JASPER COUNTY, SOUTH CAROLINA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

JUNE 30, 2005

COUNTY COUNCIL

GEORGE HOOD, CHAIRMAN

FRED TUTEN
LEROY BLACKSHEAR

GLADYS JONES
THOMAS McCLARY

COUNTY ADMINISTRATOR
ANDREW P. FULGHUM

DEPUTY ADMINISTRATOR/FINANCE
RONNIE MALPHRUS

PREPARED BY:
DEPARTMENT OF FINANCE

Jasper County, South Carolina
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2005

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INTRODUCTORY SECTION

Jasper County Council

914 Grays Rd. • Ridgeland, SC 29936
P.O. Box 1149 • Ridgeland, SC 29936

Dr. George Hood
Chairman

Leroy Blackshear
Councilman

Thomas McClary
Councilman

Gladys N. Jones
Vice Chairman

Andrew P. Fulghum
Adminsitrator

Fred Tuten
Councilman

November 18, 2005

The Honorable Members of County Council and the Citizens of Jasper County, South Carolina

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted accounting standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of Jasper County for the fiscal year ended June 30, 2005.

This report consists of management's representations concerning the finances of the county. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations management of the county has established a comprehensive internal control framework, that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the County's financial statements in conformity with GAAP. Because the costs of internal controls should not outweigh their benefits, Jasper County's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The County's financial statements have been audited by Mellen & Wechsler, P.A., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the fiscal year ended June 30, 2005 are free of material misstatement. The independent audit involves examining on a test basis, evidence supporting the amounts and disclosures in the financial statement presentation; assessing the accounting principles used and significant estimates made by management and evaluating the overall financial statement presentation. The independent auditor concluded based upon the audit that there was a reasonable basis for rendering an unqualified opinion that the County's financial statements for the fiscal year ended June 30, 2005 are fairly presented in conformity with GAAP. The independent auditors report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of management's discussion and analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. Jasper County's MD&A can be found immediately following the report of the independent auditors.

This year's report is formatted to comply with the new financial reporting model developed by the Governmental Accounting Standards Board (GASB) Statement 34. This is the fourth year of preparing the financial statements using this format. It is intended to improve financial reporting by adding significant additional information not previously available in local government financial statements.

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In addition to the fund-by-fund financial information currently presented in the County's financial statements, we are now including government-wide financial statements. The government-wide financial statements include a statement of net assets that provides the total net equity of the County including infrastructure and the statement of activities that shows the cost of providing government services. These statements have been prepared using the full accrual basis of accounting versus the modified accrual method used in the fund financial statements. A reconciliation report is provided as a key to understanding the changes between the two reporting methods. In addition, the new reporting model includes an emphasis on the County's major funds as shown in the governmental fund statements. These new statements combined with other information are further analyzed in a new narrative section called management's discussion and analysis (MD&A). The MD&A provides "financial highlights and interprets the financial reports by analyzing trends and by explaining changes, fluctuations and variances in the financial data." In addition, the MD&A is intended to disclose any known significant events or decisions that affect the financial condition of the County.

Profile of the Government

The County founded in 1912 is located in the Southeastern part of South Carolina, just north of Savannah, Georgia. The County currently occupies a land area of 662 square miles and serves a population of 21,193. The County is empowered to levy a property tax on both real and personal properties located within its boundaries.

The County operates under the council administrator form of government. Policy-making and legislative authority are vested in a governing council consisting of five members. The governing council is responsible, among other things for passing ordinances, adopting the budget, appointing committees, and hiring both the government's administrator and attorney. The government's administrator is responsible for carrying out policies and ordinances of the governing council, for overseeing the day-to-day operations of the government, and for appointing the heads of various departments. The Council members serve four-year staggered terms, with three council members elected every two years. Four of the council members are elected to single member districts and one member is elected at large.

The County provides a full range of services including: police and fire protection, the maintenance of highways, streets, and other infrastructure, recreational activities, and cultural events, sanitation services, emergency medical services, E-911 and courts service. The County underwent a salary and staffing study that redefined the functional areas of certain department heads. These recommendations were adopted by the County to allow for greater accountability. The financial statements were reorganized to comply with these changes. As a result certain schedules in the capital assets and statistical section have been reorganized.

The annual budget serves as the foundation for the County's financial planning and control. All departments of Jasper County are required to submit requests for appropriations to the administrator on or before the last day in March each year. The County administrator uses these requests as the starting point for developing a proposed budget. The County administrator then presents this proposed budget to the council for review prior to May 15th. The council is required to hold public hearings on the proposed budget and to adopt a final budget by no later than June 30th, the close of the County's fiscal year. The appropriated budget is prepared by fund and department. Budgetary control (that is the level at which expenditures cannot legally exceed the appropriated amount) is maintained by the administrator at the fund level and may be amended as necessary during the fiscal year. Budget-to-actual comparisons are provided in the report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented on pages 43-45 as part of the required supplementary information for governmental funds.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the boarder perspective of the specific environment within which the County operates.

Local Economy

The 2000 census places Jasper County as the fourth fastest growing county in the state and several other publications list Jasper County as one of the fastest growing counties in the country. The last tax assessment indicated that the appraised value of County property exceeded $1,000,000,000. The County is currently undergoing reassessment. Market studies indicate that during the next 20 years approximately 16,000,000 square feet of business, institutional and light industrial space will be built in Beaufort and Jasper Counties. Many infrastructure improvements have been made in Jasper County to support this future growth.

Jasper County is the gateway to the Hilton Head Island and the Beaufort County tourism market because of Interstate 95 that runs north and south through the middle of the County for a distance of 36 miles with seven interchanges. The Exit Eight interchange is a four-lane parkway to Sun City and Hilton Head and much of the new development is located near this interchange.

Jasper County has acquired Sgt. Jasper Park from the State of South Carolina. The 441-acre site will be planned development by the County. The plan proposes that one hundred acres be utilized as enhanced public recreation with the remaining acreage to be developed privately.

Province Health Care, at a cost of $32,000,000, has built a new 85,000 square foot community hospital named the Coastal Carolina Medical Center. A 35,000 square foot medical office building has also been constructed. The medical center has 21 surgical beds, four intensive care beds, a six-bed obstetrics and gynecology center, and a 10-bed rehabilitation unit. The hospital has a 24- hr. Emergency Room and a fully equipped state-of-the-art-imaging center. The new hospital employs 125 people.

The entire area will receive water and sewer utility service from Beaufort-Jasper Water and Sewer Authority (BJWSA).

BJWSA has also constructed a 10 million gallon a day (MGD), $40,000,000 water treatment plant at Purrysburg. The 15 MGD state-of-the-art water treatment plant was added to BJWSA's system to meet the growing demand for water in southern Beaufort and Jasper Counties. The treatment facility has a build-out capacity of 45 MGD.

SCE&G has recently constructed a 950-megawatt natural gas power plant facility at Purrysburg. The $450,000,000 facility has created 40 new jobs and the electric generation and distribution capacity to support future growth in Jasper County.

The County has received two phases of planning grant funding to conduct a feasibility study for the development of a major aviation airport. Site selection is pending.

Jasper County is currently negotiating with a private developer to construct and manage a marine terminal on the Jasper County side of the Savannah River. This proposed development would produce an estimated 450 direct jobs with a minimum investment of $450,000,000. The new marine terminal will have a tremendous impact on the local economy.

The University of South Carolina (USCB) has completed phase I construction ($28,000,000) of a four-year university campus that is located in Jasper and Beaufort counties along Route 278.
The Technical College of the Lowcountry (TCL) is currently constructing a "New River Campus" along Route 278. The campus will also be located in both Jasper and Beaufort Counties. Phase I construction ($10,000,000) includes a 31,000 square foot Education Center building.

Also on Route 278, the New River (Wal-Mart) Center continues to expand and constitute eight additional commercial professional facilities valued at $15,000,000. An auto mall facility has been constructed in this area. Jaguar, Nissan, Dodge, Jeep/Chrysler Hyundai, Infiniti, and Porsche have built dealerships. Currently, a Ford, Lincoln, Mercury dealership is also under construction.

New residential growth is also evident. Several large residential and mixed-use development projects have either been approved by Jasper County or the City of Hardeeville or are currently moving their way through the approval process. Large tracts of land such as the Peninsula Tract, Argent East and Argent West Tracts, the Sanders Tract, the Hardeeville Tract and the Morgan Tract have residential development build-out capacities that could yield tens of thousands of new homes in Jasper County. Current development projects allow for the development of approximately 63,000 new dwelling units and 4,500,000 square feet of commercial property throughout the County.

Several smaller residential subdivisions are also being developed in the Town of Ridgeland: Ridgeland Lakes (148 homes), Northridge (100 homes) and Oak Commons (200 homes).

Long-Term Financial Planning

A local option special purpose sales tax was approved by voter referendum to construct a new law enforcement and detention center at a cost of $7,000,000. This facility has been constructed and opened in April 2005.

The County is also in the preliminary planning stages of a $2.5 - $6.0 million renovation and addition to the courthouse.

The County is in the process issuing special source revenue bonds to assist the School District of Jasper County in paying additional costs associated with constructing two new K-12 schools. The bond issuance is estimated to be $10 - $12 million to be payable from a portion of a fee agreement between SCE&G and Jasper County that has been allocated to the school district.

The Jasper County Council on Aging has constructed a new $500,000 Senior Citizen facility in the Town of Ridgeland. The County provided financial and in-kind assistance for the project. The facility is scheduled to open in January 2006.

A consulting firm has completed salary and staffing studies for the County. The studies report that additional county staff is needed and that certain positions are currently under funded. The County is implementing recommendations from the salary and staffing studies to maintain and attract high quality employees.

The same consulting firm also conducted a fire service study for the County. The objective of the study was to identify the most cost-effective and efficient use of available resources to produce the desired level of public safety services to the County's growing population. The study sets forth recommendations to serve as a plan of improvement for the County's fire/EMS service delivery systems.

The County is continuing its efforts to work with the Beaufort-Jasper Water and Sewer Authority and the Town of Ridgeland to upgrade and expand water and sewer services for industrial and residential growth.

The County continues to work with the municipalities of Hardeeville and Ridgeland in a coordinated joint planning effort. This joint planning effort is funded by Jasper County, the City of Hardeeville, the Town of Ridgeland, Palmetto Electric Cooperative, and South Carolina Electric and Gas (SCE&G). The goal of the joint planning effort is to cooperatively plan for and accommodate responsible new growth in the county. The County has developed future growth areas surrounding the municipalities of Hardeeville and Ridgeland, ceded its planning and zoning authority in these areas to the municipalities, and developed new joint planning commissions for these growth areas. Through joint planning, the creation of complimentary zoning amendments, and adoption of similar development

planning, the creation of complimentary zoning amendments, and adoption of similar development fees, the County is successfully recouping fees from developers to offset the cost of services for the new growth.

The County has also hired Clemson University and the Strom Thurmond Institute of Government and Public Affairs to conduct a comprehensive Fiscal Impact of Growth Assessment for the County and the municipalities of Hardeeville and Ridgeland. The assessment will be completed in January 2006.

Cash Management
Cash is maintained in a pooled cash account that is swept daily by the bank. Funds are invested in repurchase agreements and the interest allocated to funds based on average balances. Cash temporarily idle during the year was invested in certificates of deposit. The average yield on investments was approximately three percent.

Risk Management
The County covers risks for property, automobiles, and general liability by purchasing insurance through the South Carolina Insurance Reserve Fund. The County has no other liability other than paying the premiums. The County participates in the state self-insurance fund for workers compensation. Under this plan, the County is responsible for a pro-rata share of any deficits in the fund in addition to paying its quarterly premium.

Pension and Other Postemployment Benefits.
All employees of the County participate in one of two defined pension plans, administered by the State of South Carolina. The South Carolina Retirement System (SCRS) and the Police Officer's Retirement System (PORS), both of which are cost sharing multiple-employer public employee retirement plans. The SCRS and PORS offer retirement and disability benefits, cost of living adjustments on an ad-hoc basis, life insurance benefits and survivor benefits. The plans' provisions are established under Title 9 of the SC Code of Laws. Both employees and the County are required to contribute to the SCRS and PORS at rates established under the authority of Title 9 of the Code of Laws. The County's contributions are actuarially determined, but are communicated to and paid by the County as a percentage of the employee's annual earnings.

The County also provides postretirement health benefits for retirees and their dependents that meet certain service requirements. As of the end of the current fiscal year, there were 27 retired employees receiving these benefits, which are financed on a pay-as-you-go basis. GAAP do not require governments to report a liability in the financial statements in connection with an employer's obligation to provide these benefits.

Awards and Acknowledgments
The Government Financial Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement in Financial Reporting to Jasper County, South Carolina for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2004. This was the eighth consecutive year that Jasper County has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, the contents of which conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to certificate of achievement program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of the comprehensive annual financial report was made possible by the cooperation of the department heads and staff of the County. Each of these individuals has our sincere appreciation for the contributions made in the preparation of this report.

