSTEM**

LAST TWO FISCAL YEARS

	Year Ended June 30,	
	2015	2014
Contractually Required Contribution	\$ 3,479,786	\$ 3,350,297
Contributions in Relation to the Contractually Required Contribution	3,479,786	3,350,297
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
Berkeley County's Covered-Employee Payroll	\$ 31,924,641	\$ 31,604,098
Contributions as a Percentage of Covered-Employee Payroll	10.90%	10.60%

Notes to Schedule:

Only two years of data were available; thus, only two years were presented.

BERKELEY COUNTY, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF BERKELEY COUNTY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
POLICE OFFICERS RETIREMENT SYSTEM**

LAST TWO FISCAL YEARS

	Year Ended June 30,	
	2015	2014
Berkeley County's Proportion of the Net Pension Liability	0.79599%	0.79599%
Berkeley County's Proportionate Share of the Net Pension Liability	\$ 15,238,632	\$ 16,500,633
Berkeley County's Covered-Employee Payroll	\$ 9,557,629	\$ 9,007,265
Berkeley County's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	159.44%	183.19%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	67.55%	62.98%

Notes to Schedule:

The amounts presented for each fiscal year were determined as of June 30th of the preceding year. Only two years of data were available; thus, only two years were presented.

BERKELEY COUNTY, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF BERKELEY COUNTY'S CONTRIBUTIONS
POLICE OFFICERS RETIREMENT SYSTEM**

LAST TWO FISCAL YEARS

	Year Ended June 30,	
	2015	2014
Contractually Required Contribution	\$ 1,383,165	\$ 1,229,265
Contributions in Relation to the Contractually Required Contribution	1,383,165	1,229,265
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
Berkeley County's Covered-Employee Payroll	\$ 10,314,427	\$ 9,557,629
Contributions as a Percentage of Covered-Employee Payroll	13.41%	12.86%

Notes to Schedule:

Only two years of data were available; thus, only two years were presented.

SUPPLEMENTARY INFORMATION

BERKELEY COUNTY, SOUTH CAROLINA

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2015

	DEBT SERVICE FUND	NONMAJOR SPECIAL REVENUE FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
ASSETS			
Cash and Cash Equivalents	\$ -	6,605,565	\$ 6,605,565
Receivables, Net of Allowances:			
Property Taxes	3,139,436	9,307,503	12,446,939
Accounts Receivable	-	581,832	581,832
Federal, State and Local Governments	-	990,132	990,132
Due from Other Funds	-	37,915	37,915
Inventories, at Cost	-	25,403	25,403
Prepaid Items	-	14,468	14,468
Restricted Cash and Cash Equivalents	1,619,524	9,673,971	11,293,495
TOTAL ASSETS	\$ 4,758,960	27,236,789	\$ 31,995,749
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES			
LIABILITIES			
Accounts Payable and Accrued Liabilities	\$ -	1,886,076	\$ 1,886,076
Due to Other Funds	-	266,941	266,941
Unearned Revenue	-	31,169	31,169
TOTAL LIABILITIES	-	2,184,186	2,184,186
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue	42,671	362,652	405,323
Deferred Revenue	3,060,395	8,849,651	11,910,046
TOTAL DEFERRED INFLOWS OF RESOURCES	3,103,066	9,212,303	12,315,369
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	3,103,066	11,396,489	14,499,555
FUND BALANCES			
Nonspendable:			
Inventory	-	25,403	25,403
Prepaid Items	-	14,468	14,468
Restricted for:			
Debt Service	1,655,894	-	1,655,894
Impact Fees	-	8,709,372	8,709,372
Economic Development	-	824,647	824,647
Clerk of Court	-	472,497	472,497
Grants	-	78,143	78,143
Emergency Telephone	-	1,099,639	1,099,639
Stormwater Management	-	226,674	226,674
Other	-	1,052,495	1,052,495
Committed For:			
Special Tax Districts	-	349,590	349,590
Economic Development	-	2,518,782	2,518,782
Geographic Information Systems	-	128,365	128,365
Parks and Recreation	-	310,692	310,692
Assigned for:			
Public Safety	-	29,533	29,533
TOTAL FUND BALANCES	1,655,894	15,840,300	17,496,194
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 4,758,960	27,236,789	\$ 31,995,749

