JASPER COUNTY, SOUTH CAROLINA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

JUNE 30, 2006

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, 2006

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INTRODUCTORY SECTION

Jasper County Council

651 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 6, 2006

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, 2006.

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 Baird & Company, LLC, 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, 2006 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, 2006 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 information prior to fiscal year 2002 was not available for the statistical section.

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 County's fiscal year 2007 assessable base is $93,466,825, up 37% from the assessable base of $68,248,264 in fiscal year 2006. The County's average weekly wage increased 12% over the last year and is currently $531.00. This weekly wage increase was three times that of that the state's overall weekly wage increase and Jasper County saw a larger percentage increase than its neighboring counties of Beaufort, Colleton, and Hampton. Jasper's unemployment rate continues to be lower than those of two of three neighboring counties and the state average.

In calendar year 2005, Jasper County realized a 26% increase in job growth from the previous year. Approximately 151 new jobs were created in the County in calendar year 2005.

The U.S. Census Bureau's 2005 population estimate for Jasper County's is 21,398. 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 County also has the distinction of currently having the highest county Hispanic/Latino growth rate in the state. A recent study completed by Clemson University's Strom Thurmond Institute projected that Jasper County would grow in population to 177,000 residents by 2026.

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. Two primary corridors, US 278 running east/west and SC 170 running north/south, accommodate a majority of the tourist traffic in both Jasper and Beaufort Counties. Most of Jasper County's large-scale residential and commercial growth is occurring along these corridors. Jasper County and Beaufort County have been in the process of jointly planning for this growth. The two counties recently adopted the SC 170/US 278 Corridor Access Management Plan. The plan defines access management standards, future signal locations and integration requirements, and median requirements for the two corridors to accommodate development in the area.

Residential growth is evidenced by increased individual home construction combined with the approval of many large residential, mixed-use development projects. Approximately 30,000 acres of large tract, mixed –use development projects have either been approved or are in the approval process. Most are located in the southern portion of the County, but two are currently located in the northern portion of the County. To date, approximately 60,000 new, yet to be constructed dwelling units have been authorized by Jasper County, the City of Hardeeville, and the Town of Ridgeland.

In the central area of the County, development is also occurring in and around the Town of Ridgeland. These developments include: Ridgeland Lakes (148 homes), Northridge (140 homes) and Oak Commons (200 homes), The Grove (61 Homes), Creedmore (105 homes) Bees Creek Subdivision (140 homes), Wellington (500 homes), Grahamville Farms (60), Graham Hall (100 homes), Sisters Ferry Road (110 homes), Sheffield (160 homes), Great Swamp Community (260 homes), Heron Crossing Apartment Complex (60 units), Moltrey (1,200 homes), Augusta Heights (20 homes). The County is also currently tracking well over 5,000,000 square feet of commercial projects to support the residential development.

Light industrial, commercial, and construction related businesses continue to locate and expand in Jasper County to support the new residential growth. Privately owned business parks- New River Business Park off of US 278 and New River Business Park off of SC 170 continue to expand. New River has added eight additional commercial professional facilities valued at $15 million and River Walk has reached virtual build-out. The County continues to entertain interest in its government owned Cypress Ridge Business/Industrial Park in the central portion of the County, the Town of Ridgeland recently attracted a new $6.9 million panelized home construction manufacturing facility anticipated to create 52 new jobs, and the City of Hardeeville recently acquired a 135 acre site for a new industrial park in the southern portion of the County.

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

An auto mall facility has been constructed in this area. Jaguar, Nissan, Dodge, Jeep/Chrysler, Hyundai, Infiniti, Mazda, and Porsche dealerships have been constructed there. Currently, a Ford/Lincoln/Mercury dealership, purported to be the largest of its kind in the nation, is being constructed in the area as well.

Jasper County has contracted with SSA Marine, America's foremost terminal company and a global industry leader, to design, build and operate a $450 million Jasper County owned marine terminal on the Savannah River. The new terminal will have a tremendous impact on the local economy and substantial, direct financial benefit to Jasper County. The marine terminal will produce 450 direct jobs and an estimated 97,566 new jobs in the region.

Additionally, the County continues to pursue the feasibility of developing a major aviation airport in Jasper County. Site selection is pending.

Long-Term Financial Planning

Jasper County has spent much time and effort in the past two years trying to understand and manage the growth it is experiencing. One of the County's primary concerns is that the necessary planning and growth management tools are implemented to assure that the cost of providing county services does not exceed the revenues received from the new growth. To that end, the County has developed a growth strategy that has encouraged a vast majority of all of the residential and commercial development to take place within the corporate boundaries of either the City of Hardeeville or the Town of Ridgeland.

The County also hired Clemson University to study the fiscal implications of the County's growth strategy on Jasper County, the City of Hardeeville, and the Town of Ridgeland. The resulting fiscal impact model used in Clemson University's January 2006 Fiscal Impact Assessment estimates that additional revenue from the growth will cover the growth-related capital and operating expenditures of Jasper County under every scenario analyzed.

With most of the planned residential and commercial development, Jasper County and the municipalities of Hardeeville and Ridgeland have been involved in jointly negotiating developer agreements with developer fees that offset the cost of providing additional government services beyond property tax revenue generated from the development. Fees are received to assist the entities with providing services such as schools, libraries, police, fire, parks & recreation services.

Jasper County and the Jasper County School Board are also working together to identify capital needs to accommodate future growth. The County has issued a request for proposals to acquire professional assistance in conducting a facilities assessment and space utilization study of all County properties as well as all properties owned by the Jasper County School Board. The scope of the work

to be completed also includes receiving professional advice on the siting of future government facilities and new schools within the County. The County hopes to complete this project in fiscal year 2007.

The County is currently designing a new County annex building to be constructed behind the existing County courthouse in Ridgeland. Construction of the County annex building and renovation of the existing courthouse is estimated to cost $10 million.

The County is also in the process of issuing 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 allocated to the school district.

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, 2005. This was the ninth 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