Sincerely,

Andrew P. Fulghum
County Administrator

Ronnie Malphrus
Deputy Administrator-Finance

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Jasper County, South Carolina

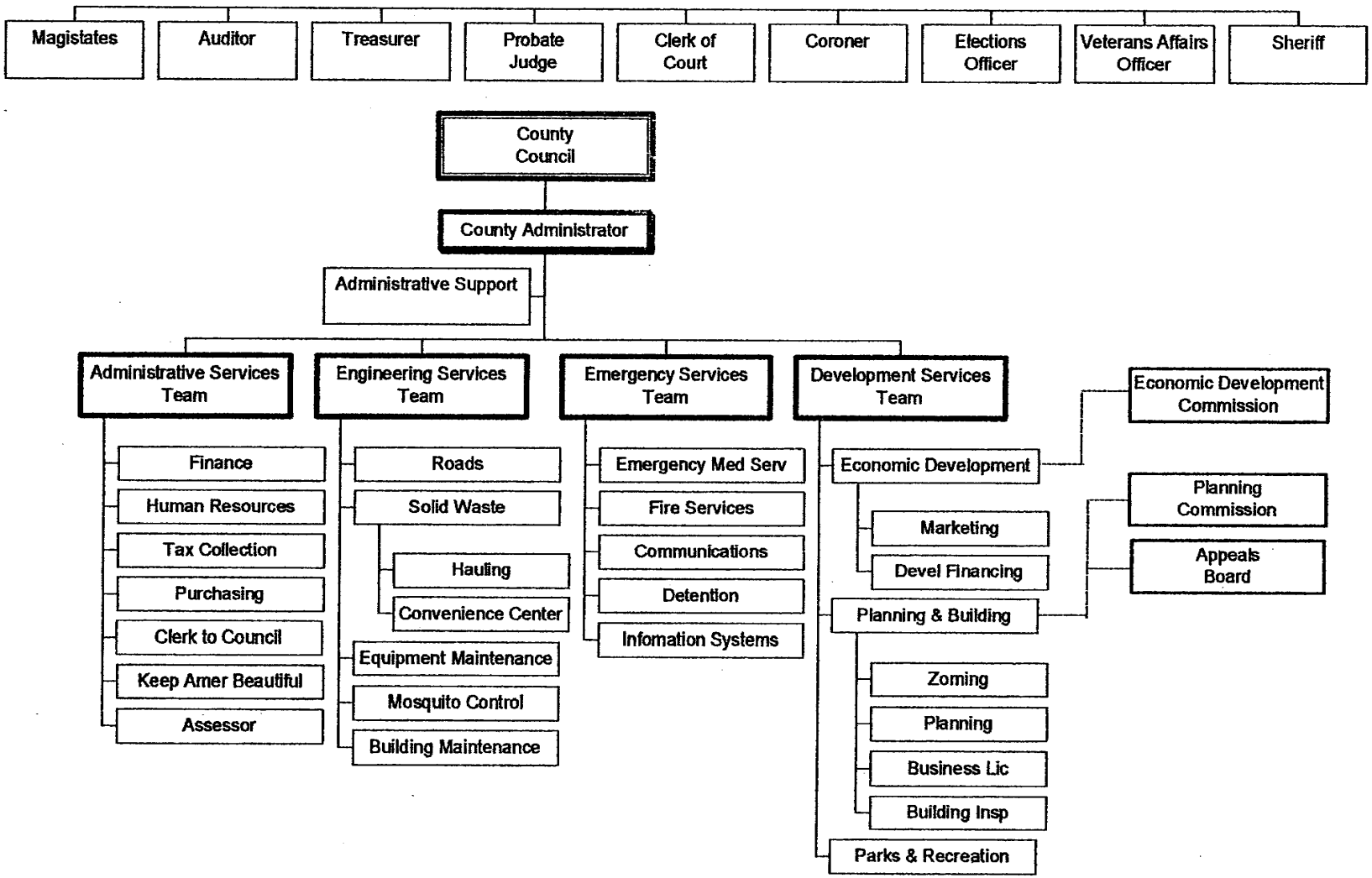
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2004

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

President

Executive Director

EXHIBIT 3-6
RECOMMENDED RE-ORGANIZATION
JASPER COUNTY
Functional Reporting Relationships



JASPER COUNTY, SOUTH CAROLINA
LIST OF PRINCIPAL OFFICALS
JUNE 30, 2005

TITLE	NAME
Chairman – County Council	George Hood
Vice Chairman – County Council	Gladys Jones
Council Member	Thomas McClary
Council Member	Fred Tuten
Council Member	LeRoy Blackshear
Administrator	Andrew P. Fulghum
Deputy Administrator/Finance	Ronnie Malphrus
Deputy Administrator/Planning & Development	Rose Dobson
Deputy Administrator/Public Works	Rudy Smith
Treasurer	Verna Garvin
Sheriff	Ben Riley

FINANCIAL SECTION

MELLEN & WECHSLER, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

69 ROBERT SMALLS PKWY, SUITE 2D
BEAUFORT, SC 29906
843-470-0630 FAX 843-470-0635
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JAMES C. MELLEN, CPA
LISA T. WECHSLER, CPA

INDEPENDENT AUDITOR'S REPORT

Jasper County Council
Jasper County, South Carolina

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Jasper County, South Carolina, as of and for the year ended June 30, 2005 which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Jasper County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Jasper County, South Carolina, as of June 30, 2005, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2005 on our consideration of Jasper 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 reporting on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management discussion and analysis and budgetary comparison information on pages 12 to 19 and pages 43 to 45 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of

measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Jasper County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, combining statement of fiduciary net assets, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and combining statement of fiduciary net assets have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Jasper County's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Mellen & Wechsler, P.A.

Mellen & Wechsler, P.A.
Beaufort, South Carolina
November 18, 2005

Jasper County, South Carolina
Management's Discussion and Analysis

As management of Jasper County (the County), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2005. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1 to 5 of this report.

Financial Highlights

- The assets of the County exceed its liabilities at the close of the most recent fiscal year by $26,390,332 (net assets). Of this amount, $7,216,699 (unrestricted net assets) may be used to meet the County's ongoing obligations to citizen's and creditors.
- The County's total net assets increased by $1,115,671. The majority of this increase is attributable to increase in property taxes.
- As of the close of the current fiscal year the County's governmental funds reported combined ending fund balance of $9,067,742, an increase of $1,384,285 in comparison with the prior year. This increase is mostly attributable to the increase in the tax millage. Approximately 83 percent of this total amount, $7,511,482 is available for spending in accordance with the County's budget and the funds purpose (unreserved fund balance).
- At the end of the current fiscal year, unreserved fund balance for the general fund was $4,586,814 or 30 percent of the total fund expenditures.
- The County had $3,462,854 in notes and leases outstanding versus $1,646,911 last year, an increase of 103 percent.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components" 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of Jasper County's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the county's assets and liabilities, with the difference between the two reported as net assets. Over time, increases and decreases in the net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

The government-wide financial statements distinguish functions of the County that are supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the County include general government, finance, public works, sanitation, emergency services, codes and law enforcement, courts, economic development, health, education and welfare, and parks, recreation and tourism. The County currently has no business type activities.

The government-wide financial statements can be found on pages 20-21 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County like other state and local governments uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into these two categories: governmental funds and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governments for which similar information is presented for the governmental activities in the government-wide financial statements. By doing so, 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 statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County maintains ten individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, economic development fund and the capital projects fund that are considered to be major funds. Data from the other seven governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The County adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 22-25 of this report,

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the County's own programs. All of the fiduciary funds are agency funds – assets equal liabilities. The basic fiduciary fund financial statement can be found on page 26 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 27-42 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the County's budget.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 46-48 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Jasper County assets exceeded liabilities by $26,390,332 at the close of the most recent fiscal year. The following table reflects the condensed governmental-wide statement of net assets.

JASPER COUNTY, SOUTH CAROLINA NET ASSETS

	Governmental Activities	
	2005	2004
Current and Other Assets		
Cash and Other Current Assets	$ 10,820,931	$ 10,071,879
Capital Assets	20,266,717	18,368,278
Total Assets	31,087,648	28,440,157
Long-term Liabilities Outstanding	3,686,976	1,826,378
Other Liabilities	1,010,340	1,364,118
Total Liabilities	4,697,316	3,190,496
Net Assets		
Investment in Capital Assets, Net of Related Debt	17,707,633	16,750,785
Restricted	1,466,000	3,205,900
Unrestricted	7,216,699	5,449,369
Total Net Assets	$ 26,390,332	$ 25,406,054

By far the largest portion of the County's net assets $17,707,633 (67 percent) reflects its investment in capital assets (e.g. land, construction in progress, building and improvements, machinery and equipment, vehicles, and infrastructure); less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate theses liabilities.

An additional portion of the County's net assets (5.5 percent) represents resources that are subject to external restrictions on how they may be used.

The remaining balance of unrestricted net assets (27.5 percent) may be used to meet the County's ongoing obligations to citizen's and creditors.

At the end of the current fiscal year, Jasper County is able to report positive balances in all three categories of net assets.

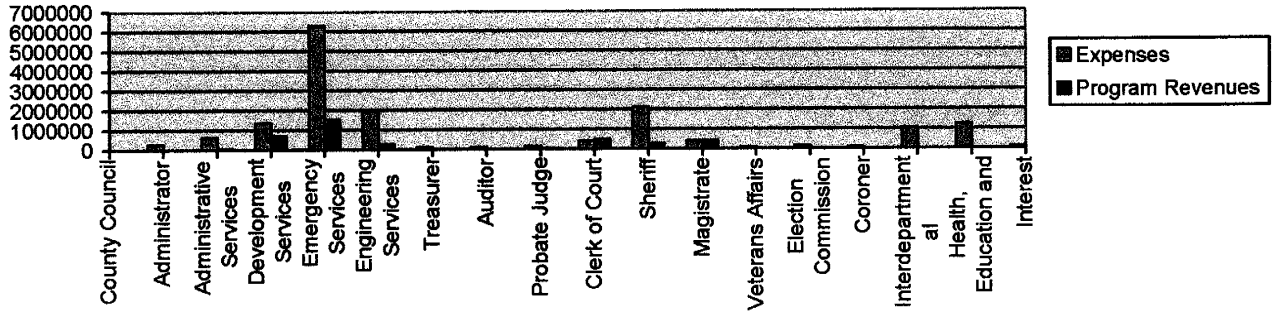
Governmental activities. The County's total net assets increased by $1,115,671 in 2005 compared to an increase of $1,406,265 in 2004. Key elements of this increase are as shown in the following table.

JASPER COUNTY, SOUTH CAROLINA CHANGE IN NET ASSETS

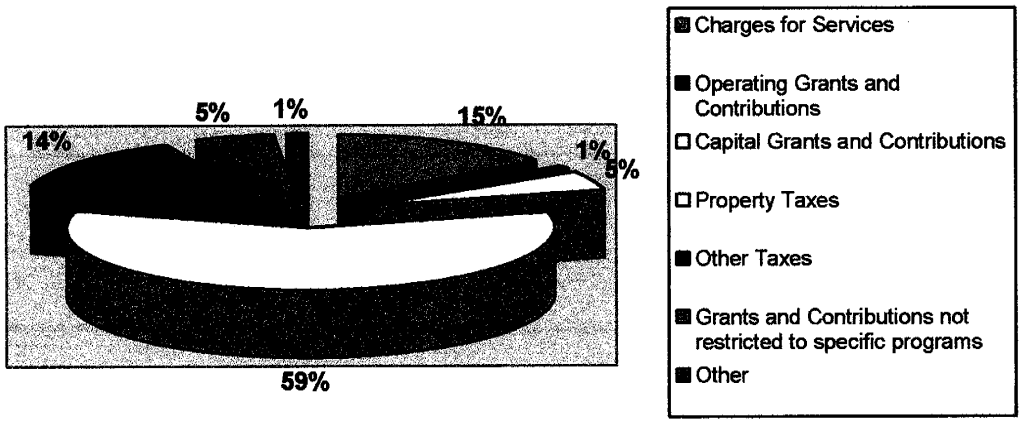
	Governmental Activities	
	2005	2004
Revenues:		
Program Revenues:		
Charges for Services	$ 2,651,582	$ 2,306,837
Operating Grants and Contributions	181,931	187,478
Capital Grants and Contributions	900,060	2,491,393
General Revenues:		
Property Taxes	10,254,803	8,076,317
Other Taxes	2,468,293	2,230,477
Grants and Contributions not restricted to specific programs	924,297	1,003,984
Other	242,932	68,745
Total Revenues	17,623,898	16,365,231
Expenses		
County Council	114,582	128,310
Administrator	277,686	324,993
Administrative Services	627,279	604,881
Development Services	1,372,668	1,465,253
Emergency Services	6,276,143	4,665,458
Engineering Services	1,901,778	2,254,202
Treasurer	93,102	90,493
Auditor	120,062	144,620
Probate Judge	142,204	140,293
Clerk of Court	408,538	476,808
Sheriff	2,107,222	2,055,863
Magistrate	398,272	416,747
Veterans Affairs	78,624	73,656
Election Commission	123,269	153,737
Coroner	76,358	76,462
Interdepartmental	1,048,190	652,423
Health, Educationand Welfare	1,241,342	1,167,414
Interest Expense	100,908	67,353
Total expenses	16,508,227	14,958,966
Increase in net assets	1,115,671	1,406,265
Net assets – beginning	25,274,661	23,868,396
Net assets – ending	$ 26,390,332	$ 25,274,661

- Property taxes increased by $2,178,486 (27 percent) during the year. This increase is due to an increase in millage from 138.5 to 163.
- The income of $1,115,671 can be largely attributed to the positive variance in revenues.

Expenses and Program Revenues – Governmental Activities



Revenues by Source – Governmental Activities



For the most part, increase in expenses closely paralleled inflation and growth in the demand for services.

Financial Analysis of the Government's Funds

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing Jasper County's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the county's governmental funds reported combined ending fund balances of $9,067,742, an increase of $1,384,285 in comparison with the prior year. This increase is mostly attributable to the increase in property taxes. Approximately 83 percent of this total amount constitutes unreserved fund balance that is available for spending in accordance with the County budget and the funds purpose. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it represents noncurrent assets of $1,556,260.

The general fund is the chief operating fund of Jasper County. At the end of the current fiscal year, the unreserved fund balance of the general fund was $4,586,814. As a measure of the general fund's liquidity, it may be useful to compare the unreserved fund balance to total fund expenditures. Unreserved fund balance represents 30 percent of total general fund expenditures.

The fund balance of the County's general fund increased by $745,193 during the current fiscal year. Key factors of this increase are as follows:

- Expenditures were $181,957 less than the approved budget.
- Revenues were $2,347,999 over the budgeted amount.
- These factors overcame a planned loss of $1,801,024.

The economic development fund has a total fund balance of $2,749,129. The net increase in fund balance during the current year of $622,058 was due to the following factors:

- Funds were used to add infrastructure in the county commercial/industrial parks in the prior year. Reimbursements of $232,738 were made against these funds through grants.
- The county borrowed $300,000 and received another $35,000 in funds to create a joint planning project with other local governments.

The capital projects fund has a total fund balance of $1,118,657 of which $261,892 is designated for property purchase and the remainder represents unspent funds on the detention center and Greenway Business Park road.