BERKELEY COUNTY, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2015

	DEBT SERVICE FUND	NONMAJOR SPECIAL REVENUE FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
REVENUES			
Property Taxes	\$ 3,228,248	1,951,099	\$ 5,179,347
Accommodations Taxes	-	593,974	593,974
Fee in Lieu of Taxes	445,942	1,952,387	2,398,329
Fines, Forfeitures and Fees	-	8,500,868	8,500,868
Interest Income	134	3,013	3,147
Local Revenue	-	656,093	656,093
Intergovernmental - Federal	-	1,633,694	1,633,694
Intergovernmental - State and Local	-	1,933,285	1,933,285
Miscellaneous	-	244,457	244,457
TOTAL REVENUES	3,674,324	17,468,870	21,143,194
EXPENDITURES			
Current:			
General Government	-	1,203,647	1,203,647
Public Safety	-	6,074,862	6,074,862
Airport, Highways and Streets	-	991,383	991,383
Culture and Recreation	-	1,259,804	1,259,804
Community Development	-	2,748,285	2,748,285
Capital Outlay	-	2,495,378	2,495,378
Debt Service:			
Principal Retirement	1,253,000	-	1,253,000
Interest and Fiscal Charges	1,324,143	-	1,324,143
Debt Issuance Costs	189,119	-	189,119
TOTAL EXPENDITURES	2,766,262	14,773,359	17,539,621
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	908,062	2,695,511	3,603,573
OTHER FINANCING SOURCES (USES)			
Premium on Issuance of Debt	240,042	-	240,042
Proceeds from Issuance of Refunding Debt	7,750,000	-	7,750,000
Deposits to Debt Refunding Agent	(7,800,630)	-	(7,800,630)
Transfers In	-	2,823,617	2,823,617
Transfers Out	-	(3,861,476)	(3,861,476)
TOTAL OTHER FINANCING SOURCES (USES)	189,412	(1,037,859)	(848,447)
NET CHANGE IN FUND BALANCES	1,097,474	1,657,652	2,755,126
FUND BALANCE - Beginning of Year	558,420	13,905,738	14,464,158
Restatement due to Accounting Change	-	276,910	276,910
FUND BALANCE, Beginning of Year - Restated	558,420	14,182,648	14,741,068
FUND BALANCE - End of Year	\$ 1,655,894	15,840,300	\$ 17,496,194

BERKELEY COUNTY, SOUTH CAROLINA

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2015

	ECONOMIC DEVELOPMENT	NATIONAL FOREST	EMERGENCY PREPAREDNESS
ASSETS			
Cash and Cash Equivalents	\$ -	-	-
Receivables, Net of Allowances:			
Property Taxes	-	-	-
Accounts Receivable	-	-	-
Federal, State and Local Governments	-	-	35,095
Due from Other Funds	-	-	-
Inventories, At Cost	-	-	-
Prepaid Items	-	-	-
Restricted Cash and Cash Equivalents	824,647	-	-
TOTAL ASSETS	824,647	-	35,095
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES			
LIABILITIES			
Accounts Payable and Accrued Liabilities	-	-	13,692
Due to Other Funds	-	-	21,403
Unearned Revenue	-	-	-
TOTAL LIABILITIES	-	-	35,095
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue	-	-	-
Deferred Revenue	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	-	-	-
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	-	-	35,095
FUND BALANCES			
Nonspendable:			
Inventories	-	-	-
Prepaid Items	-	-	-
Restricted For:			
Impact Fees	-	-	-
Economic Development	824,647	-	-
Clerk of Court	-	-	-
Grants	-	-	-
Emergency Telephone	-	-	-
Stormwater Management	-	-	-
Other	-	-	-
Committed For:			
Special Tax Districts	-	-	-
Economic Development	-	-	-
Geographic Information Systems	-	-	-
Parks and Recreation	-	-	-
Assigned For:			
Public Safety	-	-	-
TOTAL FUND BALANCES	824,647	-	-
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 824,647	-	35,095

GIS	STORM WATER MANAGEMENT	HIGHWAY "C" FUNDS	EMS EQUIPMENT
94,223	377,972	54,993	\$ -
-	2,407,593	-	-
-	-	-	-
52,759	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
146,982	2,785,565	54,993	-
18,617	172,088	54,993	-
-	-	-	-
-	-	-	-
18,617	172,088	54,993	-
-	60,390	-	-
-	2,326,413	-	-
-	2,386,803	-	-
18,617	2,558,891	54,993	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	226,674	-	-
-	-	-	-
-	-	-	-
-	-	-	-
128,365	-	-	-
-	-	-	-
-	-	-	-
128,365	226,674	-	-
146,982	2,785,565	54,993	\$ -

(Continued)