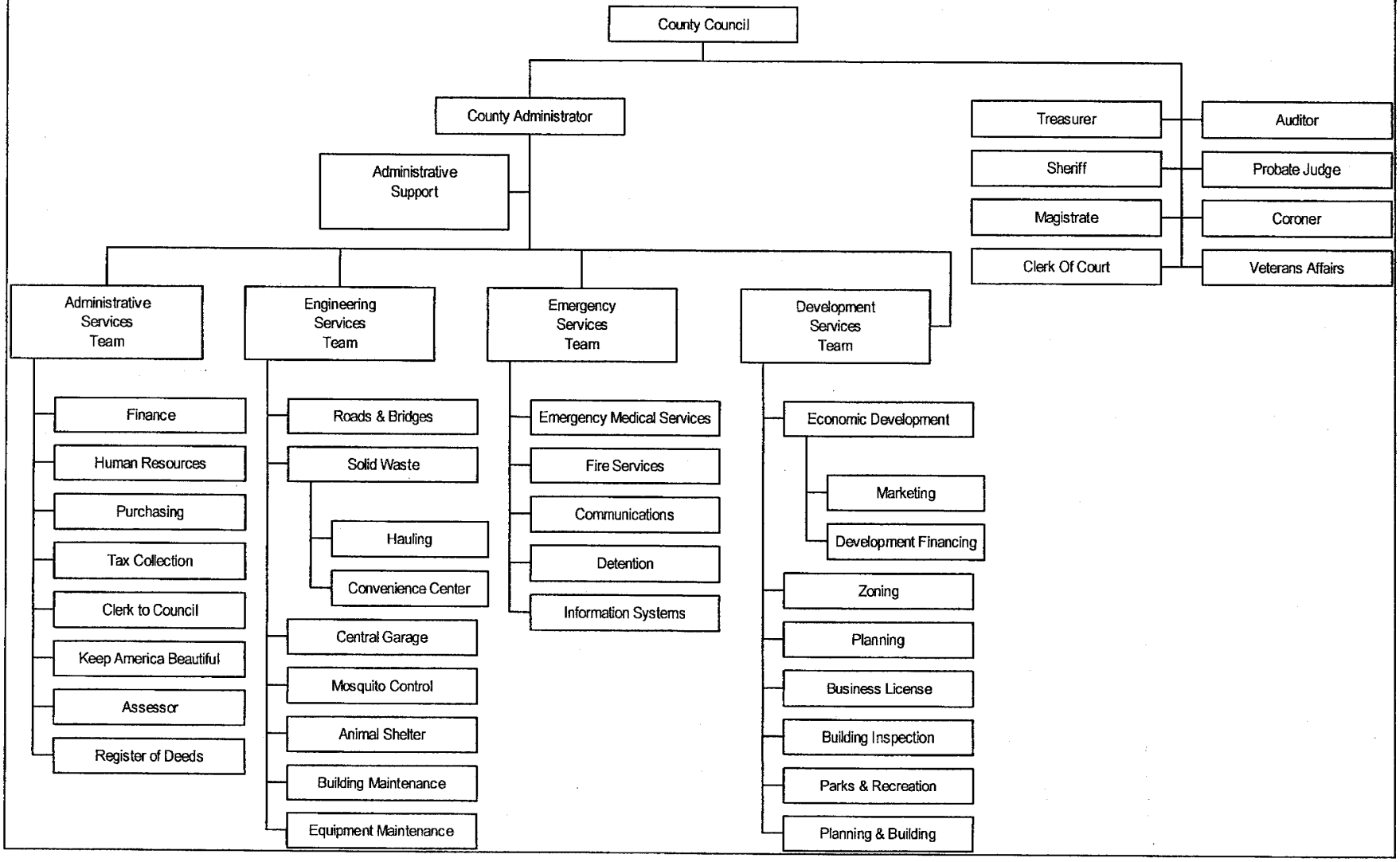
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2005

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

JASPER COUNTY, SOUTH CAROLINA
ORGANIZATIONAL CHART



JASPER COUNTY, SOUTH CAROLINA
LIST OF PRINCIPAL OFFICALS
JUNE 30, 2006

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	Steve Sager
Deputy Administrator/Public Works	Dale Terry
Treasurer	Verna Garvin
Sheriff	Ben Riley

Baird & Company *CPAs, LLC*
CERTIFIED PUBLIC ACCOUNTANTS & FINANCIAL ADVISORS
Augusta, Georgia Office

Thomson, Georgia Office

John P. Gillion, Jr., CPA, PFS, CFS, CVA, CFP®
J.T. Cosnahan, CPA, CFE, FCPA, DABFA, CICA, CGFM
Robert D. Huntley, Jr., CPA
Rep E. Whiddon, CPA, CVA
Brenda F. Carroll, CPA, CFE, CIA, CICA, FCPA

Benjamin B. Barmore, CPA, MCP, CITP
W. Lee Hammond, CPA

INDEPENDENT AUDITORS' REPORT

To the County Council
Jasper County, South Carolina
Ridgeland, South Carolina

We have audited the accompanying financial statements of the governmental activities, each major fund and aggregate remaining fund information of Jasper County, South Carolina, as of and for the year ended June 30, 2006, which collectively comprise Jasper County's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of Jasper County, South Carolina's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the financial position of the government activities, each major fund and the aggregate remaining fund information of Jasper County, South Carolina, as of June 30, 2006, 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 a report dated December 27, 2006, on our consideration of Jasper County, South Carolina's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

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The management's discussion and analysis, as listed in the table of contents, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the 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 the Jasper County, South Carolina's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, combining statement of fiduciary assets and liabilities, and statistical tables are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and the combining statement of fiduciary assets and liabilities 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 the 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.

Baird & Company, CPAs, LLC

BAIRD & COMPANY, CPAS, LLC
Certified Public Accountants

December 27, 2006
Augusta, Georgia

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BASIC FINANCIAL STATEMENTS

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, 2006. 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 $30,045,042 (net assets). Of this amount, $10,011,585 (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 $3,627,004. The majority of this increase is attributable to increase in property taxes and fee in lieu agreement with SCANA.
- As of the close of the current fiscal year the County's governmental funds reported combined ending fund balance of $12,688,005, an increase of $3,592,556. This increase is mostly attributable to the fee in lieu agreement with SCANA. Approximately 84 percent of this total amount, $10,580,585 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 $7,172,865 or 40 percent of the total fund expenditures.
- The County had $4,703,549 in notes and leases outstanding versus $3,462,854 last year, an increase of 36 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 $30,045,042 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	
	2006	2005
Current and Other Assets		
Cash and Other Assets	$ 15,033,381	$ 10,820,931
Capital Assets	21,176,400	20,266,717
Total Assets	36,209,781	31,087,648
Long-term Liabilities Outstanding	5,103,972	3,686,976
Other Liabilities	1,060,767	1,010,340
Total Liabilities	6,164,739	4,697,316
Net Assets		
Investment in Capital Assets, Net of Related Debt	18,033,457	17,707,633
Restricted	2,000,000	1,466,000
Unrestricted	10,011,585	7,216,699
Total Net Assets	$ 30,045,042	$ 26,390,332

By far the largest portion of the County's net assets $18,033,457 (60 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 (6.7 percent) represents resources that are subject to external restrictions on how they may be used.

The remaining balance of unrestricted net assets (33.3 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.

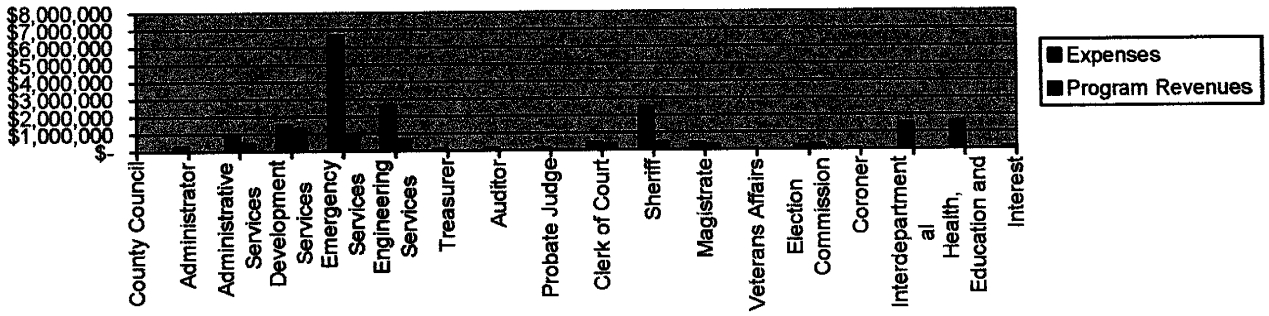
Governmental activities. The County's total net assets increased by $3,627,004 in 2006 compared to an increase of $1,143,377 in 2005. Key elements of this increase are as shown in the following table.