General Fund Budgetary Highlights

During the budget year, the County Administrator can exercise his authority to transfer budgets up to $5,000 between departments as long as the total budget of the County remains intact. County Council has the authority to amend the budget as required. Differences between the original budget and the final amended budget in the fiscal year ending June 30, 2005, can be briefly summarized as follows:

BUDGETARY AMENDMENTS

Council on Aging	$	45,000
Purchase of land		150,000
Change orders for water/sewer contract Detention Center		24,000
Summer Program		6,000
Total Budget Amendments	$	225,000

Capital Assets and Debt Administration

Capital Assets. The County's investment in capital assets for its governmental type activities as of June 30, 2005 amounts to $20,266,717 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and improvements, machinery and equipment, vehicles, and infrastructure. The total increases in the County's investment in capital assets for the current fiscal year was 10 percent.

Major capital asset events during the current year include the following:

Purchase of vehicles	$	411,231
Land for courthouse complex		397,790
Detention center completed		1,778,692
Road in Greenway Business Park		821,000

JASPER COUNTY, SOUTH CAROLINA CAPITAL ASSETS - NET OF DEPRECIATION

	Governmental Activities	
	2005	2004
Land and Improvements	$ 1,454,793	$ 1,057,003
Construction in progress	44,035	6,650,044
Buildings and Improvements	11,282,153	4,388,854
Machinery and Equipment	1,506,614	1,642,816
Vehicles	1,864,372	1,877,803
Infrastructure	4,114,750	2,751,758
Total	$ 20,266,717	$ 18,368,278

Additional information on the County's capital assets can be found in note 5 beginning on page 35 of this report.

Long-term debt. At the end of the current fiscal year, the County had total debt outstanding of $3,462,854. The County's total debt increased by $1,815,943 (103 percent) during the current fiscal year. Changes in outstanding debt is summarized below:

JASPER COUNTY, SOUTH CAROLINA OUTSTANDING DEBT

	Governmental Activities	
	2005	2004
Bank loans	$ 1,146,778	$ -
Special purpose revenue debt	785,000	-
Capital leases	1,531,076	1,646,911
Total	$ 3,462,854	$ 1,646,911

State statutes limit the amount of general obligations debt a governmental entity may issue, without a referendum, to 8 percent of its total assessed valuation. The current debt limitation for the County is $5,553,865. There is no general obligation debt outstanding.

Additional information on the County's long-term debt can be found in note 7 beginning on page 36 of this report.

Economic Factors and Next Year's Budgets and Rates

- Employment growth remained positive despite a recent national downturn in the economy.
- Unemployment now stands at 5.2 percent versus 5.7 percent a year ago. In comparison, the state's unemployment rate is 6.3 percent and the national rate is 5.0 percent.
- Inflationary trends in the region compare favorably to national indexes.
- The assessed valuation for the 2004 tax year increased from $64,231,792 to $69,423,324 due to growth and reassessment.

All of these factors were considered in preparing the County's budget for the 2006 fiscal year.

During the current fiscal year, unreserved fund balance in the general fund increased to $4,586,814. The County has appropriated $1,466,000 of this amount for spending in the 2006 fiscal year budget. The County set millage for the 2006 budget year at 155, which is down 8 mils from the prior year millage of 163. Budgeted expenditures for 2005 are projected to rise 19 percent to $18,442,502 from $15,438,454 in 2005. The decrease in millage is possible due to a fee in lieu arrangement with a new taxpayer.

Requests for information

This financial report is designed to provide a general overview of Jasper County's finances for all those with as interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, Jasper County, P.O. Box 1149, Ridgeland, South Carolina, 29936.

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BASIC FINANCIAL STATEMENTS

JASPER COUNTY, SOUTH CAROLINA
STATEMENT OF NET ASSETS
JUNE 30, 2005

	GOVERNMENTAL ACTIVITIES
ASSETS	
Cash	$ 6,736,287
Receivables	2,395,253
Prepaids	133,131
Notes Receivable	200,000
Property Held for Resale	1,356,260
Capital Assets, net of accumulated depreciation	
Land	1,454,793
Construction in Progress	44,035
Buildings and Improvements	11,282,153
Machinery and Equipment	1,506,614
Vehicles	1,864,372
Infrastructure	4,114,750
Total Assets	31,087,648
LIABILITIES	
Accounts Payable	277,908
Salaries and Benefits Payable	253,381
Unearned Revenue	420,634
Accrued Interest	58,417
Noncurrent Liabilities	
Due within one year	1,265,286
Due in more than one year	2,421,690
Total Liabilities	4,697,316
NET ASSETS	
Invested in Capital Assets, net of related debt	17,707,633
Restricted for:	
Rollback of Property Taxes	1,466,000
Unrestricted	7,216,699
Total Net Assets	$ 26,390,332

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

JASPER COUNTY, SOUTH CAROLINA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2005

Functions/Programs	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS: TOTAL GOVERNMENTAL ACTIVITIES
Governmental Activities					
County Council	114,582	$ -	$ -	$ -	$ (114,582)
Administrator	277,686	-	-	-	(277,686)
Administrative Services	627,279	64,762	-	1,649	(560,868)
Development Services	1,372,668	508,962	40,516	122,747	(700,443)
Emergency Services	6,276,143	1,052,625	22,065	439,835	(4,761,618)
Engineering Services	1,901,778	58,889	8,760	191,938	(1,642,191)
Treasurer	93,102	-	2,138	-	(90,964)
Auditor	120,062	-	1,575	-	(118,487)
Probate Judge	142,204	40,381	-	-	(101,823)
Clerk of Court	408,538	392,115	91,728	-	75,305
Sheriff	2,107,222	123,861	1,928	143,891	(1,837,542)
Magistrate	398,272	390,155	-	-	(8,117)
Veterans Affairs	78,624	-	5,782	-	(72,842)
Election Commission	123,269	-	7,439	-	(115,830)
Coroner	76,358	-	-	-	(76,358)
Interdepartmental	1,048,190	-	-	-	(1,048,190)
Health, Education and Welfare	1,241,342	19,832	-	-	(1,221,510)
Interest	100,908	-	-	-	(100,908)
Total Governmental Activities	16,508,227	2,651,582	181,931	900,060	(12,774,654)

General Revenues	
Property Taxes	10,254,803
Local Option Sales Taxes	2,006,305
Franchise Taxes	25,838
Accommodation Taxes	436,150
Grants and contributions not restricted to specific programs	924,297
Earnings on investments	133,513
Miscellaneous	109,419
Total General Revenues, Special Items and Transfers	13,890,325
Change in net assets	1,115,671
Net assets, beginning	25,274,661
Net assets, ending	$ 26,390,332

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

JASPER COUNTY, SOUTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2005

	GENERAL	ECONOMIC DEVELOPMENT	CAPITAL PROJECTS	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS					
Cash	$ 3,463,328	$ 1,559,513	$ 1,118,657	$ 594,789	$ 6,736,287
Investments	-	-	-	-	-
Receivables - net	1,846,014	4,356	-	544,883	2,395,253
Due From Other Funds	436,056	-	-	-	436,056
Prepaids	133,131	-	-	-	133,131
Notes Receivable	-	200,000	-	-	200,000
Property Held for Resale	-	1,356,260	-	-	1,356,260
Total Assets	$ 5,878,529	$ 3,120,129	$ 1,118,657	$ 1,139,672	$ 11,256,987
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	$ 238,115	$ -	$ -	$ 39,793	$ 277,908
Salaries and Benefits Payable	252,334	-	-	1,047	253,381
Deferred Revenue	801,266	371,000	-	49,634	1,221,900
Due to Other Funds	-	-	-	436,056	436,056
Total Liabilities	1,291,715	371,000	-	526,530	2,189,245
Fund Balances					
Reserved					
Noncurrent Assets	-	1,556,260	-	-	1,556,260
Unreserved					
Undesignated	3,120,814	899,891	856,765	-	4,877,470
Designated	1,466,000	292,978	261,892		2,020,870
Unreserved, reported in nonmajor					
Special Revenue Funds	-	-	-	613,142	613,142
Total Fund Balances	4,586,814	2,749,129	1,118,657	613,142	9,067,742
Total Liabilities and Fund Balances	$ 5,878,529	$ 3,120,129	$ 1,118,657	$ 1,139,672	$ 11,256,987

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

JASPER COUNTY, SOUTH CAROLINA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET ASSETS
JUNE 30, 2005

Total net assets reported for governmental activities in the statement of net assets is different because:		
Total fund balances for governmental funds		$ 9,067,742
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:		
Land and Improvements	$ 1,454,793	
Construction in Progress	44,035	
Buildings and Improvements, net of $1,889,441 accumulated depreciation	11,282,153	
Machinery and Equipment, net of $1,431,053 accumulated depreciation	1,506,614	
Vehicles, net of $2,460,846 accumulated depreciation	1,864,372	
Infrastructure, net of $395,891 accumulated depreciation	4,114,750	
Total Capital Assets		20,266,717
Some of the County's receivables will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as deferred revenue in the funds.		801,266
Long-term liabilities applicable to the County's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities --both current and long-term--are reported in the statement of net assets. Balances at June 30, 2005 are:		
Accrued Interest Payable	(58,417)	
Bonds, Notes and Leases Payable	(3,462,854)	
Compensated Absences	(224,122)	
Total Long-Term Liabilities		(3,745,393)
Total net assets of governmental activities		$ 26,390,332

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

JASPER COUNTY, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2005

	GENERAL	ECONOMIC DEVELOPMENT	CAPITAL PROJECTS	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES					
Taxes	$ 12,222,090	$ 166,039	$ -	$ 283,192	$ 12,671,321
Fines, Fees and Licenses	2,267,262	-	-	201,608	2,468,870
Intergovernmental	1,050,668	-	267,890	722,669	2,041,227
Miscellaneous	404,909	377,829	16,864	1,491	801,093
Total Revenue	15,944,929	543,868	284,754	1,208,960	17,982,511
EXPENDITURES					
Current:					
County Council	114,582	-	-	-	114,582
Administrator	293,589	-	-	-	293,589
Administrative Services	603,499	-	-	-	603,499
Development Services	644,523	345,020	213,913	415,634	1,619,090
Emergency Services	6,099,017	-	1,253,598	284,415	7,637,030
Engineering Services	1,811,727	-	704,427	216,435	2,732,589
Treasurer	92,642	-	-	-	92,642
Auditor	120,624	-	-	-	120,624
Probate Judge	140,653	-	-	-	140,653
Clerk of Court	402,076	-	-	-	402,076
Sheriff	2,025,283	-	-	148,753	2,174,036
Magistrate	398,330	-	-	-	398,330
Veterans Affairs	78,046	-	-	-	78,046
Election Commission	146,863	-	-	-	146,863
Coroner	76,358	-	-	-	76,358
Interdepartmental	912,612	-	-	81,023	993,635
Health, Education and Welfare	1,241,395	-	-	-	1,241,395
Total Expenditures	15,201,819	345,020	2,171,938	1,146,260	18,865,037
Excess (deficiency) of revenues over (under) expenditures	743,110	198,848	(1,887,184)	62,700	(882,526)
OTHER FINANCING SOURCES (USES)					
Issuance of Debt	-	300,000	1,966,811	-	2,266,811
Transfers In	161,103	165,302	-	228,596	555,001
Transfers Out	(159,020)	(42,092)	(111,673)	(242,216)	(555,001)
Total Other Financing Sources (Uses)	2,083	423,210	1,855,138	(13,620)	2,266,811
Net change in fund balances	745,193	622,058	(32,046)	49,080	1,384,285
Fund balances, beginning	3,841,621	2,127,071	1,150,703	564,062	7,683,457
Fund balances, ending	$ 4,586,814	$ 2,749,129	$ 1,118,657	$ 613,142	$ 9,067,742

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

JASPER COUNTY, SOUTH CAROLINA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2005

The change in net assets reported for governmental activities in the statement of activities is different because:	
Net change in fund balances -- total governmental funds	$ 1,384,285
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays ($2,888,363) exceeded depreciation ($955,983) in the current period.	1,932,380
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is an decrease in net assets.	(33,941)
Proceeds of debt are reported as a revenue in governmental funds. However, in the government wide statements proceeds of debt are treated as a liability.	(2,266,811)
Repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net assets.	450,868
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(280,359)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Compensated Absences	(44,655)
Accrued Interest	(26,096)
Total change in net assets of governmental activities	$ 1,115,671

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

JASPER COUNTY, SOUTH CAROLINA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
JUNE 30, 2005

	Agency Funds
ASSETS	
Cash	$ 15,253,135
Total Assets	15,253,135
LIABILITIES	
Due to Other Governments	14,405,190
Due to Others	847,945
Total Liabilities	15,253,135
NET ASSETS	$ -

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Jasper County, South Carolina (the "County") is a political subdivision of the State of South Carolina, operating under the Council-Administrator form of government to provide services authorized by its charter. It is governed by an elected Board (the "Council"), which is governed by state statues and regulations. In addition to the members of the Council, there are two elected Constitutional Officers: Treasurer and Auditor.

The accompanying financial statements present the combined financial positions and combined results of operations of the various fund types controlled by the Council and it's Constitutional Officers.

The Council funds all of the operating budgets of the County's Constitutional Officers. The Constitutional Officers, revenues and expenditures are included in the General Fund. The accounting policies of the County conform to generally accepted accounting principles, as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard – setting body for establishing governmental accounting and financial reporting.

Generally accepted accounting principles, as established by the Governmental Accounting Standards Board, require that the financial reporting entity's financial statements include the financial operation of the primary government organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The basic criteria for including organizations as component units within the reporting entity include imposition of will, and financial benefit or burden on a primary government and selection of governing authority. Based on the above reporting criteria, there are no other organizations that must be included in the reporting entity.

Government-Wide-and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information about the reporting government as a whole, except for its fiduciary activities. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primarily government is reported separately from certain legally separate component units for which the primary government is financially accountable. Jasper County reports only governmental activities, as there are no business type activities or component units.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise fees, licenses, certain intergovernmental revenues, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the government receives cash.

The government reports the following major governmental funds:

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

The *economic development fund* accounts for the resources accumulated and payments made for economic development of the County.

The *capital projects fund* accounts for the resources accumulated and payments made for specific major capital projects.