BERKELEY COUNTY, SOUTH CAROLINA

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2015

	CLERK OF COURT	STATE ACCOMMODATIONS TAX	IMPACT FEES
ASSETS			
Cash and Cash Equivalents	\$ 433,875	-	-
Receivables, Net of Allowances:			
Property Taxes	-	-	-
Accounts Receivable	-	-	-
Federal, State and Local Governments	76,950	41,452	-
Due from Other Funds	-	-	-
Inventories, At Cost	-	-	-
Prepaid Items	-	-	-
Restricted Cash and Cash Equivalents	-	-	8,709,372
TOTAL ASSETS	510,825	41,452	8,709,372
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES			
LIABILITIES			
Accounts Payable and Accrued Liabilities	38,328	39,379	-
Due to Other Funds	-	2,073	-
Unearned Revenue	-	-	-
TOTAL LIABILITIES	38,328	41,452	-
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue	-	-	-
Deferred Revenue	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	-	-	-
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	38,328	41,452	-
FUND BALANCES			
Nonspendable:			
Inventories	-	-	-
Prepaid Items	-	-	-
Restricted For:			
Impact Fees	-	-	8,709,372
Economic Development	-	-	-
Clerk of Court	472,497	-	-
Grants	-	-	-
Emergency Telephone	-	-	-
Stormwater Management	-	-	-
Other	-	-	-
Committed For:			
Special Tax Districts	-	-	-
Economic Development	-	-	-
Geographic Information Systems	-	-	-
Parks and Recreation	-	-	-
Assigned For:			
Public Safety	-	-	-
TOTAL FUND BALANCES	472,497	-	8,709,372
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 510,825	41,452	8,709,372

SHERIFF'S GRANTS	MISCELLANEOUS SPECIAL REVENUE	VICTIMS' ASSISTANCE	SOLICITOR'S GRANTS
90,949	879,073	3,722	\$ -
-	-	-	-
765	20,399	10,867	-
33,767	-	-	105,998
-	-	-	-
-	-	-	-
408	-	-	-
-	138,702	-	-
125,889	1,038,174	14,589	105,998
46,937	2	14,589	12,539
-	37,915	-	93,459
29,224	-	-	-
76,161	37,917	14,589	105,998
-	-	-	-
-	-	-	-
-	-	-	-
76,161	37,917	14,589	105,998
-	-	-	-
408	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
19,787	-	-	-
-	-	-	-
-	-	-	-
-	1,000,257	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
29,533	-	-	-
49,728	1,000,257	-	-
125,889	1,038,174	14,589	\$ 105,998

(Continued)

BERKELEY COUNTY, SOUTH CAROLINA

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2015

	COUNTY ACCOMMODATIONS TAX	LOCAL ECONOMIC DEVELOPMENT	AIRPORT IMPROVEMENTS
ASSETS			
Cash and Cash Equivalents	\$ 140,914	2,497,105	-
Receivables, Net of Allowances:			
Property Taxes	-	833,738	-
Accounts Receivable	73,336	-	10,522
Federal, State and Local Governments	-	-	340,028
Due from Other Funds	-	37,915	-
Inventories, At Cost	-	-	-
Prepaid Items	-	-	-
Restricted Cash and Cash Equivalents	-	-	-
TOTAL ASSETS	214,250	3,368,758	350,550
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES			
LIABILITIES			
Accounts Payable and Accrued Liabilities	171,400	16,238	281,309
Due to Other Funds	42,850	-	69,241
Unearned Revenue	-	-	-
TOTAL LIABILITIES	214,250	16,238	350,550
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue	-	-	-
Deferred Revenue	-	833,738	-
TOTAL DEFERRED INFLOWS OF RESOURCES	-	833,738	-
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	214,250	849,976	350,550
FUND BALANCES			
Nonspendable:			
Inventories	-	-	-
Prepaid Items	-	-	-
Restricted For:			
Impact Fees	-	-	-
Economic Development	-	-	-
Clerk of Court	-	-	-
Grants	-	-	-
Emergency Telephone	-	-	-
Stormwater Management	-	-	-
Other	-	-	-
Committed For:			
Special Tax Districts	-	-	-
Economic Development	-	2,518,782	-
Geographic Information Systems	-	-	-
Parks and Recreation	-	-	-
Assigned For:			
Public Safety	-	-	-
TOTAL FUND BALANCES	-	2,518,782	-
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 214,250	3,368,758	350,550

REGIONAL DISASTER PLANNING GRANT	SANGAREE SPECIAL TAX DISTRICT	NEXTON DEVELOPMENT	PIMLICO SPECIAL TAX DISTRICT	TALL PINES SPECIAL TAX DISTRICT
-	374,755	-	-	\$ -
-	934,664	-	27,858	75,969
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	1,250	-	-
-	1,309,419	1,250	27,858	75,969
-	37,273	-	25	250
-	-	-	-	-
-	-	-	-	-
-	37,273	-	25	250
-	11,666	-	50	700
-	910,890	-	27,783	75,019
-	922,556	-	27,833	75,719
-	959,829	-	27,858	75,969
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	1,250	-	-
-	349,590	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	349,590	1,250	-	-
-	1,309,419	1,250	27,858	\$ 75,969