JASPER COUNTY, SOUTH CAROLINA CHANGE IN NET ASSETS

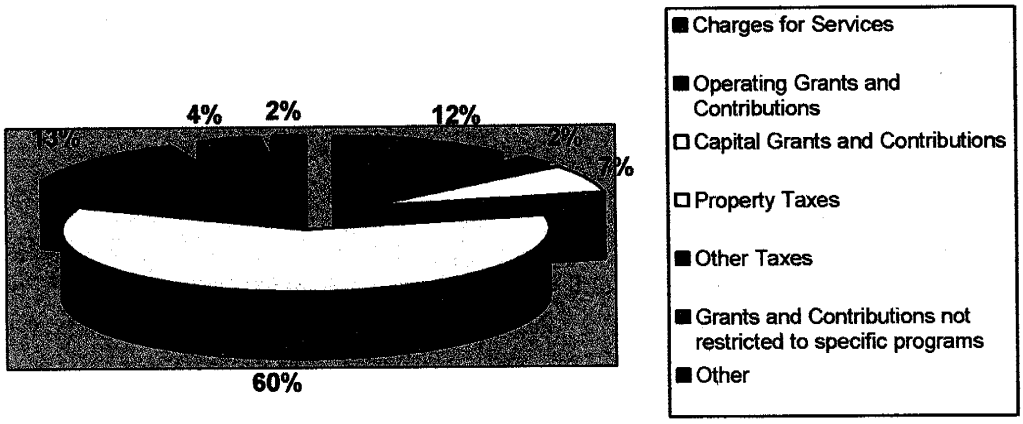
	Governmental Activities	
	2006	2005
Revenues:		
Program Revenues:		
Charges for Services	$ 2,842,211	$ 2,651,582
Operating Grants and Contributions	533,441	181,931
Capital Grants and Contributions	1,630,037	900,060
General Revenues:		
Property Taxes	13,802,399	10,254,803
Other Taxes	2,917,461	2,468,293
Grants and Contributions not restricted to specific programs	977,874	924,297
Other	503,204	270,638
Total Revenues	23,206,627	17,651,604
Expenses		
County Council	118,761	114,582
Administrator	289,214	277,686
Administrative Services	817,788	627,279
Development Services	1,526,043	1,372,668
Emergency Services	6,677,353	6,276,143
Engineering Services	2,615,122	1,901,778
Treasurer	107,206	93,102
Auditor	156,905	120,062
Probate Judge	147,803	142,204
Clerk of Court	463,747	408,538
Sheriff	2,515,271	2,107,222
Magistrate	409,063	398,272
Veterans Affairs	92,216	78,624
Election Commission	223,951	123,269
Coroner	94,537	76,358
Interdepartmental	1,525,679	1,048,190
Health, Educationand Welfare	1,632,521	1,241,342
Interest Expense	166,443	100,908
Total expenses	19,579,623	16,508,227
Increase in net assets	3,627,004	1,143,377
Net assets – beginning	26,418,038	25,274,661
Net assets – ending	$ 30,045,042	$ 26,418,038

- Property taxes increased by $3,547,596 (35 percent) during the year. This increase is due to the fee in lieu agreement with SCANA.
- The income of $3,627,004 can be largely attributed to the positive variance in revenues and expenditures.

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 $12,688,005, an increase of $3,592,556 in comparison with the prior year. This increase is mostly attributable to the increase in the fee in lieu of taxes. Approximately 84 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 $2,107,420.

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 $7,172,865. 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 40 percent of total general fund expenditures.

The fund balance of the County's general fund increased by $2,586,050 during the current fiscal year. Key factors of this increase are as follows:

- Expenditures were $1,089,454 less than the approved budget.
- Revenues were $1,586,938 over the budgeted amount.

The economic development fund has a total fund balance of $3,049,132. The net increase in fund balance during the current year of $305,262 was due to the following factors:

- RDA expenditures of $576,160 were capitalized as property held for resale.
- Planning expenditures of $241,000 was spent from prior year revenues.

The capital projects fund has a total fund balance of $1,702,205 of which $7,059 is designated for the purchase of property. The increase of $583,548 is largely attributable to the issuance of debt that was unspent.

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, 2006, can be briefly summarized as follows:

SUPPLEMENTAL APPROPRIATIONS		
Purchase of property and architectual fees	$	187,300
Emergency services salaries and overtime		240,000
Agency appropriations		29,959
Gas, oil and grease budget adjustments		69,000
Interest on bond anticipation note		19,000
911 Addressing consultant		40,000
Utilities for the detention center		65,000
Total Supplemental Appropriations	$	650,259

Capital Assets and Debt Administration

Capital Assets. The County's investment in capital assets for its governmental type activities as of June 30, 2006 amounts to $21,176,400 (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 8 percent.

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

Courthouse annex property and architectual plans	$	412,838
Vehicles		704,941
County-wide software implementation		419,600
Equipment		421,515
Donated voting machines		265,043
Total capital outlay	$	2,223,937

JASPER COUNTY, SOUTH CAROLINA CAPITAL ASSETS - NET OF DEPRECIATION

	Governmental Activities			
		2006		2005
Land and Improvements	$	2,561,561	$	1,454,793
Construction in progress		64,505		44,035
Buildings and Improvements		10,979,156		11,282,153
Machinery and Equipment		2,170,578		1,506,614
Vehicles		2,092,475		1,864,372
Infrastructure		3,308,125		4,114,750
Total	$	21,176,400	$	20,266,717

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 $4,703,549. The County's total debt increased by $1,240,695 (36 percent) during the current fiscal year. $2,158,000 was borrowed to purchase a fire truck, equipment and vehicles, and $917,305 of debt was retired. Changes in outstanding debt is summarized below:

JASPER COUNTY, SOUTH CAROLINA OUTSTANDING DEBT

	Governmental Activities	
	2006	2005
Bank loans	$ 1,041,580	$ 1,146,778
Bond anticipation note	785,000	785,000
Capital leases	2,876,969	1,531,076
Total	$ 4,703,549	$ 3,462,854

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 $7,800,971. 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 5.0 percent versus 5.2 percent a year ago. In comparison, the state's unemployment rate is 6.8 percent and the national rate is 5.1 percent.
- Inflationary trends in the region compare favorably to national indexes.
- The assessed valuation for the 2006 tax year increased from $69,423,324 to $97,512,144 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 $7,172,865. The County has appropriated $2,000,000 of this amount for spending in the 2007 fiscal year budget. The County set millage for the 2007 budget year at 109.5, which is a decrease of 45.5 mils. Budgeted expenditures for 2007 are projected to rise 23 percent to $22,667,921 from $18,442,502 in 2006. The decrease in millage is possible due to reassessment that increased the mill value $28,088.

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.

FINANCIAL SECTION

JASPER COUNTY, SOUTH CAROLINA
STATEMENT OF NET ASSETS
JUNE 30, 2006

	GOVERNMENTAL ACTIVITIES
ASSETS	
Cash	$ 10,219,508
Receivables	2,706,453
Notes Receivable	175,000
Property Held for Resale	1,932,420
Capital Assets not being depreciated	
Land	2,561,561
Construction in Progress	64,505
Capital Assets being depreciated	
Buildings and Improvements	10,979,156
Machinery and Equipment	2,170,578
Vehicles	2,092,475
Infrastructure	3,308,125
Total Assets	36,209,781
LIABILITIES	
Accounts Payable	595,011
Salaries and Benefits Payable	318,295
Unearned Revenue	66,147
Accrued Interest	81,314
Noncurrent Liabilities	
Due within one year	1,762,154
Due in more than one year	3,341,818
Total Liabilities	6,164,739
NET ASSETS	
Invested in Capital Assets, net of related debt	18,033,457
Unrestricted	12,011,585
Total Net Assets	$ 30,045,042