Additionally, the government reports the following fund types:

The *agency fund* is used to account for resources held by the County in a trustee capacity for the Jasper County schools and for amounts held by the clerk of court for others.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Measurement Focus, Basis of Accounting, and Financial Statement Presentation - Continued

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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

Assets, Liabilities, and Net Assets or Equity

Deposits and Investments

The County's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

The County is authorized by state statute to invest in the following:

Obligations of the United States, its agencies and instrumentalities;

Obligations of the State of South Carolina or any of its political subdivisions;

Savings and Loan Associations to the extent that the same are insured by an agency of the federal government;

Certificates of deposit and repurchase agreements provided the collateral is of the types described in 1 and 2 above and has a market value in excess of the certificate of deposit or repurchase agreement plus accrued interest, and is held by a third party as escrow agent or custodian;

Repurchase agreements when collateralized by securities of the type described in 1 and 2 above and held by a third party as escrow agent or custodian, of a market value not less than the amount of the repurchase agreement so collateralized, including interest;

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 debt issue of the County 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 1, 2, and 5 above and (ii) has among its objectives the attempt to maintain a constant net asset value of one dollar a share and to that end, values its assets by the amortized cost method.

A single central depository holds most operating cash. Each fund owns a pro-rata interest in the cash held by the depository. Interest income is allocated to the creditor funds based on average cash balances. Investments are stated at fair value.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Assets, Liabilities, and Net Assets or Equity - Continued

Receivable and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds".

All emergency medical service and property taxes receivables are shown net of an allowance for uncollectibles.

The County Ordinance provides for the taxation of all real and personal property located within the County limits on the first day of January. Motor vehicle taxes are billed and collected by the County Treasurer on a monthly basis. Other personal and real property taxes are levied by the County in October of each year and become due and payable immediately upon receipt by the taxpayer. Real property taxes are delinquent after January 15th with penalties assessed of 3% if paid after January 15th, 10% if paid after January 31st, and 15% if paid after March 15th. Assessed property is subject to lien one year from the levy date if taxes remain unpaid. The property tax rate approved by ordinance for calendar year 2005 is 163 mils.

Inventories and Prepaid Items

Inventories of the general fund consist of supplies held for consumption and are immaterial to the financial statements and accordingly are not recorded.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets

Capital assets, which include property and equipment and infrastructure assets (e.g. roads, lighting, and similar items), are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the government as property and equipment with an initial, individual cost of more than $5,000 and infrastructure assets with an initial, individual cost of more than $100,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Property and equipment of the primary government are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	50 years
Infrastructure	20 to 50 years
Vehicles and Equipment	5 to 20 years

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Assets, Liabilities, and Net Assets or Equity - Continued

Compensated Absences

Unused vacation leave liabilities are reported in the applicable governmental type activities columns in the government-wide financial statements. The County enacted a new policy regarding compensated vacation days in 1993. At that time, all unused vacation hours were "banked." Each employee is to receive appropriate vacation hours based on tenure at the beginning of the year. The only hours the employees will be allowed to carry over each calendar year are the "banked" hours until they are used up. No accumulation of paid days off will be allowed in the future. The County has no financial liability for its unused sick leave. Compensated absences are paid from the general fund. The accrued compensated absences at June 30, 2005 are $224,122 and include 15% for employee benefits and are included in long-term liabilities.

The fund financial statements, governmental funds are presented using the current financial resources measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets, therefore, compensated absences are not included in the fund financial statements.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities.

In the fund financial statements, governmental fund types recognize the face amount of debt issued as other financing sources.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Government-wide and fund financial statements must be presented using an all-inclusive format. That is, the results of the current period's activities are to be reported as an addition to (or a deduction from) equity at the beginning of the period to arrive at the closing equity balance. Thus changes in net assets on the government-wide statement of activities is added to (or deducted from) net assets – beginning of the fiscal year to arrive at net assets – end of the fiscal year.

Net assets are defined as the difference between assets and liabilities in the government-wide statement of net assets.

The government-wide statement of net assets reports all government assets; therefore, a significant portion of the net assets reported there typically reflects a government's investment in capital assets. To draw financial statement users' attention to this important information, GAAP requires the amount of net assets invested in capital assets to be reported as a separate category of net assets. Net assets invested in capital assets, net of related debt includes all capital assets less accumulated depreciation and outstanding principal of related debt.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Assets, Liabilities, and Net Assets or Equity - Continued

Fund Equity - Continued

Restrictions may be imposed on a portion of a government's net assets by parties outside the government (such as creditors, grantors, contributors). In some cases, such restricted assets are directly associated with particular liabilities (for instance, restricted assets associated with revenue bonds). An amount equal to these restricted assets, less any related liabilities, is reported as restricted net assets.

GAAP direct that the difference between total net assets and the two categories discussed above (invested in capital assets, net of related debt and restricted net assets) be reported as unrestricted net assets.

Comparative Data/Reclassifications

Comparative total data for the prior year has not been presented. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

Expenses/Expenditures

Consistent with the current financial resources measurement focus, the governmental fund statement of activities report expenditures rather than expenses. Expenditures in the fund financial statements are presented by character for the governmental funds. The character of an expenditure is based upon the periods it is presumed to benefit. Expenditures that primarily benefit the present period (current expenditures) are distinguished from those presumed to benefit both the present and future periods (debt service expenditures and capital outlay expenditures). GAAP also provides for a fourth character classification, intergovernmental expenditures, for situations where one governmental entity provides resources to another.

Government-wide expenses are reported by function. The government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting. As a result, there are important differences between the expenditures reported on the governmental fund financial statements and those expenses reported on the government-wide financial statements. For example, the governmental funds report capital outlay expenditures, while the government-wide financial statements report depreciation.

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

In accordance with the State of South Carolina General Statute, the County prepares an annual balanced budget ordinance. The basis of budgeting is the same as generally accepted accounting principles. The County adopts annual budgets for the general fund using the modified accrual basis. An annual budget for the special revenue fund is not adopted as sufficient budgetary control is achieved through restrictions included in the various grant agreements. An annual operating budget for the capital projects fund is not adopted as its revenues and expenditures are adopted on a project basis. Appropriations lapse at the end of the budget year.

In March, the budget process begins with a special comprehensive work session in which the finance department and administrator meet with all department heads to discuss current and future trends, needs and goals of the County. All department heads submit comprehensive lists of programs, projects, and initiatives to be considered in the upcoming budget and meet with finance department staff and the administrator individually. During May and June, formal budget workshops are held. The Council holds public hearings and a final budget must be prepared and adopted no later than June 30.

Budgets are prepared at the fund, function and department level. Budgets are adopted at the fund level and are amended as necessary during the fiscal year in one of two ways. First, the administrator delegated by County Council, may make line item transfers within individual fund budgets with subsequent monthly notice to County Council. Such transfers can neither increase nor decrease the overall budget at the fund level. Secondly, the budget may be increased or decreased at the fund level as changing circumstances dictate, subject to County Council approval. During the year, the County Council adopted supplemental appropriations of $225,000.

NOTE 3 DEPOSITS AND INVESTMENTS

As of June 30, 2005, the County had the following cash and investments that are included in the cash governmental funds of $6,736,287 and the agency fund cash of $15,253,135.

	Maturity	Book Balance	Bank Balance
Investment			
Repurchase Agreement			
* Pooled Cash Account	Daily	$ 732,381	$ 120,000
Cash			
Checking Accounts		4,618,318	4,790,994
Certificates of Deposit		16,637,413	16,637,413
Change Funds		1,310	-
Total Deposits and Investments		$ 21,989,422	$ 21,548,407

* Account is swept daily. $120,000 is left in account and excess is placed in government securities under a repurchase agreement. Balance at June 30, 2005 $945,656.

NOTE 3 DEPOSITS AND INVESTMENTS -CONTINUED

Credit Risk – The County does not have an investment policy but follows state guidelines for investments. The only investment the County has is the repurchase agreement invested in government securities.

Interest Rate Risk – The County does not have an investment policy. Maturities on repurchase agreements are from 1 to 5 days. Maturities on certificate of deposits are 12 months or less.

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The County does not have a deposit policy for custodial credit risk. As of June 30, 2005, $21,048,407 of the County's bank balance was exposed to custodial credit risk as follows:

Uninsured and collateral held by third party bank trust department not in the County's name	$ 21,048,407

NOTE 4 RECEIVABLES

Receivables at June 30, 2005, including the applicable allowances for uncollectible accounts, are as follows for the fund and government-wide financial statements, respectively.

Receivables	General	Economic Dev	Other Governmental Funds	Total
Property taxes and assessments	$ 1,963,797	$ -	$ -	$ 1,963,797
Intergovernmental	750,510	4,356	544,883	1,299,749
Other	515,717	-	-	515,717
Gross receivables	3,230,024	4,356	544,883	3,779,263
Allowance for uncollectible accounts	(1,384,010)	-	-	(1,384,010)
Net total receivables	$ 1,846,014	$ 4,356	$ 544,883	$ 2,395,253

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Government funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the government funds were as follows:

	Unavailable	Unearned
Delinquent property taxes receivable	$ 700,641	$ -
Emergency medical service fees	100,625	-
Grant drawdowns prior to meeting all eligibility requirements	49,634	49,634
Special purpose drawdown not yet spent	371,000	371,000
Total	$ 1,221,900	$ 420,634

Notes Receivable

The County has a note receivable from a local manufacturer for $250,000. The terms of the note call for a five annual payments of $25,000 plus interest at 3.5% with a balloon payment of $125,000 at the end of the term. The balance at June 30, 2005 is $200,000.

NOTE 5 CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2005 was as follows:

Governmental Activities	June 30, 2004	Increases	Decreases	June 30, 2005
Capital assets not being depreciated				
Land and improvements	$ 1,057,003	$ 397,790	$ -	$ 1,454,793
Construction in progress	6,650,044	1,778,692	8,384,701	44,035
Total capital assets, not being depreciated	7,707,047	2,176,482	8,384,701	1,498,828
Capital assets being depreciated				
Buildings and improvements	6,083,252	7,110,703	22,361	13,171,594
Machinery and equipment	3,233,773	131,267	427,373	2,937,667
Vehicles	4,184,622	411,231	270,635	4,325,218
Infrastructure	3,067,259	1,443,382	-	4,510,641
Total capital assets being depreciated	16,568,906	9,096,583	720,369	24,945,120
Less accumulated depreciation for:				
Buildings and improvements	1,694,399	217,403	22,361	1,889,441
Machinery and equipment	1,590,957	267,469	427,373	1,431,053
Vehicles	2,306,819	390,721	236,694	2,460,846
Infrastructure	315,501	80,390	-	395,891
Total accumulated depreciation	5,907,676	955,983	686,428	6,177,231
Total capital assets being depreciated, net	10,661,230	8,140,600	33,941	18,767,889
Governmental activity capital assets, net	$ 18,368,277	$ 10,317,082	$ 8,418,642	$ 20,266,717

Construction in progress consists of design work on the courthouse.

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

Governmental Activities	
Administrator	$ 22,212
Administrative Services	12,521
Development Services	59,021
Emergency Services	318,658
Engineering Services	128,585
Clerk of Court	6,212
Sheriff	170,640
Veterans Affairs	591
Election Commission	20,140
Interdepartmental	217,403
Total depreciation expense - governmental activities	$ 955,983

NOTE 6 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund balances arise from deficits in the pooled cash account. The composition of interfund balances as of June 30, 2005 is as follows:

Due to/from Other Funds

Fund	Due To	Due From
General Fund	$ 436,056	$ -
Nonmajor Governmental Funds	-	436,056
Total Due to/from Other Funds	$ 436,056	$ 436,056

Interfund Transfers

	Transfer In				
Transfer Out	General Fund	Economic Development	Capital Projects	Nonmajor Governmental	Total
General Fund	$ -	$ 47,640	$ -	$ 111,380	$ 159,020
Economic Development	36,103	5,989	-	-	42,092
Capital Projects	-	111,673	-	-	111,673
Nonmajor Governmental Funds	125,000	-	-	117,216	242,216
Total transfers out	$ 161,103	$ 165,302	$ -	$ 228,596	$ 555,001

The transfer from the general fund to the economic development fund was the appropriation for the development board and the transfer into the general fund from the economic development was the balance left in the development board upon dissolution. The transfer from the general fund to the nonmajor fund was a transfer of accommodations tax receipts restricted by state law. The transfer from the nonmajor fund to the general fund was to reimburse expenses paid by the general fund for E-911. The transfer from the capital projects into the economic development was to account for certain capital expenditures by departmental function.

Interfund balances must generally be eliminated in the government-wide financial statements, except for the net residual amounts due between governmental activities. Amounts involving fiduciary funds should be reported as external transactions. Any allocations must reduce the expense of the function from which the expenses are being allocated, so that expenses are reported only once – in the function in which they are allocated. No amounts were reported in the government-wide financial statements, as the amount did not involve the transfers of financial resources.

NOTE 7 LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term obligations for the year ended June 30, 2005.

Governmental Activities	June 30, 2004	Increases	Decreases	June 30, 2005	Due Within A Year
Bank loans	$ -	$ 1,200,000	$ 53,222	1,146,778	$ 105,097
Special purpose revenue debt	-	785,000	-	785,000	785,000
Capital leases	1,646,911	281,811	397,646	1,531,076	375,189
Total	$ 1,646,911	$ 2,266,811	$ 450,868	$ 3,462,854	$ 1,265,286

NOTE 7 LONG-TERM OBLIGATIONS – CONTINUED

Long-term debt payable at June 30, 2005 is compromised of the following issues:

Leases Payable	Balance
$462,000 lease on fire truck payable in seven annual installments of $90,465 including interest at 4.8 percent beginning October 2001.	$ 246,401
$281,811 lease on ambulances payable in five annual installments of $59,697 including interest of 2.96% beginning February 2005.	222,114
$610,000 lease on emergency equipment payable in seven annual installments of $99,190 including interest at 3.25% beginning January 2004.	451,635
$570,000 lease on E-911 equipment payable in seven annual installments of $91,860 including interest at 3.25% beginning February 2004.	415,396
$200,000 lease on voting machines payable in five annual installments of $40,000 including interest at 3.32% beginning August 2003.	81,400
$185,750 lease on Roseland Fire Station payable in five annual installments of $39,949 including interest at 2.69% beginning March 2004.	114,130
Total Leases Payable	$ 1,531,076

Bank Loans Payable	Balance
$1,200,000 loan for construction of the Greenway Business Park Road payable in twenty semi-annual payments of $70,555 including interest at 3.19% beginning April 2005.	$ 1,146,778

Special Purpose Revenue Debt	Balance
$785,000 loan for purchase of property payable in one payment of $785,000 plus interest at 3.98% in May 2006.	$ 785,000

Debt Service Requirements –All debt is payable from the general fund except for the $570,000 lease on the E-911 equipment which is payable from the E-911 fund included in nonmajor funds. Interest expense for the year was $74,810.