(Continued)

BERKELEY COUNTY, SOUTH CAROLINA

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2015

	DEVON FOREST SPECIAL TAX DISTRICT	SPECIAL COUNTY TAX DISTRICT	LAKE MOULTRIE PARK
ASSETS			
Cash and Cash Equivalents	\$ -	491,847	58,356
Receivables, Net of Allowances:			
Property Taxes	59,108	4,272,261	-
Accounts Receivable	-	-	-
Federal, State and Local Governments	-	-	-
Due from Other Funds	-	-	-
Inventories, At Cost	-	-	-
Prepaid Items	-	-	-
Restricted Cash and Cash Equivalents	-	-	-
TOTAL ASSETS	59,108	4,764,108	58,356
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES			
LIABILITIES			
Accounts Payable and Accrued Liabilities	70	545,711	-
Due to Other Funds	-	-	-
Unearned Revenue	-	-	-
TOTAL LIABILITIES	70	545,711	-
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue	165	280,086	-
Deferred Revenue	58,873	3,938,311	-
TOTAL DEFERRED INFLOWS OF RESOURCES	59,038	4,218,397	-
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	59,108	4,764,108	-
FUND BALANCES			
Nonspendable:			
Inventories	-	-	-
Prepaid Items	-	-	-
Restricted For:			
Impact Fees	-	-	-
Economic Development	-	-	-
Clerk of Court	-	-	-
Grants	-	-	58,356
Emergency Telephone	-	-	-
Stormwater Management	-	-	-
Other	-	-	-
Committed For:			
Special Tax Districts	-	-	-
Economic Development	-	-	-
Geographic Information Systems	-	-	-
Parks and Recreation	-	-	-
Assigned For:			
Public Safety	-	-	-
TOTAL FUND BALANCES	-	-	58,356
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 59,108	4,764,108	58,356

LEGAL FORFEITURE PROCEEDS	VOLVO CAR CORPORATION	PARKS AND RECREATION	EMERGENCY TELEPHONE	TOTAL SPECIAL REVENUE FUNDS
50,990	-	355,857	700,934	\$ 6,605,565
-	-	696,312	-	9,307,503
-	366,701	-	99,242	581,832
-	-	-	304,083	990,132
-	-	-	-	37,915
-	-	25,403	-	25,403
-	-	-	14,060	14,468
-	-	-	-	9,673,971
50,990	366,701	1,077,572	1,118,319	27,236,789
2	366,701	51,313	4,620	1,886,076
-	-	-	-	266,941
-	-	1,945	-	31,169
2	366,701	53,258	4,620	2,184,186
-	-	9,595	-	362,652
-	-	678,624	-	8,849,651
-	-	688,219	-	9,212,303
2	366,701	741,477	4,620	11,396,489
-	-	25,403	-	25,403
-	-	-	14,060	14,468
-	-	-	-	8,709,372
-	-	-	-	824,647
-	-	-	-	472,497
-	-	-	-	78,143
-	-	-	1,099,639	1,099,639
-	-	-	-	226,674
50,988	-	-	-	1,052,495
-	-	-	-	349,590
-	-	-	-	2,518,782
-	-	-	-	128,365
-	-	310,692	-	310,692
-	-	-	-	29,533
50,988	-	336,095	1,113,699	15,840,300
50,990	366,701	1,077,572	1,118,319	\$ 27,236,789

BERKELEY COUNTY, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2015

	ECONOMIC DEVELOPMENT	NATIONAL FOREST	EMERGENCY PREPAREDNESS
REVENUES			
Property Taxes	\$ -	-	-
Accommodations Taxes	-	-	-
Fee in Lieu of Taxes	-	-	-
Fines, Forfeitures and Fees	-	-	-
Interest Income	-	-	-
Local Revenue	-	-	-
Intergovernmental - Federal	-	365,239	105,152
Intergovernmental - State and Local	293,450	-	947
Miscellaneous	25,000	-	992
TOTAL REVENUES	318,450	365,239	107,091
EXPENDITURES			
Current:			
General Government	-	-	-
Public Safety	-	-	427,228
Airport, Highways and Streets	-	-	-
Culture and Recreation	-	28,273	-
Community Development	320,450	-	-
Capital Outlay	-	-	-
TOTAL EXPENDITURES	320,450	28,273	427,228
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,000)	336,966	(320,137)
OTHER FINANCING SOURCES (USES)			
Transfers In	-	13,215	320,137
Transfers Out	(399,280)	(351,366)	-
TOTAL OTHER FINANCING SOURCES (USES)	(399,280)	(338,151)	320,137
NET CHANGE IN FUND BALANCES	(401,280)	(1,185)	-
FUND BALANCE - Beginning of Year	1,225,927	1,185	-
Restatement Due to Accounting Change	-	-	-
FUND BALANCE, Beginning of Year - Restated	1,225,927	1,185	-
FUND BALANCE - End of Year	\$ 824,647	-	-