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, 2006

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	118,761	$ -	$ -	$ -	$ (118,761)
Administrator	289,214	-	-	-	(289,214)
Administrative Services	817,788	476,161	-	-	(341,627)
Development Services	1,526,043	719,923	13,659	619,570	(172,891)
Emergency Services	6,677,353	815,667	122,734	59,140	(5,679,812)
Engineering Services	2,615,122	74,580	11,123	604,290	(1,925,129)
Treasurer	107,206	-	2,138	-	(105,068)
Auditor	156,905	-	1,575	-	(155,330)
Probate Judge	147,803	62,059	1,575	-	(84,169)
Clerk of Court	463,747	342,412	30,751	-	(90,584)
Sheriff	2,515,271	55,396	311,800	81,994	(2,066,081)
Magistrate	409,063	290,837	-	-	(118,226)
Veterans Affairs	92,216	-	7,562	-	(84,654)
Election Commission	223,951	-	30,524	265,043	71,616
Coroner	94,537	-	-	-	(94,537)
Interdepartmental	1,525,679	-	-	-	(1,525,679)
Health, Education and Welfare	1,632,521	5,176	-	-	(1,627,345)
Interest	166,443	-	-	-	(166,443)
Total Governmental Activities	19,579,623	2,842,211	533,441	1,630,037	(14,573,934)
General Revenues					
Property Taxes					13,802,399
Local Option Sales Taxes					2,456,176
Franchise Taxes					27,055
Accommodation Taxes					434,230
Grants and contributions not restricted to specific programs					977,874
Earnings on investments					277,933
Miscellaneous					225,271
Total General Revenues, Special Items and Transfers					18,200,938
Change in net assets					3,627,004
Net assets, beginning					26,390,334
Prior Period Adjustment					27,704
Net assets, ending					$ 30,045,042

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

JASPER COUNTY, SOUTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2006

	GENERAL	ECONOMIC DEVELOPMENT	CAPITAL PROJECTS	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS					
Cash	$ 6,692,693	$ 1,013,035	$ 1,702,205	$ 811,575	$ 10,219,508
Receivables - net	2,458,613	7,284	-	240,556	2,706,453
Interfund Receivables	245,330	-	-	-	245,330
Notes Receivable	-	175,000	-	-	175,000
Property Held for Resale	-	1,932,420	-	-	1,932,420
Total Assets	$ 9,396,636	$ 3,127,739	$ 1,702,205	$ 1,052,131	$ 15,278,711
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	$ 545,336	$ 21,233	$ -	$ 28,442	$ 595,011
Salaries and Benefits Payable	312,512	-	-	5,783	318,295
Deferred Revenue	1,365,923	57,374	-	8,773	1,432,070
Interfund Payables	-	-	-	245,330	245,330
Total Liabilities	2,223,771	78,607	-	288,328	2,590,706
Fund Balances					
Reserved					
Noncurrent Assets	-	2,107,420	-	-	2,107,420
Unreserved					
Undesignated	5,172,865	880,084	1,695,146	-	7,748,095
Designated	2,000,000	61,628	7,059		2,068,687
Unreserved, reported in nonmajor					
Special Revenue Funds	-	-	-	763,803	763,803
Total Fund Balances	7,172,865	3,049,132	1,702,205	763,803	12,688,005
Total Liabilities and Fund Balances	$ 9,396,636	$ 3,127,739	$ 1,702,205	$ 1,052,131	$ 15,278,711

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, 2006

Total net assets reported for governmental activities in the statement of net assets is different because:		
Total fund balances for governmental funds		$ 12,688,005
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	$ 2,561,561	
Construction in Progress	64,505	
Buildings and Improvements, net of $2,192,437 accumulated depreciation	10,979,156	
Machinery and Equipment, net of $1,693,047 accumulated depreciation	2,170,578	
Vehicles, net of $2,444,011 accumulated depreciation	2,092,475	
Infrastructure, net of $442,516 accumulated depreciation	3,308,125	
Total Capital Assets		21,176,400
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.		1,365,923
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, 2006 are:		
Accrued Interest Payable	(81,314)	
Bonds, Notes and Leases Payable	(4,703,549)	
Compensated Absences	(400,423)	
Total Long-Term Liabilities		(5,185,286)
Total net assets of governmental activities		$ 30,045,042

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, 2006

	GENERAL	ECONOMIC DEVELOPMENT	CAPITAL PROJECTS	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES					
Taxes	$ 15,836,115	$ -	$ -	$ 276,506	$ 16,112,621
Fines, Fees and Licenses	2,661,199	61,623	-	156,899	2,879,721
Intergovernmental	1,305,008	-	-	1,026,929	2,331,937
Miscellaneous	467,577	654,330	33,636	187,548	1,343,091
Total Revenue	20,269,899	715,953	33,636	1,647,882	22,667,370
EXPENDITURES					
Current:					
County Council	118,761	-	-	-	118,761
Administrator	283,499	-	21,342	-	304,841
Administrative Services	764,353	-	45,108	-	809,461
Development Services	1,030,570	352,691	-	351,307	1,734,568
Emergency Services	6,932,204	-	196,142	94,860	7,223,206
Engineering Services	1,886,584	-	424,261	621,734	2,932,579
Treasurer	105,162	-	-	-	105,162
Auditor	151,384	-	-	-	151,384
Probate Judge	142,995	-	-	-	142,995
Clerk of Court	454,520	-	-	-	454,520
Sheriff	2,206,245	-	479,194	179,948	2,865,387
Magistrate	401,231	-	-	-	401,231
Veterans Affairs	89,650	-	-	-	89,650
Election Commission	187,135	-	-	265,043	452,178
Coroner	94,537	-	-	-	94,537
Interdepartmental	1,279,747	-	442,041	-	1,721,788
Health, Education and Welfare	1,630,566	-	-	-	1,630,566
Total Expenditures	17,759,143	352,691	1,608,088	1,512,892	21,232,814
Excess (deficiency) of revenues over (under) expenditures	2,510,756	363,262	(1,574,452)	134,990	1,434,556
OTHER FINANCING SOURCES (USES)					
Issuance of Debt	-	-	2,158,000	-	2,158,000
Transfers In	325,000	-	-	249,706	574,706
Transfers Out	(249,706)	(58,000)	-	(267,000)	(574,706)
Total Other Financing Sources (Uses)	75,294	(58,000)	2,158,000	(17,294)	2,158,000
Net change in fund balances	2,586,050	305,262	583,548	117,696	3,592,556
Fund balances, beginning	4,586,815	2,749,130	1,118,657	613,143	9,067,745
Prior period adjustment	-	(5,260)	-	32,964	27,704
Fund balances, ending	$ 7,172,865	$ 3,049,132	$ 1,702,205	$ 763,803	$ 12,688,005

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, 2006

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	$ 3,592,556
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 ($2,223,937) exceeded depreciation ($1,204,631) in the current period.	1,019,306
The net effect of various miscellaneous transactions involving capital assets (I.e., sales, trade-ins, and donations) is an decrease in net assets.	(109,622)
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.	(2,158,000)
Repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net assets.	917,305
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	564,657
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	(176,301)
Accrued Interest	(22,897)
Total change in net assets of governmental activities	$ 3,627,004

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, 2006

	Agency Funds
ASSETS	
Cash	$ 20,006,605
Accounts Receivable	29,587
Total Assets	20,036,192
LIABILITIES	
Due to Others	20,036,192
Total Liabilities	20,036,192
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 other departments 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 "interfund receivables/payables".

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 155 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, 2006 are $400,423 and include 15% for employee benefits and are included in long-term liabilities.

	06/30/05	Increases	Decreases	06/30/06
Compensated Absences	$ 224,122	$ 418,680	$ 242,379	$ 400,423

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 $650,259.

NOTE 3 DEPOSITS AND INVESTMENTS

As of June 30, 2006, the County had the following cash and investments that are included in cash governmental funds of $10,219,508 and the agency fund cash of $20,006,605.

	Maturity	Book Balance	Bank Balance
Investment			
Repurchase Agreement			
* Pooled Cash Account	Daily	$ 491,375	$ 266,056
Cash			
Checking Accounts		7,259,420	7,553,767
Certificates of Deposit		22,474,918	22,474,918
Change Funds		400	-
Total Deposits and Investments		$ 30,226,113	$ 30,294,741

* Account is swept daily. $120,000 is ordinarily left in account and excess is placed in government securities under a repurchase agreement. Balance of repurchase agreement at June 30, 2006 is $445,760.