NOTE 7 LONG-TERM OBLIGATIONS - CONTINUED

Bank Loan and Special Purpose Debt – All of the notes and special purpose debt is payable from the general fund. The annual requirements to amortize the debt as of June 30, 2005 is as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2006	$ 890,097	$ 67,256	$ 957,353
2007	108,500	32,610	141,110
2008	112,012	29,098	141,110
2009	115,637	25,473	141,110
2010	119,380	21,730	141,110
2011-2015	586,152	48,928	635,080
Total	$ 1,931,778	$ 225,095	$ 2,156,873

Equipment Under Capitalized Leases – The County has entered into various lease agreements for financing the acquisition of vehicles and equipment with a historical cost of $2,525,956 and accumulated amortization of $506,383. Future minimum lease payments as of June 30, 2005 are as follows.

Fiscal Year Ending June 30,	
2006	$ 411,794
2007	411,794
2008	411,794
2009	250,747
2010	183,902
Total minimum lease payments	1,670,031
Less amount representing interest	(138,955)
Present value minimum lease payments	$ 1,531,076

Commitments Under Noncapitalized Leases – The County has operating leases on various small equipment. Amounts due are insignificant to the financial statements.

NOTE 8 FUND BALANCES -GOVERNMENTAL FUNDS

Fund balance designations are established to reflect management's plans for financial resources allocation in a future period. Such plans or intents are subject to change and may never result in expenditures. Reserved fund balances include noncurrent assets. The following details designations and reservations of fund balances.

Designated

	General Fund	Economic Development	Capital Projects Fund
Designated for property purchase	$ -	$ -	$ 261,892
Designated for planning	-	292,978	-
Budgeted cash carryforward in 05-06 operating budget	1,466,000	-	-
Total Designated Fund Balances	$ 1,466,000	$ 292,978	$ 261,892

NOTE 8 FUND BALANCES -GOVERNMENTAL FUNDS – CONTINUED

Reserved

	Economic Development
Notes receivable	$ 200,000
Property held for resale	1,356,260
Total	$ 1,556,260

NOTE 9 RETIREMENT PLAN

All of the County's full-time employees participate in the South Carolina Retirement System. The County's full-time police officers participate in the South Carolina Police Officers Retirement System. Each system is a cost-sharing multi-employer defined benefit pension plan administrated by the Retirement Division of the State Budget and Control Board.

Both employees and employers are required to contribute to the plan under authority of Title 9 of the South Carolina Code of Laws. All employers contribute at the actuarially required contribution rates. A summary of the required contribution rates and the amounts contributed to the plan follows:

SOUTH CAROLINA RETIREMENT SYSTEM CONTRIBUTION INFORMATION	2005	2004	2003
Total Payroll	$ 3,837,844	$ 3,437,127	$ 3,330,660
Covered Payroll	3,013,207	3,046,972	2,960,079
Retiree Payroll	207,935	73,573	63,241
Employee Contributions	180,792	188,828	177,605
Employee Contribution Rate	6.00%	6.00%	6.00%
Employer Contributions	215,816	209,077	202,562
Employer Contribution Rate	6.70%	6.70%	6.70%
Group Life Contributions	4,831	4,681	4,535
Group Life Contribution Rate	0.15%	0.15%	0.15%

POLICE OFFICERS RETIREMENT SYSTEM CONTRIBUTION INFORMATION	2005	2004	2003
Total Payroll	$ 2,653,957	$ 2,290,554	$ 1,968,499
Covered Payroll	2,653,957	2,290,554	1,968,499
Retiree Payroll	34,854	28,404	12,594
Employee Contributions	172,507	148,886	146,109
Employee Contribution Rate	6.50%	6.50%	6.50%
Employer Contributions	276,948	238,853	204,053
Employer Contribution Rate	10.30%	10.30%	10.30%
Group Life Contributions	10,755	9,276	7,924
Group Life Contribution Rate	0.40%	0.40%	0.40%

The South Carolina Retirement System offers retirements and disability benefits, cost of living adjustments on an ad-hoc basis, life insurance benefits, and survivor benefits. The plan's provisions are established under title 9 of the South Carolina Code of Laws. A Comprehensive Annual Financial Report containing financial statements and required supplementary information for South Carolina Retirement System is issued and publicly available by writing the South Carolina Retirement System, Post Office Box 11970, Columbia, South Carolina 29211-1970.

NOTE 10 EMPLOYEE BENEFIT PLANS

401(K) Plan

Jasper County currently offers substantially all full-time employees the option of participating in a 401(K) plan. The South Carolina Retirement System administers the plan. Under the terms of the plan employees may contribute a minimum of two percent and a maximum of twenty percent of adjusted gross income subject to the limits of Section 401(K) of the Internal Revenue Code. It is the opinion of the County's legal counsel that the government has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor. Therefore, the assets and liabilities of the 401(K) plan are not reflected in the County's financial statements.

NOTE 11 POST-RETIREMENT BENEFITS

For retirees with a minimum of ten years of service, the County will pay the cost of health insurance/Medicare supplement. The retiree is required to pay a small portion in addition to the coverage of spouses. Surviving spouses are entitled to one year of free coverage. Currently, the County has 27 retirees and surviving spouses on the plan. The cost to the County is approximately $100,000 per year and is included in the medical insurance expenditures.

NOTE 12 LANDFILL

The County-owned landfill has not accepted solid waste for many years and has no liability for post closure costs. All amounts included in these statements for landfill cost are related to costs of disposing of solid waste at an independent landfill.

NOTE 13 SUMMARY DISCLOSURE OF SIGNIFICANT COMMITMENTS AND CONTINGENCIES

The County has several lawsuits against it. Most of this litigation is covered by insurance or settled through subsequent agreements.

The County is a member of the South Carolina Counties Workers' Compensation Trust which is a group that provides workers' compensation self-insurance. Under the terms of the agreement, the members of the trust must pay all of the costs pertaining to claims and administration. Amounts are reflected in workers compensation expenditures.

Pursuant to section 4-29-140 of the South Carolina Code of Laws, the County entered into an agreement with a developer whereby the County issued a $7,000,000 bond in 2001 to further economic development within the county. The bond is to be paid by the county treasurer paying the bondholders 40 percent of the fee-in-lieu tax received from the businesses in the park. The County has no financial liability beyond this amount. At June 30, 2005, $6,850,000 was outstanding.

The County has committed to purchase land for approximately $250,000 for the courthouse project and entered into an agreement with the City of Hardeeville to purchase a fire truck for $650,000 in which the County will make the first 5 payments on a 10 year loan.

NOTE 14 RISK MANGAMENT

The County is exposed to various types of risk of loss and maintains elements of both self-insurance and purchased insurance policies divided into coverage of worker's compensation, property and casualty, and employee health insurance. Management believes such coverage is sufficient to preclude any significant uninsured losses for the covered risks. The insurers promise to pay to or on behalf of the insured for covered economic losses sustained during the policy period in accordance with insurance policy and benefit program limits.

The State of South Carolina itself assumes substantially all risks for the following:

Claims of covered public employees for health and dental insurance benefits (Office of Insurance Services),

Claims of covered public employees for long-term disability and group-life insurance benefits (Retirement System), and

Property and casualty insurance on buildings, equipment, and vehicles owned by the County as well as tort liability on County employees (South Carolina Insurance Reserve Fund).

The County participates in the South Carolina Municipal Association Workers' Compensation Pool, a public entity risk pool for its Workers Compensation coverage. Pool members are subject to a supplemental assessment in the event of deficiencies.

The County has recorded insurance premium expenditures in the applicable functional expenditure categories of the general fund. These expenditures do not include estimated claim losses and estimable premium adjustments.

In management's opinion, supplemental premium assessments, if any, would not be significant enough to have a material adverse effect on the financial position of the County.

There have not been any reductions in insurance coverage from the prior year.

The amount of settlements have not exceeded coverage in each of the past three fiscal years.

NOTE 15 COURT FINES, FEES, AND ASSESSMENTS

Court	Gross Collections	State Portion	County Portion	Victim Witness
Magistrate/Central Traffic	$ 1,004,436	$ 560,432	$ 390,155	$ 54,220
Clerk of Court	546,707	145,479	391,157	10,072
Total	$ 1,551,143	$ 705,911	$ 781,312	64,292
	Less expenditures through June 30, 2005			(77,288)
	Carryforward from June 30, 2004			144,060
	Carryforward at June 30, 2005			$ 131,064

The cost of the audit of court fines was $1,000.

NOTE 16 PROPERTY HELD FOR RESALE

The detail on property held for resale is as follows:

	June 30, 2004	Additions	Cost of Land Sold	June 30, 2005
Cypress Ridge	$ 1,246,720	$ -	$ -	$ 1,246,720
Ridgeland Industrial Park	40,240	-	-	40,240
Sergeant Jasper Park	69,300	-	-	69,300
Greenway Commercial Park	24,682	-	24,682	-
Total	$ 1,380,942	$ -	$ 24,682	$ 1,356,260

REQUIRED SUPPLEMENTARY INFORMATION

JASPER COUNTY, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2005

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE
	ORIGINAL	FINAL	AMOUNTS	(NEGATIVE)
REVENUES				
Taxes	$ 10,717,780	$ 10,714,030	$ 12,222,090	$ 1,508,060
Fines, Fees and Licenses	1,652,850	1,656,600	2,267,262	610,662
Intergovernmental	996,100	996,100	1,050,668	54,568
Miscellaneous	230,200	230,200	404,909	174,709
Total Revenues	13,596,930	13,596,930	15,944,929	2,347,999
EXPENDITURES				
County Council				
Council	120,960	120,960	114,582	6,378
Administrator				
Administrator	326,200	326,200	293,589	32,611
Administrative Services				
Tax Collector	62,050	62,570	61,795	775
Assessor	328,950	351,250	345,450	5,800
Finance Department	158,100	161,502	158,212	3,290
Keep America Beautiful	41,100	41,100	38,042	3,058
Total Finance	590,200	616,422	603,499	12,923
Development Services				
Economic Development Department	106,850	122,150	125,194	(3,044)
Business Licenses	49,325	51,858	51,527	331
Planning Commission	14,800	14,800	7,900	6,900
Recreation Department	245,200	254,300	254,838	(538)
Building and Sign Permits	248,300	242,300	203,482	38,818
Capital Improvements	-	-	1,582	(1,582)
Total Ecomomic Development	664,475	685,408	644,523	40,885
Emergency Services				
Emergency Services Department	3,020,400	3,202,903	3,295,395	(92,492)
Detention Center	2,011,000	2,031,000	2,126,604	(95,604)
Cherry Point Fire Station	599,500	689,500	677,018	12,482
Total Emergency Services	5,630,900	5,923,403	6,099,017	(175,614)

JASPER COUNTY, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2005

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE
	ORIGINAL	FINAL	AMOUNTS	(NEGATIVE)
Engineering Services				
Administrative	$ 217,900	$ 238,200	$ 235,823	$ 2,377
Central Garage	134,200	135,340	137,937	(2,597)
Mosquito Control	59,700	53,700	32,850	20,850
Litter Control	48,200	49,300	47,451	1,849
Roads and Bridges	439,000	461,079	454,842	6,237
Building Maintenance	401,800	385,560	340,548	45,012
Solid Waste	542,205	563,905	562,276	1,629
Total Public Works	1,843,005	1,887,084	1,811,727	75,357
Treasurer				
Treasurer	96,200	97,200	92,642	4,558
Auditor				
Auditor	133,750	133,750	120,624	13,126
Probate Judge				
Probate Judge	149,772	152,422	140,653	11,769
Clerk of Court				
Clerk of Court	435,500	435,500	401,062	34,438
Clerk of Court Incentive	-	-	1,014	(1,014)
Total Clerk of Court	435,500	435,500	402,076	33,424
Sheriff				
Sheriff	1,848,800	1,868,800	1,941,760	(72,960)
Victims Witness Program	84,300	84,300	76,876	7,424
Sheriff Child Support	-	-	6,647	(6,647)
Total Sheriff	1,933,100	1,953,100	2,025,283	(72,183)
Magistrate				
Ridgeland	376,650	376,650	341,856	34,794
Hardeeville	95,595	95,595	56,474	39,121
Total Magistrate	472,245	472,245	398,330	73,915
Veterans Affairs				
Veterans Affairs	80,000	80,374	78,046	2,328
Election Commission				
Voters Registration	150,950	153,817	146,863	6,954
Coroner				
Coroner	79,100	79,100	76,358	2,742

JASPER COUNTY, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2005

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE
	ORIGINAL	FINAL	AMOUNTS	(NEGATIVE)
Interdepartmental				
Interdepartmental	$ 844,700	$ 838,728	$ 695,011	$ 143,717
Data Processing	140,000	140,000	149,028	(9,028)
Capital Improvements	252,000	64,900	68,573	(3,673)
Total General Government	1,236,700	1,043,628	912,612	131,016
Health, Education and Welfare				
Agency Appropriations	949,803	994,948	968,124	26,824
County Libraries	21,365	26,365	27,682	(1,317)
Health Department	21,400	21,400	22,318	(918)
Department of Social Services	23,100	23,100	20,399	2,701
Miscellaneous County Accounts	73,800	73,200	104,826	(31,626)
Animal Shelter	84,150	84,150	98,046	(13,896)
Total Health, Education and Welfare	1,173,618	1,223,163	1,241,395	(18,232)
Total Expenditures	15,116,675	15,383,776	15,201,819	181,957
Exess (deficiency) of revenues over (under) expenditures	(1,519,745)	(1,786,846)	743,110	2,529,956
OTHER FINANCING SOURCES (USES)				
Transfers In	125,000	125,000	161,103	36,103
Transfers Out	(181,279)	(139,178)	(159,020)	(19,842)
Total Other Financing Sources (Uses)	(56,279)	(14,178)	2,083	16,261
Net change in fund balance	(1,576,024)	(1,801,024)	745,193	2,546,217
Fund balances, beginning	3,841,617	3,841,621	3,841,621	-
Fund balances, ending	$ 2,265,593	$ 2,040,597	$ 4,586,814	$ 2,546,217

SUPPLEMENTARY INFORMATION

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NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Accommodations Tax Fund	This fund is used to account for the County's share of accommodations taxes that are legally restricted for expenditures that promote parks, recreation and tourism within the County.
Waste Tire Fund	This fund is used to account for the revenues received from the state for the removal of waste tires.
Sheriff Drug Fund	This fund is used to account for the drug funds the sheriff derives from search and seizure.
E911 Fund	This fund is used to account for the telecommunications carrier fees that are restricted for expenditures related to emergency dispatch services.
Hospital Fund	This fund is used to account for the funds received in the sale of the county hospital.
Grants	This fund is used to account for grant funds that are restricted to specific purposes.
Sergeant Jasper Park	This fund is used to account for the funds related to the operation and maintenance of the Sergeant Jasper Park facility.