GIS	STORM WATER MANAGEMENT	HIGHWAY "C" FUNDS	EMS EQUIPMENT
-	1,215	-	\$ -
-	-	-	-
-	-	-	-
16,037	1,689,935	-	-
-	-	-	-
134,039	-	-	-
-	-	-	-
52,759	-	768,215	16,142
-	-	-	-
202,835	1,691,150	768,215	16,142
432,281	-	-	-
-	-	-	7,476
-	623,325	1,357	-
-	-	-	-
-	-	-	-
9,907	17,995	766,858	8,804
442,188	641,320	768,215	16,280
(239,353)	1,049,830	-	(138)
297,007	-	-	138
-	-	-	-
297,007	-	-	138
57,654	1,049,830	-	-
70,711	(823,156)	-	-
-	-	-	-
70,711	(823,156)	-	-
128,365	226,674	-	\$ -

(Continued)

BERKELEY COUNTY, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2015

	CLERK OF COURT	STATE ACCOMMODATIONS TAX	IMPACT FEES
REVENUES			
Property	\$ -	-	-
Accommodations	-	-	-
Fee in Lieu of Taxes	-	-	-
Fines, Forfeitures and Fees	-	-	1,023,490
Interest Income	-	-	2,729
Local Revenue	-	-	-
Intergovernmental - Federal	517,377	-	-
Intergovernmental - State and Local	-	114,229	-
Miscellaneous	-	-	-
TOTAL REVENUES	517,377	114,229	1,026,219
EXPENDITURES			
Current:			
General Government	497,649	-	13,126
Public Safety	-	-	-
Airport, Highways and Streets	-	-	-
Culture and Recreation	-	-	-
Community Development	-	84,768	-
Capital Outlay	46,133	-	-
TOTAL EXPENDITURES	543,782	84,768	13,126
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(26,405)	29,461	1,013,093
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	-	(29,461)	(1,233,038)
TOTAL OTHER FINANCING SOURCES (USES)	-	(29,461)	(1,233,038)
NET CHANGE IN FUND BALANCES	(26,405)	-	(219,945)
FUND BALANCE - Beginning of Year	498,902	-	8,929,317
Restatement Due to Accounting Change	-	-	-
FUND BALANCE, Beginning of Year - Restated	498,902	-	8,929,317
FUND BALANCE - End of Year	\$ 472,497	-	8,709,372

SHERIFF'S GRANTS	MISCELLANEOUS SPECIAL REVENUE	VICTIMS' ASSISTANCE	SOLICITOR'S GRANTS
-	-	-	\$ -
-	-	-	-
-	500,000	-	-
13,427	520,236	184,252	-
-	284	-	-
481,104	40,950	-	-
106,410	-	-	187,865
-	-	-	-
-	178,634	-	-
600,941	1,240,104	184,252	187,865
-	52,557	-	207,860
734,432	297,407	252,406	-
-	-	-	-
-	-	-	-
-	-	-	-
-	79,317	-	-
734,432	429,281	252,406	207,860
(133,491)	810,823	(68,154)	(19,995)
131,690	-	68,154	19,995
-	(500,000)	-	-
131,690	(500,000)	68,154	19,995
(1,801)	310,823	-	-
51,529	689,434	-	-
-	-	-	-
51,529	689,434	-	-
49,728	1,000,257	-	\$ -

(Continued)

BERKELEY COUNTY, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2015

	COUNTY ACCOMMODATIONS TAX	LOCAL ECONOMIC DEVELOPMENT	AIRPORT IMPROVEMENTS
REVENUES			
Property	\$ -	143,838	-
Accommodations	593,974	-	-
Fee in Lieu of Taxes	-	1,413,523	-
Fines, Forfeitures and Fees	-	-	-
Interest Income	-	-	-
Local Revenue	-	-	-
Intergovernmental - Federal	-	-	301,651
Intergovernmental - State and Local	-	-	16,759
Miscellaneous	-	5,243	-
TOTAL REVENUES	593,974	1,562,604	318,410
EXPENDITURES			
Current:			
General Government	-	-	-
Public Safety	-	-	-
Airport, Highways and Streets	-	-	-
Culture and Recreation	-	-	-
Community Development	450,881	532,152	-
Capital Outlay	-	-	1,558,106
TOTAL EXPENDITURES	450,881	532,152	1,558,106
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	143,093	1,030,452	(1,239,696)
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	1,239,696
Transfers Out	(143,093)	(1,205,238)	-
TOTAL OTHER FINANCING SOURCES (USES)	(143,093)	(1,205,238)	1,239,696
NET CHANGE IN FUND BALANCES	-	(174,786)	-
FUND BALANCE - Beginning of Year	-	2,693,568	-
Restatement Due to Accounting Change	-	-	-
FUND BALANCE, Beginning of Year - Restated	-	2,693,568	-
FUND BALANCE - End of Year	\$ -	2,518,782	-