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, 2006, $29,686,375 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	$ 29,686,375

NOTE 4 RECEIVABLES

Receivables at June 30, 2006, 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	$ 2,760,084	$ -	$ -	$ 2,760,084
Intergovernmental	799,792	-	237,356	1,037,148
Other	465,105	7,284	3,200	475,589
Gross receivables	4,024,981	7,284	240,556	4,272,821
Allowance for uncollectible accounts	(1,566,368)	-	-	(1,566,368)
Net total receivables	$ 2,458,613	$ 7,284	$ 240,556	$ 2,706,453

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	$ 1,307,880	$ -
Emergency medical service fees	58,043	-
Grant drawdowns prior to meeting all eligibility requirements	8,773	8,743
Special purpose drawdown not yet spent	57,374	57,374
Total	$ 1,432,070	$ 66,117

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, 2006 is $175,000.

NOTE 5 CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2006 was as follows:

Governmental Activities	June 30, 2005	Increases	Decreases	June 30, 2006
Capital assets not being depreciated				
Land and improvements	$ 1,454,793	$ 1,106,768	$ -	$ 2,561,561
Construction in progress	44,035	20,470	-	64,505
Total capital assets, not being depreciated	1,498,828	1,127,238	-	2,626,066
Capital assets being depreciated				
Buildings and improvements	13,171,593	-	-	13,171,593
Machinery and equipment	2,937,667	1,106,158	180,200	3,863,625
Vehicles	4,325,218	704,941	493,673	4,536,486
Infrastructure	4,510,641	-	760,000	3,750,641
Total capital assets being depreciated	24,945,119	1,811,099	1,433,873	25,322,345
Less accumulated depreciation for:				
Buildings and improvements	1,889,441	302,996	-	2,192,437
Machinery and equipment	1,431,053	332,572	70,578	1,693,047
Vehicles	2,460,846	476,838	493,673	2,444,011
Infrastructure	395,891	92,225	45,600	442,516
Total accumulated depreciation	6,177,231	1,204,631	609,851	6,772,011
Total capital assets being depreciated, net	18,767,888	606,468	824,022	18,550,334
Governmental activity capital assets, net	$ 20,266,716	$ 1,733,706	$ 824,022	$ 21,176,400

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	$ 8,216
Administrative Services	55,658
Development Services	54,061
Emergency Services	344,438
Engineering Services	191,686
Clerk of Court	4,419
Sheriff	222,717
Veterans Affairs	300
Election Commission	20,140
Interdepartmental	302,996
Total depreciation expense - governmental activities	$ 1,204,631

The carrying amount of idle capital assets is $349,406 with accumulated depreciation of $349,406.

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, 2006 is as follows:

Interfund Receivables/Payables

Fund	Interfund Receivables	Interfund Payable
General Fund	$ 245,330	$ -
Nonmajor Governmental Funds	-	245,330
Total Due to/from Other Funds	$ 245,330	$ 245,330

Interfund Transfers

	Transfer Out				
Transfer In	General Fund	Economic Development	Capital Projects	Nonmajor Governmental	Total
General Fund	$ -	$ 58,000	$ -	$ 267,000	$ 325,000
Nonmajor Governmental Funds	249,706	-	-	-	249,706
Total transfers out	$ 249,706	$ 58,000	$ -	$ 267,000	$ 574,706

The transfer from the general fund to the nonmajor fund was a transfer of accommodations tax receipts restricted by state law of $125,072. The transfer from the general fund of $124,634 was to cover expenses of Sgt. Jasper Park. The transfer from the nonmajor fund to the general fund was to reimburse expenses paid by the general fund for E-911, victims of crime and to make the payment on a note.

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, 2006.

Governmental Activities	June 30, 2005	Increases	Decreases	June 30, 2006	Due Within A Year
Bank loans	$ 1,146,778	$ -	$ 105,198	1,041,580	$ 108,499
Bond anticipation note	785,000	-	-	785,000	785,000
Capital leases	1,531,076	2,158,000	812,107	2,876,969	868,655
Total	$ 3,462,854	$ 2,158,000	$ 917,305	$ 4,703,549	$ 1,762,154

NOTE 7 LONG-TERM OBLIGATIONS – CONTINUED

Long-term debt payable at June 30, 2006 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.	$ 167,762
$281,811 lease on ambulances payable in five annual installments of $59,697 including interest of 2.96% beginning February 2005.	169,083
$610,000 lease on emergency equipment payable in seven annual installments of $99,190 including interest at 3.25% beginning January 2004.	367,297
$570,000 lease on E-911 equipment payable in seven annual installments of $91,860 including interest at 3.25% beginning February 2004.	337,231
$200,000 lease on voting machines payable in five annual installments of $40,000 including interest at 3.32% beginning August 2003.	12,091
$185,750 lease on Roseland Fire Station payable in five annual installments of $39,949 including interest at 2.69% beginning March 2004.	77,441
$991,000 lease on vehicles payable $275,000 in April 2006 and two payments of $395,227 beginning April 2007 including interest at 4.37%.	741,503
$1,167,000 lease on fire truck and other equipment payable in five annual installments of $193,708 including interest at 4.55% beginning April 2006.	1,004,561
Total Leases Payable	$ 2,876,969

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.	$ 1,041,580

Bond Anticipation Note	Balance
$785,000 loan for purchase of property payable from proceeds of bond of $785,000 plus interest at 5.5% in June 2007.	$ 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 $166,443.

NOTE 7 LONG-TERM OBLIGATIONS - CONTINUED

Bank Loan and Special Purpose Debt – All of the notes and special purpose debt are payable from the general fund. The annual requirements to amortize the debt as of June 30, 2006 is as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2007	$ 893,499	$ 63,854	$ 957,353
2008	112,012	29,098	141,110
2009	115,637	25,473	141,110
2010	119,380	21,730	141,110
2011	123,245	17,865	141,110
2012-2016	462,807	30,250	493,057
Total	$ 1,826,580	$ 188,270	$ 2,014,850

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 $3,961,017 and accumulated amortization of $857,403. Future minimum lease payments as of June 30, 2006 are as follows.

Fiscal Year Ending June 30,	
2007	$ 982,356
2008	969,969
2009	444,455
2010	385,738
2011	193,708
2012	193,708
Total minimum lease payments	3,169,934
Less amount representing interest	(292,965)
Present value minimum lease payments	$ 2,876,969

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	$ -	$ -	$ 7,059
Designated for planning	-	61,628	-
Budgeted cash carryforward in 06-07 operating budget	2,000,000	-	-
Total Designated Fund Balances	$ 2,000,000	$ 61,628	$ 7,059

NOTE 8 FUND BALANCES -GOVERNMENTAL FUNDS – CONTINUED

Reserved

	Economic Development
Notes receivable	$ 175,000
Property held for resale	1,932,420
Total	$ 2,107,420

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	2006	2005	2004
Total Payroll	$ 4,092,288	$ 3,837,844	$ 3,437,127
Covered Payroll	3,273,049	3,013,207	3,046,972
Retiree Payroll	207,796	207,935	73,573
Employee Contributions	227,553	180,792	188,828
Employee Contribution Rate	6.25%	6.00%	6.00%
Employer Contributions	262,804	215,816	209,077
Employer Contribution Rate	7.55%	6.70%	6.70%
Group Life Contributions	5,221	4,831	4,681
Group Life Contribution Rate	0.15%	0.15%	0.15%

POLICE OFFICERS RETIREMENT SYSTEM CONTRIBUTION INFORMATION	2006	2005	2004
Total Payroll	$ 3,041,928	$ 2,653,957	$ 2,290,554
Covered Payroll	3,041,928	2,653,957	2,290,554
Retiree Payroll	52,971	34,854	28,404
Employee Contributions	201,168	172,507	148,886
Employee Contribution Rate	6.50%	6.50%	6.50%
Employer Contributions	318,775	276,948	238,853
Employer Contribution Rate	10.30%	10.30%	10.30%
Group Life Contributions	12,380	10,755	9,276
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 $180,000 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 and a $6,000,000 bond in 2003 to further economic development within the county. The bonds are 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, 2006, $6,800,000 and $5,900,000 were outstanding.