JASPER COUNTY, SOUTH CAROLINA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2005

	SPECIAL REVENUE							
ASSETS	ACCOM TAX	WASTE TIRE	SHERIFF DRUG	E911	HOSPITAL	GRANTS	SGT JAPSER PARK	TOTAL NONMAJOR GOVERNMENTAL FUNDS
Cash	$ 514,625	$ 6,947	$ 11,568	$ 18,641	$ 40,703	$ 705	$ 1,600	$ 594,789
Receivables	-	-	-	33,250	-	509,933	1,700	544,883
Total Assets	$ 514,625	$ 6,947	$ 11,568	$ 51,891	$ 40,703	$ 510,638	$ 3,300	$ 1,139,672
LIABILITIES AND FUND BALANCES								
Liabilities								
Accounts Payable	$ 9,100	$ -	$ -	$ 4,146	$ -	$ 24,947	$ 1,600	$ 39,793
Salaries and Benefits Payable	-	-	-	-	-	-	1,047	1,047
Deferred Revenue	-	-	-	-	-	49,634	-	49,634
Due To Other Funds	-	-	-	-	-	436,056	-	436,056
Total Liabilities	9,100	-	-	4,146	-	510,637	2,647	526,530
Fund Balances								
Unreserved								
Net Assets	505,525	6,947	11,568	47,745	40,703	1	653	613,142
Total Fund Balances	505,525	6,947	11,568	47,745	40,703	1	653	613,142
Total Liabilities and Fund Balances	$ 514,625	$ 6,947	$ 11,568	$ 51,891	$ 40,703	$ 510,638	$ 3,300	$ 1,139,672

JASPER COUNTY, SOUTH CAROLINA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2005

	SPECIAL REVENUE							
	ACCOM TAX	WASTE TIRE	SHERIFF DRUG	E911	HOSPITAL	GRANTS	SGT JAPSER PARK	TOTAL NONMAJOR GOVERNMENTAL FUNDS
REVENUES								
Taxes	$ 283,192	$ -	$ -	$ -	$ -	$ -	$ -	$ 283,192
Fines, Fees and Licenses	-	-	353	180,555	-	-	20,700	201,608
Intergovernmental	-	8,760	-	-	-	713,909	-	722,669
Miscellaneous	287	-	16	-	167	1,021	-	1,491
Total Revenue	283,479	8,760	369	180,555	167	714,930	20,700	1,208,960
EXPENDITURES								
Current:								
Development Services	255,306	-	-	-	-	25,716	134,612	415,634
Emergency Services	-	-	-	31,553	-	252,862	-	284,415
Engineering Services	-	6,019	-	-	-	210,416	-	216,435
Sheriff	-	-	4,862	-	-	143,891	-	148,753
Interdepartmental	-	-	-	-	-	81,023	-	81,023
Total Expenditures	255,306	6,019	4,862	31,553	-	713,908	134,612	1,146,260
Excess (deficiency) of revenues over (under) expenditures	28,173	2,741	(4,493)	149,002	167	1,022	(113,912)	62,700
OTHER FINANCING SOURCES (USES)								
Transfers In	111,380	-	-	-	-	-	117,216	228,596
Transfers Out	(117,216)	-	-	(125,000)	-	-	-	(242,216)
Total Other Financing Sources (Uses)	(5,836)	-	-	(125,000)	-	-	117,216	(13,620)
Net change in fund balances	22,337	2,741	(4,493)	24,002	167	1,022	3,304	49,080
Fund balances, beginning	483,188	4,206	16,061	23,743	40,536	(1,021)	(2,651)	564,062
Fund balances, ending	$ 505,525	$ 6,947	$ 11,568	$ 47,745	$ 40,703	$ 1	$ 653	$ 613,142

FUDICIARY FUNDS

Agency Funds

Agency funds are used to account for assets held by the government as an agent for individuals, private organizations, and other governments.

School	This fund is used to account for receipts by the treasurer of assets earmarked for the school district.
Clerk of Court	This fund is used to account for child support payments, bonds, restitution and fines collected by the clerk of court.
Delinquent Tax Collector	This fund represents delinquent taxes collected for the school district and funds on hand from the tax sale.
1% Fire Fund	This fund represents the receipts by the treasurer that will be disbursed to the various fire departments within the County.

JASPER COUNTY, SOUTH CAROLINA
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2005

	Agency Funds				
	School	Clerk of Court	Delinquent Tax Collector	1% FIRE FUND	Total
ASSETS					
Cash	$ 14,277,434	$ 763,451	$ 127,756	84,494	$ 15,253,135
Total Assets	14,277,434	763,451	127,756	84,494	15,253,135
LIABILITIES					
Due to Other Governments	14,277,434	-	127,756		14,405,190
Due to Others	-	763,451	-	84,494	847,945
Total Liabilities	14,277,434	763,451	127,756	84,494	15,253,135
NET ASSETS	$ -	$ -	$ -	$ -	$ -

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS

JASPER COUNTY, SOUTH CAROLINA
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENT FUNDS
COMPARATIVE SCHEDULES BY SOURCE
JUNE 30, 2005 AND 2004

	2005	2004
GOVERNMENTAL FUNDS CAPITAL ASSETS:		
LAND AND IMPROVEMENTS	$ 1,454,793	$ 1,057,003
CONSTRUCTION IN PROGRESS	44,035	6,650,044
BUILDINGS AND IMPROVEMENTS	13,171,593	6,083,252
MACHINERY AND EQUIPMENT	2,937,667	3,233,773
VEHICLES	4,325,218	4,184,622
INFRASTRUCTURE	4,510,641	3,067,259
TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS	$ 26,443,947	$ 24,275,953
INVESTMENT IN GOVERNMENTAL FUNDS CAPITAL ASSETS BY SOURCE		
GOVERNMENTAL REVENUES	$ 18,101,268	$ 16,832,844
NOTES AND LEASES	2,517,062	1,617,492
SPECIAL PURPOSE TAX	5,363,171	5,363,171
DONATIONS	462,446	462,446
TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS	$ 26,443,947	$ 24,275,953

JASPER COUNTY, SOUTH CAROLINA
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENT FUNDS
SCHEDULE BY FUNCTION
JUNE 30, 2005

FUNCTION	LAND AND IMPROVEMENTS	CONSTRUCTION IN PROGRESS	BUILDINGS AND IMPROVEMENTS	MACHINERY AND EQUIPMENT	VEHICLES	INFRASTRUCTURE	TOTAL
ADMINISTRATOR	$ -	$ -	$ -	$ 142,487	$ 44,754	$ -	$ 187,241
ADMINISTRATIVE SERVICES	-	-	-	185,638	18,771	-	204,409
DEVELOPMENT SERVICES	-	-	-	52,431	136,341	838,713	1,027,485
EMERGENCY SERVICES	-	-	-	1,147,586	2,512,073	-	3,659,659
ENGINEERING SERVICES	-	-	-	969,599	701,717	3,671,928	5,343,244
TREASURER	-	-	-	30,127	-	-	30,127
CLERK OF COURT	-	-	-	51,684	-	-	51,684
SHERIFF	-	-	-	148,671	911,562	-	1,060,233
MAGISTRATE	-	-	-	12,730	-	-	12,730
VETERANS AFFAIRS	-	-	-	5,914	-	-	5,914
ELECTION COMMISSION	-	-	-	190,800	-	-	190,800
INTERDEPARTMENTAL	1,454,793	44,035	13,171,593	-	-	-	14,670,421
TOTAL	$ 1,454,793	$ 44,035	$ 13,171,593	$ 2,937,667	$ 4,325,218	$ 4,510,641	$ 26,443,947

JASPER COUNTY, SOUTH CAROLINA
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION
FOR THE YEAR ENDED JUNE 30, 2005

FUNCTION	JULY 1, 2004	ADDITIONS	DELETIONS	TRANSFERS	TOTAL
ADMINISTRATOR	$ -	$ -	$ -	$ 187,241	187,241
ADMINISTRATIVE SERVICES	-	-	50,054	254,463	204,409
DEVELOPMENT SERVICES	-	-	18,771	1,046,256	1,027,485
EMERGENCY SERVICES	-	293,696	290,769	3,656,732	3,659,659
ENGINEERING SERVICES	-	1,488,789	38,037	3,892,492	5,343,244
TREASURER	-	-	-	30,127	30,127
CLERK OF COURT	-	-	102,846	154,530	51,684
SHERIFF	-	203,395	197,531	1,054,369	1,060,233
MAGISTRATE	-	-	-	12,730	12,730
VETERANS AFFAIRS	-	-	-	5,914	5,914
ELECTION COMMISSION	-	-	-	190,800	190,800
INTERDEPARTMENTAL	-	7,508,492	6,628,370	13,790,299	14,670,421
GENERAL GOVERNMENT	790,344	-	-	(790,344)	-
FINANCE	398,730	-	-	(398,730)	-
PUBLIC WORKS	3,317,958	-	-	(3,317,958)	-
SANITATION	1,011,193	-	-	(1,011,193)	-
ECONOMIC DEVELOPMENT	1,871,346	-	-	(1,871,346)	-
EMERGENCY SERVICES	4,821,951	-	-	(4,821,951)	-
CODES AND LAW ENFORCEMENT	8,337,708	-	-	(8,337,708)	-
COURTS	629,325	-	-	(629,325)	-
PARKS, RECREATION, AND TOURISM	1,107,249	-	-	(1,107,249)	-
HEALTH, EDUCATION, AND WELFARE	1,990,149	-	-	(1,990,149)	-
TOTAL	$ 24,275,953	$ 9,494,372	$ 7,326,378	$ -	$ 26,443,947

STATISTICAL SECTION

JASPER COUNTY, SOUTH CAROLINA
GOVERNMENT-WIDE EXPENSES BY FUNCTION
LAST TEN FISCAL YEARS

FUNCTION	FISCAL YEAR 2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
COUNTY COUNCIL	$ 114,582	$ 128,310	$ 114,081	$ 102,520	N/A	N/A	N/A	N/A	N/A	N/A
ADMINISTRATOR	277,686	324,993	385,883	334,615	N/A	N/A	N/A	N/A	N/A	N/A
ADMINISTRATIVE SERVICES	627,279	604,881	587,985	569,860	N/A	N/A	N/A	N/A	N/A	N/A
DEVELOPMENT SERVICES	1,372,668	1,465,253	2,231,784	1,673,482	N/A	N/A	N/A	N/A	N/A	N/A
EMERGENCY SERVICES	6,276,143	4,665,458	3,877,208	3,472,295	N/A	N/A	N/A	N/A	N/A	N/A
ENGINEERING SERVICES	1,901,778	2,254,202	2,184,588	1,876,261	N/A	N/A	N/A	N/A	N/A	N/A
TREASURER	93,102	90,493	90,056	79,643	N/A	N/A	N/A	N/A	N/A	N/A
AUDITOR	120,062	144,620	113,671	107,872	N/A	N/A	N/A	N/A	N/A	N/A
PROBATE JUDGE	142,204	140,293	124,673	112,901	N/A	N/A	N/A	N/A	N/A	N/A
CLERK OF COURT	408,538	476,808	395,991	395,932	N/A	N/A	N/A	N/A	N/A	N/A
SHERIFF	2,107,222	2,055,863	1,891,437	1,675,138	N/A	N/A	N/A	N/A	N/A	N/A
MAGISTRATE	398,272	416,747	296,582	266,499	N/A	N/A	N/A	N/A	N/A	N/A
VETERANS AFFAIRS	78,624	73,656	67,959	82,914	N/A	N/A	N/A	N/A	N/A	N/A
ELECTION COMMISSION	123,269	153,737	136,557	84,683	N/A	N/A	N/A	N/A	N/A	N/A
CORONER	76,358	76,462	58,150	44,125	N/A	N/A	N/A	N/A	N/A	N/A
INTERDEPARTMENTAL	1,048,190	652,423	899,748	974,663	N/A	N/A	N/A	N/A	N/A	N/A
HEALTH, EDUCATION AND WELFARE	1,241,342	1,167,414	1,072,680	1,052,821	N/A	N/A	N/A	N/A	N/A	N/A
INTEREST	100,908	67,353	69,468	22,098	N/A	N/A	N/A	N/A	N/A	N/A
TOTAL	$ 16,508,227	$ 14,958,966	$ 14,598,501	$ 12,928,322	N/A	N/A	N/A	N/A	N/A	N/A

JASPER COUNTY, SOUTH CAROLINA
GOVERNMENT-WIDE REVENUE BY SOURCE
LAST TEN FISCAL YEARS

FISCAL YEAR	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	TAXES	GRANTS AND CONTRIBUTIONS NOT RESTRICTED TO SPEC PURPOSES	EARNINGS ON INVESTMENTS	MISCELLANEOUS	TOTAL
1996					Not Applicable			
1997					Not Applicable			
1998					Not Applicable			
1999					Not Applicable			
2000					Not Applicable			
2001					Not Applicable			
2002	$ 2,159,753	$ 156,024	$ 1,093,270	$ 10,957,449	$ 1,311,910	$ 242,086	$ 151,958	$ 16,072,450
2003	2,247,696	148,545	1,145,586	11,050,142	997,459	169,073	17,346	15,775,847
2004	2,306,837	187,478	2,491,393	10,306,794	1,003,984	37,037	31,708	16,365,231
2005	2,651,582	181,931	900,060	12,723,096	924,297	133,513	109,419	17,623,898