REGIONAL DISASTER PLANNING GRANT	SANGAREE SPECIAL TAX DISTRICT	NEXTON DEVELOPMENT	PIMLICO SPECIAL TAX DISTRICT	TALL PINES SPECIAL TAX DISTRICT
-	1,097,570	-	-	\$ -
-	-	-	-	-
-	217	-	-	-
-	-	-	28,600	76,400
-	-	-	-	-
-	-	-	-	-
50,000	-	-	-	-
-	-	-	-	-
-	5,699	-	-	-
50,000	1,103,486	-	28,600	76,400
-	-	-	-	-
50,000	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	1,212,699	-	28,600	76,400
-	-	-	-	-
50,000	1,212,699	-	28,600	76,400
-	(109,213)	-	-	-
-	-	1,250	-	-
-	-	-	-	-
-	-	1,250	-	-
-	(109,213)	1,250	-	-
-	458,803	-	-	-
-	-	-	-	-
-	458,803	-	-	-
-	349,590	1,250	-	\$ -

(Continued)

BERKELEY COUNTY, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2015

	DEVON FOREST SPECIAL TAX DISTRICT	SPECIAL COUNTY TAX DISTRICT	LAKE MOULTRIE PARK
REVENUES			
Property	\$ -	-	-
Accommodations	-	-	-
Fee in Lieu of Taxes	-	-	-
Fines, Forfeitures and Fees	42,335	3,823,385	-
Interest Income	-	-	-
Local Revenue	-	-	-
Intergovernmental - Federal	-	-	-
Intergovernmental - State and Local	-	-	-
Miscellaneous	-	-	-
TOTAL REVENUES	42,335	3,823,385	-
EXPENDITURES			
Current:			
General Government	-	-	-
Public Safety	-	3,823,385	-
Airport, Highways and Streets	-	-	-
Culture and Recreation	-	-	-
Community Development	42,335	-	-
Capital Outlay	-	-	-
TOTAL EXPENDITURES	42,335	3,823,385	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	-
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-
NET CHANGE IN FUND BALANCES	-	-	-
FUND BALANCE - Beginning of Year	-	-	58,356
Restatement Due to Accounting Change	-	-	-
FUND BALANCE, Beginning of Year - Restated	-	-	58,356
FUND BALANCE - End of Year	\$ -	-	58,356

LEGAL FORFEITURE PROCEEDS	VOLVO CAR CORPORATION	PARKS AND RECREATION	EMERGENCY TELEPHONE	TOTAL SPECIAL REVENUE FUNDS
-	-	708,476	-	\$ 1,951,099
-	-	-	-	593,974
-	-	38,647	-	1,952,387
-	-	561,783	520,988	8,500,868
-	-	-	-	3,013
-	-	-	-	656,093
-	-	-	-	1,633,694
-	366,701	-	304,083	1,933,285
-	-	28,878	11	244,457
-	366,701	1,337,784	825,082	17,468,870
174	-	-	-	1,203,647
-	-	-	482,528	6,074,862
-	366,701	-	-	991,383
-	-	1,231,531	-	1,259,804
-	-	-	-	2,748,285
-	-	-	8,258	2,495,378
174	366,701	1,231,531	490,786	14,773,359
(174)	-	106,253	334,296	2,695,511
-	-	732,335	-	2,823,617
-	-	-	-	(3,861,476)
-	-	732,335	-	(1,037,859)
(174)	-	838,588	334,296	1,657,652
51,162	-	-	-	13,905,738
-	-	(502,493)	779,403	276,910
51,162	-	(502,493)	779,403	14,182,648
50,988	-	336,095	1,113,699	\$ 15,840,300

BERKELEY COUNTY, SOUTH CAROLINA

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

JUNE 30, 2015

	CLERK OF COURT	MASTER IN EQUITY	TAX COLLECTOR
ASSETS			
Cash and Cash Equivalents	\$ 3,014,701	275,865	3,151,385
Investments	-	-	-
Receivables:			
Accounts Receivable	-	-	-
TOTAL ASSETS	3,014,701	275,865	3,151,385
LIABILITIES			
Due to School District	-	-	-
Due to Other Designated Recipients	3,014,701	275,865	3,151,385
TOTAL LIABILITIES	\$ 3,014,701	275,865	3,151,385