The County, at the request of the Jasper County School District, issued special source revenue bonds in the amount of $11,155,000 to help with the construction of Jasper County Schools. The bonds are to be repaid with the school portion of a fee-in-lieu tax. The County has no liability for repayment of the debt.

NOTE 13 SUMMARY DISCLOSURE OF SIGNIFICANT COMMITMENTS AND CONTINGENCIES CONTINUED

The County has committed to purchase four (4) new fire trucks for $691,952 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	$ 731,790	$ 401,742	$ 290,037	$ 40,011
Clerk of Court	492,820	141,810	342,414	8,596
Total	$ 1,224,610	$ 543,552	$ 632,451	48,607
			Less expenditures through June 30, 2006	(78,925)
			Carryforward from June 30, 2005	131,064
			Carryforward at June 30, 2006	$ 100,746

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, 2005	Additions	Cost of Land Sold	June 30, 2006
Cypress Ridge Land	$ 946,720	$ -	$ -	$ 946,720
Ridgeland Industrial Park	40,240	-	-	40,240
Sergeant Jasper Park	69,300	-	-	69,300
Cypress Ridge Spec Bldg	300,000	576,160	-	876,160
Total	$ 1,356,260	$ 576,160	$ -	$ 1,932,420

NOTE 17 PRIOR PERIOD ADJUSTMENT

The prior period adjustment in the Economic Development Fund of $(5,260) was to move the balance in the Nickle Plate Road account to an agency fund.

The $32,964 prior period adjustment in the nonmajor fund was to add the beginning balance of cash in a sheriff account not previously recorded.

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, 2006

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE
	ORIGINAL	FINAL	AMOUNTS	(NEGATIVE)
REVENUES				
Taxes	$ 13,712,952	$ 13,712,952	$ 15,836,115	$ 2,123,163
Fines, Fees and Licenses	1,623,500	1,623,500	2,661,199	1,037,699
Intergovernmental	1,110,550	1,110,550	1,305,008	194,458
Miscellaneous	1,585,700	2,235,959	467,577	(1,768,382)
Total Revenues	18,032,702	18,682,961	20,269,899	1,586,938
EXPENDITURES				
County Council				
Council	125,650	125,650	118,761	6,889
Administrator				
Administrator	278,400	290,289	283,499	6,790
Administrative Services				
Tax Collector	63,725	77,366	77,826	(460)
Assessor	397,000	423,852	383,468	40,384
Finance Department	255,000	245,435	200,861	44,574
Register of Deeds	-	73,704	53,780	19,924
Keep America Beautiful	43,200	47,179	48,418	(1,239)
Total Finance	758,925	867,536	764,353	103,183
Development Services				
Economic Development Department	154,600	158,284	125,749	32,535
Business Licenses	51,995	53,237	55,575	(2,338)
Planning Commission	26,900	26,900	6,082	20,818
Recreation Department	291,500	299,889	241,192	58,697
Building Permits	466,950	480,688	420,018	60,670
Capital Improvements	142,000	142,000	181,954	(39,954)
Total Economic Development	1,133,945	1,160,998	1,030,570	130,428
Emergency Services				
Emergency Services Department	3,846,750	4,162,084	4,073,202	88,882
Detention Center	2,235,000	2,394,873	2,193,897	200,976
Cherry Point Fire Station	599,500	675,415	665,105	10,310
Total Emergency Services	6,681,250	7,232,372	6,932,204	300,168

JASPER COUNTY, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2006

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE
	ORIGINAL	FINAL	AMOUNTS	(NEGATIVE)
Engineering Services				
Administrative	$ 227,200	$ 230,161	$ 205,382	$ 24,779
Central Garage	140,500	149,615	152,682	(3,067)
Mosquito Control	67,200	48,200	23,843	24,357
Litter Control	47,500	51,425	51,250	175
Roads and Bridges	494,000	513,767	510,105	3,662
Building Maintenance	423,000	406,305	298,357	107,948
Solid Waste	640,000	698,852	644,965	53,887
Total Public Works	2,039,400	2,098,325	1,886,584	211,741
Treasurer				
Treasurer	109,050	115,424	105,162	10,262
Auditor				
Auditor	146,850	153,619	151,384	2,235
Probate Judge				
Probate Judge	152,850	160,710	142,995	17,715
Clerk of Court				
Clerk of Court	462,550	450,288	445,917	4,371
Clerk of Court Incentive	-	-	8,603	(8,603)
Total Clerk of Court	462,550	450,288	454,520	(4,232)
Sheriff				
Sheriff	2,112,800	2,201,047	2,112,956	88,091
Victims Witness Program	86,100	87,751	79,785	7,966
Sheriff Child Support	-	-	13,504	(13,504)
Total Sheriff	2,198,900	2,288,798	2,206,245	82,553
Magistrate				
Central Traffic	352,250	356,808	224,692	132,116
Magistrate Lynah	95,800	97,080	74,154	22,926
Hardeeville	96,095	106,155	102,385	3,770
Total Magistrate	544,145	560,043	401,231	158,812
Veterans Affairs				
Veterans Affairs	88,450	99,207	89,650	9,557
Election Commission				
Voters Registration	178,100	184,861	187,135	(2,274)
Coroner				
Coroner	85,150	85,450	94,537	(9,087)

JASPER COUNTY, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2006

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE
	ORIGINAL	FINAL	AMOUNTS	(NEGATIVE)
Interdepartmental				
Interdepartmental	$ 1,336,250	$ 1,063,321	$ 1,059,263	$ 4,058
Data Processing	145,000	145,000	135,842	9,158
Capital Improvements	153,000	153,000	84,642	68,358
Total General Government	1,634,250	1,361,321	1,279,747	81,574
Health, Education and Welfare				
Agency Appropriations	1,007,122	1,037,081	1,096,501	(59,420)
County Libraries	30,865	30,865	23,774	7,091
Health Department	23,400	23,400	20,443	2,957
Department of Social Services	23,100	23,100	22,745	355
Miscellaneous County Accounts	83,300	83,300	76,095	7,205
Animal Shelter	84,150	84,960	60,008	24,952
USC-Beaufort	331,000	331,000	331,000	-
Total Health, Education and Welfare	1,582,937	1,613,706	1,630,566	(16,860)
Total Expenditures	18,200,802	18,848,597	17,759,143	1,089,454
Excess (deficiency) of revenues over (under) expenditures	(168,100)	(165,636)	2,510,756	2,676,392
OTHER FINANCING SOURCES (USES)				
Transfers In	409,800	409,800	325,000	(84,800)
Transfers Out	(241,700)	(244,164)	(249,706)	(5,542)
Total Other Financing Sources (Uses)	168,100	165,636	75,294	(90,342)
Net change in fund balance	-	-	2,586,050	2,586,050
Fund balances, beginning	3,841,617	4,586,815	4,586,815	-
Fund balances, ending	$ 3,841,617	$ 4,586,815	$ 7,172,865	$ 2,586,050

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION:

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.