JASPER COUNTY, SOUTH CAROLINA
GOVERNMENT-WIDE TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS

FISCAL YEAR	PROPERTY TAXES	LOCAL OPTION SALES TAXES	LOCAL OPTION SPECIAL PURPOSE TAXES	FRANCHISE TAXES	ACCOMMODATION TAXES	TOTAL
1996					Not Applicable	
1997					Not Applicable	
1998					Not Applicable	
1999					Not Applicable	
2000					Not Applicable	
2001					Not Applicable	
2002	$ 7,098,056	$ 1,456,811	$ 1,845,240	$ 12,628	$ 544,714	$ 10,957,449
2003	7,680,331	1,695,546	1,152,902	15,550	505,813	11,050,142
2004	8,076,317	1,773,442	-	17,824	439,211	10,306,794
2005	10,254,803	2,006,305	-	25,838	436,150	12,723,096

JASPER COUNTY, SOUTH CAROLINA
GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION
LAST TEN FISCAL YEARS

FUNCTION	FISCAL YEAR 2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
COUNTY COUNCIL	$ 114,582	$ 128,310	$ 114,081	$ 70,271	N/A	N/A	N/A	N/A	N/A	N/A
ADMINISTRATOR	293,589	322,947	386,742	333,253	N/A	N/A	N/A	N/A	N/A	N/A
ADMINISTRATIVE SERVICES	603,499	573,985	571,057	546,540	N/A	N/A	N/A	N/A	N/A	N/A
DEVELOPMENT SERVICES	1,619,090	3,724,718	2,290,165	1,959,003	N/A	N/A	N/A	N/A	N/A	N/A
EMERGENCY SERVICES	7,637,030	7,746,270	6,977,362	4,108,155	N/A	N/A	N/A	N/A	N/A	N/A
ENGINEERING SERVICES	2,732,589	2,237,176	2,157,140	1,917,068	N/A	N/A	N/A	N/A	N/A	N/A
TREASURER	92,642	90,493	90,056	79,066	N/A	N/A	N/A	N/A	N/A	N/A
AUDITOR	120,624	144,620	113,671	108,325	N/A	N/A	N/A	N/A	N/A	N/A
PROBATE JUDGE	140,653	140,293	124,673	113,028	N/A	N/A	N/A	N/A	N/A	N/A
CLERK OF COURT	402,076	445,236	372,094	370,945	N/A	N/A	N/A	N/A	N/A	N/A
SHERIFF	2,174,036	2,062,659	1,900,346	1,683,589	N/A	N/A	N/A	N/A	N/A	N/A
MAGISTRATE	398,330	416,747	296,582	267,412	N/A	N/A	N/A	N/A	N/A	N/A
VETERANS AFFAIRS	78,046	73,520	68,190	53,462	N/A	N/A	N/A	N/A	N/A	N/A
ELECTION COMMISSION	146,863	150,397	325,636	85,001	N/A	N/A	N/A	N/A	N/A	N/A
CORONER	76,358	76,462	58,150	44,125	N/A	N/A	N/A	N/A	N/A	N/A
INTERDEPARTMENTAL	993,635	1,074,373	1,044,658	974,663	N/A	N/A	N/A	N/A	N/A	N/A
HEALTH, EDUCATION AND WELFARE	1,241,395	1,294,995	1,042,213	1,040,311	N/A	N/A	N/A	N/A	N/A	N/A
TOTAL	$ 18,865,037	$ 20,703,201	$ 17,932,816	$ 13,754,217	N/A	N/A	N/A	N/A	N/A	N/A

IN 2005, THE COUNTY UNDERWENT A MANAGEMENT STUDY THAT RECOMMENDED THE COUNTY RESTRUCTURE ITS FUNCTIONAL AREAS OF CONCENTRATION INTO THE ABOVE CATEGORIES. INFORMATION PRIOR TO FISCAL YEAR 2002 WAS NOT AVAILABLE TO RESTATE INTO THE ABOVE FUNCTIONAL AREAS.

JASPER COUNTY, SOUTH CAROLINA
GENERAL GOVERNMENTAL REVENUES BY SOURCE
LAST TEN FISCAL YEARS

FISCAL YEAR	TAXES	FINES, FEES, AND LICENSES	INTERGOVERNMENTAL	MISCELLANEOUS	TOTAL
1996	$ 3,894,338	$ 1,151,186	$ 2,095,766	$ 193,180	$ 7,334,470
1997	4,793,139	1,191,741	1,162,318	316,768	7,463,966
1998	5,459,899	1,471,295	1,667,394	215,214	8,813,802
1999	6,287,406	1,621,585	1,515,566	498,758	9,923,315
2000	8,406,972	1,577,202	1,872,954	632,506	12,489,634
2001	9,969,444	2,086,263	2,357,507	1,880,758	16,293,972
2002	10,952,410	2,123,854	1,799,967	988,317	15,864,548
2003	10,958,175	2,090,800	2,126,568	602,845	15,778,388
2004	10,335,317	2,286,895	2,442,814	1,107,295	16,172,321
2005	12,671,321	2,468,870	2,041,227	801,093	17,982,511

JASPER COUNTY, SOUTH CAROLINA
GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS

FISCAL YEAR	PROPERTY TAXES	LOCAL OPTION SALES TAXES	LOCAL OPTION SPECIAL PURPOSE TAXES	FRANCHISE TAXES	ACCOMMODATION TAXES	TOTAL
1996	$ 3,003,941	$ 817,235	$ -	$ -	$ 73,162	$ 3,894,338
1997	3,860,337	831,705	-	18,285	82,812	4,793,139
1998	4,447,347	915,342	-	10,102	87,108	5,459,899
1999	5,180,969	1,003,446	-	10,578	92,413	6,287,406
2000	5,921,802	1,105,800	1,090,684	10,602	278,084	8,406,972
2001	6,378,046	1,387,942	1,771,885	12,105	419,466	9,969,444
2002	7,093,017	1,456,811	1,845,240	12,628	544,714	10,952,410
2003	7,588,364	1,695,546	1,152,902	15,550	505,813	10,958,175
2004	8,104,840	1,773,442	-	17,824	439,211	10,335,317
2005	10,203,028	2,006,305	-	25,838	436,150	12,671,321

JASPER COUNTY, SOUTH CAROLINA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

FISCAL YEAR	TOTAL LEVY	CURRENT TAX COLLECTIONS	PERCENT OF LEVY COLLECTED	DELINQUENT TAX COLLECTIONS	TOTAL COLLECTIONS AS A PERCENT OF CURRENT LEVY	OUTSTANDING DELINQUENT TAXES	RATIO OF DELINQUENT TAXES TO TOTAL TAX LEVY
1996	2,409,909	2,028,213	84.2	369,249	99.5	N/A	N/A
1997	3,253,708	2,739,571	84.2	398,142	96.4	N/A	N/A
1998	3,803,133	3,239,067	85.2	432,799	96.6	N/A	N/A
1999	4,311,302	3,683,340	85.4	547,837	98.1	N/A	N/A
2000	4,886,813	4,160,527	85.2	523,707	95.9	N/A	N/A
2001	5,121,835	4,483,836	87.5	477,072	96.9	N/A	N/A
2002	5,908,528	5,016,674	84.9	743,759	97.5	607,487	10.3
2003	5,946,114	4,914,106	82.6	811,678	96.3	767,038	12.9
2004	6,748,721	5,766,554	85.5	909,452	98.9	782,023	11.6
2005	8,671,632	7,551,518	87.0	1,065,529	99.3	878,903	10.1

Includes County operations only. There were no allocations for debt service funds or special revenue funds.
Property tax levies, based on assessed values as of January 1st, become due and payable on November 1st each year. Taxes are payable until January 15th without penalty. A penalty of 3% is added on January 15th and an additional penalty of 7% is added on February 15th. Taxes become delinquent on March 15th at which time an additional 5% penalty is added and taxes are turned over to the delinquent tax collector. The tax sale is held on the first Monday in October.
N/A Information is not available.

JASPER COUNTY, SOUTH CAROLINA
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXES BY PROPERTY
LAST TEN FISCAL YEARS

FISCAL	REAL PROPERTY		PERSONAL PROPERTY		TOTAL	
YEAR	ASSESSED VALUE	MARKET VALUE	ASSESSED VALUE	MARKET VALUE	ASSESSED VALUE	MARKET VALUE
1996	$ 17,828,690	$ 386,671,248	$ 13,247,765	$ 126,169,190	$ 31,076,455	$ 512,840,438
1997	23,825,510	478,243,499 (1)	14,566,852	138,731,924	38,392,362	616,975,423
1998	24,684,582	516,174,556	16,014,736	152,521,295	40,699,318	668,695,851
1999	26,131,260	528,917,764	15,484,436	147,470,819	41,615,696	676,388,583
2000	27,013,700	562,780,839	18,043,979	171,818,251	45,057,679	734,599,090
2001	27,864,990	580,520,625	19,327,643	184,072,790	47,192,633	764,593,415
2002	40,810,850	803,554,263 (1)	21,342,435	203,261,286	62,153,285	1,006,815,549
2003	42,204,320	826,844,654	20,727,677	189,053,719	62,931,997	1,015,898,373
2004	43,347,258	861,774,513	21,175,584	220,832,006	64,522,842	1,082,606,519
2005	44,745,667	893,911,467	24,677,657	233,471,186	69,423,324	1,127,382,653

(1) Reassessment year.

Assessed values used are net values after deducting allowable statuary exemptions.

Property is assessed as of January 1st and taxes based on those assessments are levied and become due the following November 1st.

JASPER COUNTY, SOUTH CAROLINA
PROPERTY TAX MILLAGES - DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS

FISCAL YEARS	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
COUNTY-WIDE LEVIES										
COUNTY OPERATIONS	114.60	119.20	137.30	142.54	153.33	156.60	131.00	133.00	138.50	163.00
SCHOOL OPERATIONS	121.40	111.60	102.00	108.76	113.92	108.87	109.50	118.30	127.00	129.00
SCHOOL DEBT SERVICE	32.00	27.20	27.20	17.70	16.00	17.53	22.50	22.30	4.50	7.00
TOTAL	268.00	258.00	266.50	269.00	283.25	283.00	263.00	273.60	270.00	299.00
MUNICIPAL LEVIES										
CITY OF HARDEEVILLE	128.00	128.00	128.00	128.00	128.00	147.00	147.00	147.00	147.00	147.00
TOWN OF RIDGELAND	100.00	100.00	100.00	90.00	90.00	85.00	85.00	85.00	85.00	85.00
SPECIAL PURPOSE DISTRICT										
CHERRY POINT FIRE STATION	N/A	N/A	N/A	N/A	N/A	N/A	N/A	30.00	30.00	35.00

Source: County and City Finance Directors

JASPER COUNTY, SOUTH CAROLINA
TEN LARGEST TAXPAYERS
JUNE 30, 2005

TAXPAYER	ASSESSED VALUE	COUNTY TAXES PAID	PERCENT OF TOTAL COUNTY ASSESSMENT
SOUTH CAROLINA ELECTRIC & GAS	$ 5,157,510	$ 796,397	7.43 %
PALMETTO ELECTRIC	2,255,900	367,167	3.25
GEORIGA DOT	1,611,890	240,536	2.32
SOUTH CAROLINA PIPELINE CORP	824,600	126,739	1.19
COASTAL CAROLINA MEDICAL CENTER	773,890	119,510	1.11
MALPHRUS CONSTRUCTION	743,900	116,816	1.07
CAROLINA ATLANTA & WEST	714,380	109,798	1.03
CSG PIPELINE INC	700,400	107,650	1.01
OKEETEE CLUB	666,500	100,620	0.96
WALMART	504,150	85,187	0.73
TOTAL	$ 13,953,120	$ 2,170,420	20.10 %

County taxes paid do not include school taxes.

Source: Jasper County Auditor

JASPER COUNTY, SOUTH CAROLINA
SPECIAL ASSESSMENT BILLINGS AND COLLECTIONS
LAST TEN FISCAL YEARS

THERE HAVE BEEN NO SPECIAL ASSESSMENTS DURING THE PAST TEN YEARS.

JASPER COUNTY, SOUTH CAROLINA
COMPUTATION OF LEGAL DEBT MARGIN
JUNE 30, 2005

ASSESSED VALUATION		
REAL PROPERTY	$	43,712,912
PERSONAL PROPERTY		15,577,870
AUTOMOBILES		9,099,787
FEE IN LIEU		1,032,755
TOTAL ASSESSED VALUATION	$	69,423,324
LEGAL DEBT MARGIN		
DEBT LIMITATION - 8 PERCENT OF TOTAL ASSESSED VALUE	$	5,553,865
DEBT APPLICABLE TO LIMITATION:		
DEBT - NONE		-
LEGAL DEBT MARGIN	$	5,553,865

JASPER COUNTY, SOUTH CAROLINA
RATIO OF DEBT SERVICE FOR GENERAL BONDED DEBT TO GENERAL EXPENDITURES
JUNE 30, 2005

NO GENERAL BONDED DEBT

JASPER COUNTY, SOUTH CAROLINA
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
JUNE 30, 2005

GOVERNMENTAL UNIT	NET GENERAL OBLIGATION BONDED DEBT OUTSTANDING	PERCENTAGE APPLICABLE TO THE GOVERNMENTAL UNIT	AMOUNT APPLICABLE TO GOVERNMENT
DIRECT:			
JASPER COUNTY	NONE		NONE
OVERLAPPING:			
JASPER COUNTY SCHOOL DISTRICT BONDS PAYABLE	$ 13,476,492	100 %	$ 13,476,492
CITY OF HARDEEVILLE	522,495	100	522,495
	$ 13,998,987		$ 13,998,987

JASPER COUNTY, SOUTH CAROLINA
DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS

FISCAL YEAR	(1) POPULATION	(2) PER CAPITA INCOME	(3) MEDIAN AGE	(4) PERCENTAGE OF POPULATION WITH HIGH SCHOOL OR COLLEGE DIPLOMA	(5) SCHOOL ENROLLMENT	(6) UNEMPLOYMENT RATE
1995	16,302	14,526	32.7	N/A	3,920	4.6
1996	16,365	15,220	33.1	N/A	4,092	5.2
1997	16,500	14,593	33.5	N/A	4,118	3.8
1998	16,995	15,284	33.7	N/A	4,176	3.3
1999	17,232	15,707	34.4	N/A	N/A	3.2
2000	20,678	16,678	33.8	43.8	N/A	3.4
2001	20,818	17,356	33.8	65.2	N/A	3.9
2002	20,969	18,740	34.5	76.1	3,635	4.5
2003	20,998	19,338	33.8	65.2	3,905	5.2
2004	21,193	N/A	34.0	73.9	4,059	5.2

Data Source:
(1) US Bureau of the Census
(2) US Department of Commerce, Bureau of Economic Analysis
(3) Lowcountry Council of Governments
(4) Lowcountry Council of Governments
(5) South Carolina Department of Education
(6) South Carolina Employment Security Commission
N/A Information is not available

JASPER COUNTY, SOUTH CAROLINA
CONSTRUCTION COSTS AND BUILDING PERMITS
LAST TEN FISCAL YEARS

YEAR ENDED	RESIDENTIAL		COMMERCIAL	
	NUMBER OF PERMITS	CONSTRUCTION COSTS	NUMBER OF PERMITS	CONSTRUCTION COSTS
1995	68	$ 5,783,143	16	$ 5,712,945
1996	83	7,927,824	13	2,473,742
1997	87	8,424,660	21	3,381,810
1998	70	8,045,768	19	3,100,288
1999	65	6,451,978	20	9,279,110
2000	63	6,590,611	31	16,403,272
2001	73	7,721,642	25	10,719,526
2002	79	16,011,284	33	15,438,632
2003	63	6,033,664	39	13,617,564
2004	111	11,199,465	33	11,875,439

Source: County Building Department
Information is provided on calendar year basis.