SHERIFF	MAGISTRATES	TREASURER	"C" FUNDS ADMINISTRATION	TOTALS
323,085	173,580	26,444,215	9,392,691	\$ 42,775,522
-	-	1,999,943	-	1,999,943
-	-	1,290,242	231,513	1,521,755
323,085	173,580	29,734,400	9,624,204	46,297,220
-	-	19,238,520	-	19,238,520
323,085	173,580	10,495,880	9,624,204	27,058,700
323,085	173,580	29,734,400	9,624,204	\$ 46,297,220

BERKELEY COUNTY, SOUTH CAROLINA

SUPPLEMENTAL SCHEDULE OF FINES, ASSESSMENTS, AND SURCHARGES COLLECTED

JUNE 30, 2015

	<u>TOTAL COLLECTIONS</u>	<u>REMITTANCE TO STATE</u>	<u>RETAINED BY COUNTY</u>	<u>GENERAL FUND</u>	<u>VICTIMS' ASSISTANCE</u>	<u>TOTAL COUNTY REVENUES</u>
MAGISTRATES						
Fines:						
Traffic/Criminal	\$ 648,801	10,069	638,732	638,732	-	\$ 638,732
Wildlife/Littering	20,914	20,914	-	-	-	-
DUI/DUS	42,538	42,538	-	-	-	-
Fees	443,046	53,787	389,259	389,119	140	389,259
Assessments	765,480	689,496	75,984	-	75,984	75,984
Surcharges	334,941	289,894	45,047	-	45,047	45,047
Total Magistrates	<u>2,255,720</u>	<u>1,106,698</u>	<u>1,149,022</u>	<u>1,027,851</u>	<u>121,171</u>	<u>1,149,022</u>
CLERK OF COURT						
Fines:						
General Sessions	53,601	17,910	35,691	35,691	-	35,691
DUI/DUS	2,111	2,111	-	-	-	-
Fees	1,574,213	940,021	634,192	634,192	-	634,192
Assessments	60,595	46,625	13,970	-	13,970	13,970
Surcharges	65,168	16,057	49,111	-	49,111	49,111
Total Clerk of Court	<u>1,755,688</u>	<u>1,022,724</u>	<u>732,964</u>	<u>669,883</u>	<u>63,081</u>	<u>732,964</u>
TOTAL MAGISTRATES AND CLERK OF COURT	<u><u>\$ 4,011,408</u></u>	<u><u>2,129,422</u></u>	<u><u>1,881,986</u></u>	<u><u>1,697,734</u></u>	<u><u>184,252</u></u>	<u><u>\$ 1,881,986</u></u>

COMPLIANCE SECTION

BERKELEY COUNTY, SOUTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2015

FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANT / CONTRACT NUMBER	FEDERAL EXPENDITURES
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Passed through South Carolina Office of the Governor - Division of Economic Development/ Community Development Block Grant			
Local Planning Assistance	14.228	4-RP-13-001	\$ 50,000
Regional Disaster Planning - COG:			
Horseshoe Drive/Bonneau Beach Water Project	14.228	4-CI-14-001	14,475
St. Stephen Library Renovation	14.228	4-CE-11-002	175,239
Total U.S. Department of Housing and Urban Development			239,714
U.S. INSTITUTE OF MUSEUM AND LIBRARY SERVICES			
Passed through South Carolina State Library:			
LSTA Project IID: Summer Reading Initiative	45.310	IID-13-108	816
LSTA Project IID: E21SC Makerspace Travel	45.310	IID-13-E215SC-03	1,000
LSTA Project IID: Conference Attendance Grant	45.310	IIIA-14-11	692
LSTA Project IID: Summer Reading Program Resource	45.310	IID-14-131	1,000
LSTA Project IID: Conference Attendance Grant	45.310	IIIA-14-20	1,000
Total U.S. Institute of Museum and Library Services			4,508
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through South Carolina Department of Social Services:			
Child Support Enforcement IV-D Transaction Reimbursement	93.563	G1501SC1401	449,790
Child Support Enforcement IV-D Incentive Payment	93.563	G1501SC1401	49,388
Child Support Enforcement IV-D Service of Process	93.563	G1501SC1401	18,200
Clerk of Court - Filing Fees	93.563	G1501SC1401	22,484
Sheriff's Department	93.563	G1501SC1401	5,396
Federal Financial Participation, Passed Through South Carolina Department of Social Services -			
Administration for Children and Families			
Family Preservation (CWS-Part II)	93.556	G1510SCFPSS	347
Temporary Assistance for Needy Families - TANF Block Grant	93.558	G1502SCTANF	39,453
Child Support Enforcement	93.563	G1501SC1401	63
Child Care Development Fund	93.596	G1501SCCCDF	363
Title IV-E Foster Care	93.658	G1501SC1401	21,243
Social Services Block Grant	93.667	GS1302SCSOSR	14,104
Center for Medicare and Medicare Services			
Medicaid Programs	93.778	n/a	30,514
Total U.S. Department of Health and Human Services			\$ 651,345