SUPPLEMENTARY INFORMATION

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 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, 2006

	SPECIAL REVENUE							
ASSETS	ACCOM TAX	WASTE TIRE	SHERIFF DRUG	E911	HOSPITAL	GRANTS	SGT JAPSER PARK	TOTAL NONMAJOR GOVERNMENTAL FUNDS
Cash	$ 592,205	$ 492	$ 133,435	$ 16,293	$ 41,111	$ 28,039	$ -	$ 811,575
Receivables	-	2,284	-	8,942	-	226,130	3,200	240,556
Total Assets	$ 592,205	$ 2,776	$ 133,435	$ 25,235	$ 41,111	$ 254,169	$ 3,200	$ 1,052,131
LIABILITIES AND FUND BALANCES								
Liabilities								
Accounts Payable	$ 19,062	$ 2,150	$ -	$ -	$ -	$ 65	$ 7,165	$ 28,442
Salaries and Benefits Payable	-	-	-	-	-	-	5,783	5,783
Deferred Revenue	-	-	-	-	-	8,773	-	8,773
Interfund Payables	-	-	-	-	-	245,330	-	245,330
Total Liabilities	19,062	2,150	-	-	-	254,168	12,948	288,328
Fund Balances								
Unreserved								
Net Assets	573,143	626	133,435	25,235	41,111	1	(9,748)	763,803
Total Fund Balances	573,143	626	133,435	25,235	41,111	1	(9,748)	763,803
Total Liabilities and Fund Balances	$ 592,205	$ 2,776	$ 133,435	$ 25,235	$ 41,111	$ 254,169	$ 3,200	$ 1,052,131

JASPER COUNTY, SOUTH CAROLINA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2006

	SPECIAL REVENUE							
	ACCOM TAX	WASTE TIRE	SHERIFF DRUG	E911	HOSPITAL	GRANTS	SGT JAPSER PARK	TOTAL NONMAJOR GOVERNMENTAL FUNDS
REVENUES								
Taxes	$ 276,506	$ -	$ -	$ -	$ -	$ -	$ -	$ 276,506
Fines, Fees and Licenses	-	-	-	138,209	-	-	18,690	156,899
Intergovernmental	-	11,123	-	-	-	1,015,806	-	1,026,929
Miscellaneous	283	-	186,857	-	408	-	-	187,548
Total Revenue	276,789	11,123	186,857	138,209	408	1,015,806	18,690	1,647,882
EXPENDITURES								
Current:								
Development Services	192,243	-	-	-	-	5,339	153,725	351,307
Emergency Services	-	-	-	35,720	-	59,140	-	94,860
Engineering Services	-	17,444	-	-	-	604,290	-	621,734
Sheriff	-	-	97,954	-	-	81,994	-	179,948
Election Commission	-	-	-	-	-	265,043	-	265,043
Total Expenditures	192,243	17,444	97,954	35,720	-	1,015,806	153,725	1,512,892
Excess (deficiency) of revenues over (under) expenditures	84,546	(6,321)	88,903	102,489	408	-	(135,035)	134,990
OTHER FINANCING SOURCES (USES)								
Transfers In	125,072	-	-	-	-	-	124,634	249,706
Transfers Out	(142,000)	-	-	(125,000)	-	-	-	(267,000)
Total Other Financing Sources (Uses)	(16,928)	-	-	(125,000)	-	-	124,634	(17,294)
Net change in fund balances	67,618	(6,321)	88,903	(22,511)	408	-	(10,401)	117,696
Fund balances, beginning	505,525	6,947	11,568	47,746	40,703	1	653	613,143
Prior Period Adjustment	-	-	32,964	-	-	-	-	32,964
Fund balances, ending	$ 573,143	$ 626	$ 133,435	$ 25,235	$ 41,111	$ 1	$ (9,748)	$ 763,803

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.
Nickle Plate Road Dev	This fund represents the 40% of taxes to be paid to the developer and Hampton County.
Treasurers Tax Account	This fund represents the portion of the tax account designated for other entities.
Town of Ridgeland	This fund represents the automobile taxes due to the Town of Ridgeland.
City of Hardeeville	This fund represents the automobile taxes due to the City of Hardeeville.
Magistrates Court	This fund represents fines collected that have not been disposed of by the court.
Register of Deeds	This fund represents the portion of the fee to be paid to the state.

JASPER COUNTY, SOUTH CAROLINA
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2006

	Agency Funds										
	School	Clerk of Court	Delinquent Tax Collector	1% Fire Fund	Nickle Plate Road Dev	Treasurers Tax Account	Town of Ridgeland	Magistrate Court	Register of Deeds	City of Hardeeville	Total
ASSETS											
Cash	$ 9,036,449	$ 9,991,652	$ 648,044	$ 108,714	$ 33,196	$ 38,244	$ 1,189	$ 41,744	$ 104,259	$ 3,114	$ 20,006,605
Accounts Receivable	-	-	-	-	29,587	-	-			-	29,587
Total Assets	9,036,449	9,991,652	648,044	108,714	62,783	38,244	1,189	41,744	104,259	3,114	20,036,192
LIABILITIES											
Due to Others	9,036,449	9,991,652	648,044	108,714	62,783	38,244	1,189	41,744	104,259	3,114	20,036,192
Total Liabilities	9,036,449	9,991,652	648,044	108,714	62,783	38,244	1,189	41,744	104,259	3,114	20,036,192
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, 2006 AND 2005

	2006	2005
GOVERNMENTAL FUNDS CAPITAL ASSETS:		
LAND AND IMPROVEMENTS	$ 2,561,561	$ 1,454,793
CONSTRUCTION IN PROGRESS	64,505	44,035
BUILDINGS AND IMPROVEMENTS	13,171,593	13,171,593
MACHINERY AND EQUIPMENT	3,863,625	2,937,667
VEHICLES	4,536,486	4,325,218
INFRASTRUCTURE	3,750,641	4,510,641
TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS	$ 27,948,411	$ 26,443,947
INVESTMENT IN GOVERNMENTAL FUNDS CAPITAL ASSETS BY SOURCE		
GOVERNMENTAL REVENUES	$ 18,719,548	$ 18,101,268
NOTES AND LEASES	3,142,943	2,517,062
SPECIAL PURPOSE TAX	5,363,171	5,363,171
DONATIONS	722,749	462,446
TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS	$ 27,948,411	$ 26,443,947

JASPER COUNTY, SOUTH CAROLINA
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENT FUNDS
SCHEDULE BY FUNCTION
JUNE 30, 2006

FUNCTION	LAND AND IMPROVEMENTS	CONSTRUCTION IN PROGRESS	BUILDINGS AND IMPROVEMENTS	MACHINERY AND EQUIPMENT	VEHICLES	INFRASTRUCTURE	TOTAL
ADMINISTRATOR	$ -	$ -	$ -	$ 142,487	$ 66,096	$ -	$ 208,583
ADMINISTRATIVE SERVICES	-	-	-	437,398	63,879	-	501,277
DEVELOPMENT SERVICES	-	-	-	52,431	122,841	838,713	1,013,985
EMERGENCY SERVICES	-	-	-	1,257,810	2,336,459	-	3,594,269
ENGINEERING SERVICES	714,400	-	-	1,448,730	653,992	2,911,928	5,729,050
TREASURER	-	-	-	30,127	-	-	30,127
CLERK OF COURT	-	-	-	51,684	-	-	51,684
SHERIFF	-	-	-	148,671	1,293,219	-	1,441,890
MAGISTRATE	-	-	-	12,730	-	-	12,730
VETERANS AFFAIRS	-	-	-	5,914	-	-	5,914
ELECTION COMMISSION	-	-	-	275,643	-	-	275,643
INTERDEPARTMENTAL	1,847,161	64,505	13,171,593	-	-	-	15,083,259
TOTAL	$ 2,561,561	$ 64,505	$ 13,171,593	$ 3,863,625	$ 4,536,486	$ 3,750,641	$ 27,948,411