JASPER COUNTY, SOUTH CAROLINA
RETAIL SALES
LAST TEN FISCAL YEARS

RETAIL SALES

The State imposes a 5% sales tax on all retail sales. Additionally, Jasper County has approved an additional 1% local option sales tax which is used to reduce property taxes. By special referendum, voters approved a 1% local option special purpose tax that will be used to finance the construction of school facilities.

FISCAL YEAR	TOTAL RETAIL SALES	PERCENT INCREASE OVER PRIOR YEARS
1995	$ 222,635,186	6.67 %
1996	253,647,354	13.93
1997	263,791,786	4.00
1998	296,212,708	12.30
1999	307,993,622	4.00
2000	376,177,328	22.14
2001	392,864,533	4.44
2002	425,507,974	8.31
2003	725,954,671	70.61
2004	1,184,771,836	63.20

JASPER COUNTY, SOUTH CAROLINA
DEPOSITS OF FINANCIAL INSTITUTIONS WITHIN THE COUNTY
LAST TEN FISCAL YEARS

FISCAL YEAR	BANK DEPOSITS	SAVINGS AND LOAN DEPOSITS	TOTAL DEPOSITS
1996	$ 62,294,000	$ 16,070,000	$ 78,364,000
1997	64,865,000	17,886,000	82,751,000
1998	73,070,000	18,514,000	91,584,000
1999	80,068,000	18,390,000	98,458,000
2000	82,033,000	20,629,000	102,662,000
2001	81,620,000	18,755,000	100,375,000
2002	107,957,000	-	107,957,000
2003	114,207,000	-	114,207,000
2004	105,581,000	-	105,581,000
2005	113,458,000	-	113,458,000

Source: Commission on Banking/State Board of Financial Institutions, Examining Division

JASPER COUNTY, SOUTH CAROLINA
GENERAL FUND BALANCE COMPARED TO ANNUAL EXPENDITURES
LAST TEN FISCAL YEARS

FISCAL YEAR	UNDESIGNATED FUND BALANCE	GENERAL FUND ANNUAL EXPENDITURES	BALANCE AS PERCENTAGE OF EXPENDITURES
1996	1,396,788	6,049,237	23.1 %
1997	1,546,038	6,762,308	22.9
1998	2,143,805	8,538,598	25.1
1999	2,652,707	8,724,237	30.4
2000	2,748,917	10,101,603	27.2
2001	3,259,649	10,882,438	30.0
2002	3,389,412	11,389,939	29.8
2003	2,898,521	10,932,410	26.5
2004	2,441,621	13,730,042	17.8
2005	3,120,814	15,201,819	20.5

Source: County Audit Reports

JASPER COUNTY, SOUTH CAROLINA
MISCELLANEOUS STATISTICS
JUNE 30, 2005

DATE OF INCORPORATION	1912
FORM OF GOVERNMENT	COUNCIL/ADMINISTRATOR
NUMBER OF EMPLOYEES (EXCLUDING POLICE & FIRE):	
FULL-TIME	213
PART-TIME	45
AREA IN SQUARE MILES	662
MILES OF STREETS	130
CULTURE AND RECREATION	
COMMUNITY CENTERS	6
PARKS	11
PARK ACREAGE	422
GOLF COURSES	2
PUBLIC SWIMMING POOLS	0
TENNIS COURTS	1
FIRE PROTECTION	
NUMBER OF STATIONS	9
NUMBER OF VOLUNTEERS	70
NUMBER OF CALLS ANSWERED	N/A
NUMBER OF INSPECTIONS CONDUCTED	N/A
POLICE PROTECTION	
NUMBER OF STATIONS	2
NUMBER OF POLICE PERSONNEL AND OFFICERS	26
NUMBER OF PATROL UNITS	15
EDUCATION	
NUMBER OF ELEMENTARY SCHOOLS	2
NUMBER OF SECONDARY SCHOOLS	2
HOSPITALS	
NUMBER OF HOSPITALS	1
NUMBER OF PATIENT BEDS	41

N/A Information is not available

COMPLIANCE SECTION

JASPER COUNTY, SOUTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2005

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Expenditures
US Department of Health & Human Services		
Child Enforcement Block Grant	93.563	$ 90,557
DSS Administrative	93.560	19,327
Help America Vote Act Grant	93.617	8,500
US Department of Transportation		
Airport Improvements	20.106	107,483
US Department of Homeland Security		
Local Emergency Management Performance	83.552	45,110
Citizens Corps	97.004	12,734
Law Enforcement Terroism Prevention Allocation	97.004	17,862
Homeland Security Allocation	97.004	84,084
US Department of Justice		
Public Safety Partnership & Comm. Policing Grant	16.710	143,891
Total Federal Financial Assistance		$ 529,548

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Jasper County, South Carolina and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

JASPER COUNTY, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2005

Section I: Summary of Auditors' Results

Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

* Material weakness(es) identified?	____ Yes	__X__ No
* Reportable condition(s) identified that are not considered to be material weaknesses?	__X__ Yes	____ None Reported
Noncompliance material to financial statements noted?	____ Yes	__X__ No

Federal Awards

Internal control over major programs:

* Material weakness(es) identified?	____ Yes	__X__ No
* Reportable condition(s) identified that are not considered to be material weaknesses?	____ Yes	__X__ No

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

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	____ Yes	__X__ None Reported

Identification of Major Programs:

CFDA Number(s)	*Name of Federal Programs or Cluster*
16.710	Public Safety Partnership & Comm Policing Grant

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

Auditee qualified as low-risk auditee?	__X__ Yes	____ No

Section II: Financial Statement Findings

05-01 Condition:

This is a repeat of the condition 04-01 from the prior year.

The following conditions were noted in the clerk of court's office:

The subsidiary ledger of trust fund balances does not reconcile to the balance in the trust fund account.

Restitution, bonds, and fines dating back as far as 1988 have not been disbursed from the trust account.

Supplies, furniture, penalties for documentary stamps and bailiff expenditures were paid from the trust account.

Reports were not filed timely to the South Carolina Department of Revenues for a period up to one year. This resulted in a fine to the county.

Effect of Condition:

Without an accurate subsidiary ledger of trust balances due, proper accountability for trust balances cannot be maintained. This condition lends itself to errors and omissions.

The effect of not paying out restitution, bonds, etc., on a timely basis is to make accountability for the growing balance in the trust account difficult and lead to the condition described in number four above.

Trust fund balances are held in trust for other individuals. No unauthorized disbursements should be made from the account even if it is the intent to reimburse the account.

Cause:

A history of poor recordkeeping makes it difficult to track down individuals and pay out funds from years ago. County employees in the clerk of court's office have very little understanding of what procedures are needed to maintain proper records. This office has experienced staff turnovers that make training difficult.

Recommendation:

Continue efforts to disburse the money from the old trust account. Reimburse the trust fund for title IV money for expenses that were paid from the trust account. Prepare all reports timely.

Corrective Plan:

The County actually has very little authority over an elected official but does bear the responsibility of any issues relating to the Clerk of Court's office. The county has budgeted to begin administration over an office recording deeds and reporting to the South Carolina Department of Revenue. The County Council will work with the Clerk of Court to try to resolve the payment of trust fund balances.

05-02 Condition: **This is a repeat of condition 04-02 from the prior year.**

Monthly totals of business license fees collected are not reconcilable to the monthly bank statement.

Effect of Condition: No proper audit trail is available to trace receipts into the bank.

Cause: This condition is due to the fact that the computer software program reports deposits when entered into the system rather than when collected.

Recommendation: Enter collections into the computer on the same day as the deposits are made.

Corrective Action: A new county-wide computer system will be implemented over the following year that should resolve this issue over the next two years.

05-03 Condition: **This is a repeat of condition 04-03 from the prior year.**

Proper accounting for various capital projects is not maintained because of the many funds of the County and the complexity of the financing for the projects.

Effect of Condition: Project cost is difficult to ascertain and may result in errors.

Cause: Funding for projects may be part federal grants, part RDA money, part state grants and part local money which could come from various funds making it difficult to maintain continuity when costs are not identified by project.

Recommendation: Maintain separate project records that include a detail of the specific general ledger accounts that project costs were posted to and the revenue source used to pay it.

Corrective Action: A new county-wide computer system will be implemented over the following year that should resolve this issue over the next two years.

05-04 Condition: **There is not an adequate follow-up procedure to determine that business licenses due are actually paid.**

Effect of Condition: There may be some business licenses that are unpaid.

Cause: Reports are not run on a monthly basis that show unpaid licenses. If this procedure is not performed timely, businesses are dropped off the computer system if the accounts remain unpaid after one year.

Recommendation: Run a monthly report of unpaid business licenses and follow-up on delinquent licenses.

Corrective Action: A new county-wide computer system will be implemented over the following year that should resolve this issue over the next two years.

05-05 Condition:	**Computer system posts out of balance entries that cause the general ledger to be out of balance.**
Effect of Condition:	The general ledger becomes out of balance.
Cause:	Computer program does not flag out of balance entries before posting.
Recommendation:	Discuss with computer programmer a mechanism to alert user to out of balance transactions before they are posted.
Corrective Action:	A new county-wide computer system will be implemented over the following year that should resolve this issue over the next two years.
05-06 Condition:	**There is a lack of segregation of duties in departments handling cash.**
Effect of Condition:	Proper internal controls cannot be maintained.
Cause:	A small staff size is the main cause of this condition.
Recommendation:	Assign personnel to monitor departments.
Corrective Action:	Long-term solution will mean the reorganization of the Treasurer's office to include a cashier function.
05-07 Condition:	**There is not a systematic follow-up procedure for reimbursements.**
Effect of Condition:	There is a delay in receipts of reimbursements for expenditures the county has incurred.
Cause:	There is no assignment of personnel dedicated to monitor accounts receivable.
Recommendation:	Establish procedures to monitor reimbursements of expenditures.
Corrective Action:	A finance and budget analyst is planned who would assume this function.
05-08 Condition:	**We have not been able to utilize the depreciation schedule prepared by the county.**
Cause:	The program the county is using to compute depreciation is not adequate for the needs of the county.
Effect of Condition:	The depreciation schedule does not reflect the balances recorded in the financial statements.
Recommendation:	Coordinate with auditor to get balances that reflect the financial statements.
Corrective Action:	A new county-wide computer system will be implemented over the following year that should resolve this issue over the next two years.

05-09 Condition:	**The County is posting transactions into one revenue and expense account that are for various functional categories.**
Cause:	The County is posting transactions into accounts that contain a mixture of functional areas.
Effect of Condition:	Financial statements would not adequately represent the functional categories.
Recommendation:	Post transactions into separate accounts that identify the functional area of the transaction.
Corrective Action:	A new county-wide computer system will be implemented over the following year that should resolve this issue over the next two years.
05-10 Condition:	**A test of employee files indicated that certain regulatory information was not in the files for our review.**
Cause:	Historically, employees were not required to report to the personnel department and regulatory forms were provided by department heads. This policy has been changed so that all employees are required to report to personnel before beginning their jobs. Some forms could also have been put into storage on the older employees.
Effect of Condition:	Some employee personnel files do not have the proper regulatory forms.
Recommendation:	Perform a review of all employee files and determine that all regulatory forms are on file. We would also suggest maintaining files in a more organized manner.
Corrective Action:	Employees are required to report to personnel before beginning their jobs.

Section III: Federal Awards Findings and Questioned Costs

NONE

JASPER COUNTY, SOUTH CAROLINA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2005

REFERENCE	
N/A	There were no material audit findings from the prior year.

MELLEN & WECHSLER, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

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

Jasper County, South Carolina
Ridgeland, South Carolina

We have audited the financial statements of governmental activities, each major fund, and the aggregate remainig fund information of Jasper County, South Carolina as of and for the year ended June 30, 2005, and have issued our report thereon dated November 18, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Jasper County, South Carolina's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Jasper County's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as items 05-01 through 05-12.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness.

Compliance and Other Matters

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

This report is intended solely for the information and use of the management and council and is not intended to be and should not be used by anyone other than these specified parties.

Mellen & Wechsler, P.A.

Mellen & Wechsler, P.A.
November 18, 2005

MELLEN & WECHSLER, P.A.

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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Jasper County, South Carolina
Ridgeland, South Carolina

Compliance

We have audited the compliance of Jasper County, South Carolina with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2005. Jasper County, South Carolina's major federal programs is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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

In our opinion, Jasper County, South Carolina complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005.

Internal Control Over Compliance

The management of Jasper County, South Carolina is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

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

The report is intended for the information of the audit committee, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Mellen & Wechsler, P.A.

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November 18, 2005

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