(Continued)

BERKELEY COUNTY, SOUTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2015

FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANT / CONTRACT NUMBER	FEDERAL EXPENDITURES
U.S. DEPARTMENT OF TRANSPORTATION			
Direct Programs			
Federal Aviation Administration - Airport Improvement Program	20.106	3-45-0041-019-2013	\$ 39,589
Federal Aviation Administration - Airport Improvement Program	20.106	3-45-0041-020-2014	243,909
Federal Aviation Administration - Airport Improvement Program	20.106	3-45-0041-020-2015	18,153
			<u>301,651</u>
Passed Through South Carolina Public Safety			
Highway Safety - DUI	20.601	K8-2014-HS-33-14	11,828
Highway Safety - DUI	20.601	K8-2015-HS-33-15	49,073
			<u>60,901</u>
Total U.S. Department of Transportation			<u>362,552</u>
U.S. DEPARTMENT OF AGRICULTURE			
Passed Through South Carolina State Treasurer			
National Forest Fund	10.665	n/a	365,239
Passed Through South Carolina Department of Social Services			
USDA Food Nutrition Services			
State Administration Matching Grant Food Stamp Program and Food Stamp Fraud	10.561	5SC400407	43,860
Total U.S. Department of Agriculture			<u>409,099</u>
U.S. DEPARTMENT OF HOMELAND SECURITY			
Passed Through Adjutant General's Office			
Disaster Grants - Public Assistance	97.036	FEMA-4166-DR-SC	4,394,932
Local Emergency Management Performance	97.042	13LEMPG01	24,722
Local Emergency Management Performance	97.042	14LEMPG01	80,430
			<u>4,500,084</u>
Total U.S. Department of Homeland Security			<u>4,500,084</u>
U.S. DEPARTMENT OF JUSTICE			
Direct Programs			
Edward Byrne Memorial Justice Assistance Grant	16.738	2011-DJ-BX-2139	5,282
Edward Byrne Memorial Justice Assistance Grant	16.738	2013-DJ-BX-0322	25,055
Edward Byrne Memorial Justice Assistance Grant	16.738	2014-DJ-BX-0561	9,776
			<u>\$ 40,113</u>

(Continued)

BERKELEY COUNTY, SOUTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2015

FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANT / CONTRACT NUMBER	FEDERAL EXPENDITURES
U.S. DEPARTMENT OF JUSTICE (CONTINUED)			
Passed Through South Carolina Public Safety			
Juvenile Crimes Prosecutor	16.738	2013-MU-BX-0007	\$ 68,977
Drug and Violent Crimes Attorney and Investigator	16.738	2010-DJ-BX-0088	118,888
Total U.S. Department of Justice			227,978
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 6,395,280

See accompanying notes to the schedule of expenditures of federal awards.

BERKELEY COUNTY, SOUTH CAROLINA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2015

Basis of Presentation

- A. The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Berkeley County, South Carolina and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the financial statements. Expenditures for federal financial assistance awarded directly from the federal agencies, as well as those passed through other government agencies, are included on the Schedule of Expenditures of Federal Awards. The non-federal share of certain program costs and loans are not included in the accompanying Schedule of Expenditures of Federal Awards. Of the federal expenditures presented in the accompanying schedule, the County provided federal awards of \$50,000 to sub-recipients from the CDBG Local Planning Assistance Grant.

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Berkeley County, South Carolina (the "County") as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated January 11, 2016.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



Greene, Finney & Horton, LLP
Mauldin, South Carolina
January 11, 2016

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

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major Federal Program

We have audited Berkeley County, South Carolina's (the "County") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2015. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

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

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

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

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

A handwritten signature in cursive script that reads "Greene, Finney & Horton LLP".

Greene, Finney & Horton, LLP
Mauldin, South Carolina
January 11, 2016

BERKELEY COUNTY, SOUTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2015

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

Federal Awards

Internal control over major programs:

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

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

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

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
97.036	Disaster Grants - Public Assistance

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

No matters to report.

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

No matters to report.

BERKELEY COUNTY, SOUTH CAROLINA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2015

There were no prior audit findings related to federal awards.