JASPER COUNTY, SOUTH CAROLINA
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION
FOR THE YEAR ENDED JUNE 30, 2006

FUNCTION	JULY 1, 2005	ADDITIONS	DELETIONS	TRANSFERS	TOTAL
ADMINISTRATOR	$ 187,241	$ 21,342	$ -	$ -	208,583
ADMINISTRATIVE SERVICES	204,409	296,868	-	-	501,277
DEVELOPMENT SERVICES	1,027,485	-	13,500	-	1,013,985
EMERGENCY SERVICES	3,659,659	186,416	251,806	-	3,594,269
ENGINEERING SERVICES	5,343,244	1,306,500	920,694	-	5,729,050
TREASURER	30,127	-	-	-	30,127
CLERK OF COURT	51,684	-	-	-	51,684
SHERIFF	1,060,233	449,330	67,673	-	1,441,890
MAGISTRATE	12,730	-	-	-	12,730
VETERANS AFFAIRS	5,914	-	-	-	5,914
ELECTION COMMISSION	190,800	265,043	180,200	-	275,643
INTERDEPARTMENTAL	14,670,421	412,838	-	-	15,083,259
TOTAL	$ 26,443,947	$ 2,938,337	$ 1,433,873	$ -	$ 27,948,411

STATISTICAL SECTION

Schedule 1

JASPER COUNTY, SOUTH CAROLINA
NET ASSETS BY COMPONENTS
LAST FIVE FISCAL YEARS

	FISCAL YEAR				
	2002	2003	2004	2005	2006
GOVERNMENTAL ACTIVITIES					
Invested in Capital Assets, Net of Related Debt	$ 9,448,221	$ 11,179,151	$ 16,750,785	$ 17,707,633	$ 18,033,457
Restricted	6,236,002	6,785,581	3,205,900	1,466,000	2,000,000
Unrestricted	7,006,827	8,453,306	5,317,976	7,216,699	10,011,585
Total Governmental Activities Net Assets	$ 22,691,050	$ 26,418,038	$ 25,274,661	$ 26,390,332	$ 30,045,042

Source: County Audit Reports

County implemented GASB Statement No. 34 in year 2002.

Schedule 2

JASPER COUNTY, SOUTH CAROLINA
CHANGES IN NET ASSETS
LAST FIVE YEARS
(accrual basis of accounting)

	FISCAL YEAR				
	2002	2003	2004	2005	2006
Expenses					
Governmental Activities:					
County Council	$ 102,520	$ 114,081	$ 128,310	$ 114,582	$ 118,761
Administrator	334,615	385,883	324,993	277,686	289,214
Administrative Services	569,860	587,985	604,881	627,279	817,788
Development Services	1,673,482	2,231,784	1,465,253	1,372,668	1,526,043
Emergency Services	3,472,295	3,877,208	4,665,458	6,276,143	6,677,353
Engineering Services	1,876,261	2,184,588	2,254,202	1,901,778	2,615,122
Treasurer	79,643	90,056	90,493	93,102	107,206
Auditor	107,872	113,671	144,620	120,062	156,905
Probate Judge	112,901	124,673	140,293	142,204	147,803
Clerk of Court	395,932	395,991	476,808	408,538	463,747
Sheriff	1,675,138	1,891,437	2,055,863	2,107,222	2,515,271
Magistrate	266,499	296,582	416,747	398,272	409,063
Veterans Affairs	82,914	67,959	73,656	78,624	92,216
Election Commission	84,683	136,557	153,737	123,269	223,951
Coroner	44,125	58,150	76,462	76,358	94,537
Interdepartmental	974,663	899,748	652,423	1,048,190	1,525,679
Health, Education, and Welfare	1,052,821	1,072,680	1,167,414	1,241,342	1,632,521
Interest Expense	22,098	69,468	67,353	100,908	166,443
Total Expenses	12,928,322	14,598,501	14,958,966	16,508,227	19,579,623
Revenues					
Governmental Activities:					
Program Revenues					
Charges for Services	2,138,753	2,247,696	2,306,837	2,651,582	2,842,211
Operating Grants and Contributions	177,024	148,545	187,478	181,931	533,441
Capital Grants and Contributions	1,158,128	1,145,586	2,491,393	900,060	1,630,037
General Revenues					
Taxes	10,957,449	11,050,142	10,306,794	12,723,096	16,719,860
Grants and Contributions not restricted to specific programs	1,311,910	997,459	1,003,984	924,297	977,874
Earnings on investments	242,086	169,073	37,037	133,513	277,933
Other	87,100	17,346	31,708	137,123	225,271
Total Revenues	16,072,450	15,775,847	16,365,231	17,651,602	23,206,627
Increase in Net Assets	3,144,128	1,177,346	1,406,265	1,143,375	3,627,004
Net Assets-Beginning	19,546,922	22,691,050	23,868,396	25,274,661	26,418,038
Net Assets-Ending	$ 22,691,050	$ 23,868,396	$ 25,274,661	$ 26,418,036	$ 30,045,042

County implemented GASB Statement No. 34 in year 2002.

Source: County Audit Reports

Schedule 3

JASPER COUNTY, SOUTH CAROLINA
FUND BALANCES, GOVERNMENTAL FUNDS
LAST FIVE YEARS
(modified accrual basis of accounting)

	FISCAL YEAR				
	2002	2003	2004	2005	2006
GENERAL FUND					
Reserved	$ -	$ -	$ -	$ -	$ -
Unreserved	4,719,361	4,389,521	3,841,621	4,586,817	7,172,865
Total General Fund	$ 4,719,361	$ 4,389,521	$ 3,841,621	$ 4,586,817	$ 7,172,865
ECONOMIC DEVELOPMENT FUND					
Reserved	$ 1,838,062	$ 1,645,062	$ 1,605,942	$ 1,556,260	$ 2,107,420
Unreserved	1,028,081	729,562	521,129	1,192,869	941,712
Total Economic Development Fund	$ 2,866,143	$ 2,374,624	$ 2,127,071	$ 2,749,129	$ 3,049,132
CAPITAL PROJECTS FUND					
Reserved	$ -	$ -	$ -	$ -	$ -
Unreserved	4,425,327	4,467,114	1,150,703	1,118,657	1,702,205
Total Capital Projects Fund	$ 4,425,327	$ 4,467,114	$ 1,150,703	$ 1,118,657	$ 1,702,205
ALL OTHER GOVERNMENTAL FUNDS					
Reserved	$ -	$ -	$ -	$ -	$ -
Unreserved	817,189	879,757	564,062	640,846	763,803
Total All Other Governmental Funds	$ 817,189	$ 879,757	$ 564,062	$ 640,846	$ 763,803

Source: County Audit Reports

The county reorganized the functional areas and information prior to year 2002 would not be comparable.

Schedule 4

JASPER COUNTY, SOUTH CAROLINA
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST FIVE YEARS
(modified accrual basis of accounting)

	FISCAL YEAR				
	2002	2003	2004	2005	2006
Revenues					
Taxes	$ 10,952,410	$ 10,958,175	$ 10,335,317	$ 12,671,321	$ 16,112,621
Fines, Fees, and Licenses	2,123,854	2,090,800	2,286,895	2,468,870	2,879,721
Intergovernmental	1,799,967	2,126,568	2,442,814	2,041,227	2,331,937
Miscellaneous	988,317	577,845	1,107,295	828,800	1,343,091
Total Revenues	15,864,548	15,753,388	16,172,321	18,010,218	22,667,370
Expenditures					
County Council	70,271	114,081	128,310	114,582	118,761
Administrator	333,253	386,742	322,947	293,589	304,841
Administrative Services	546,540	571,057	573,985	603,499	809,461
Development Services	1,959,003	2,290,165	3,724,718	1,619,090	1,734,568
Emergency Services	4,108,155	6,977,362	7,746,270	7,637,030	7,223,206
Engineering Services	1,917,068	2,157,140	2,237,176	2,732,589	2,932,579
Treasurer	79,066	90,056	90,493	92,642	105,162
Auditor	108,325	113,671	144,620	120,624	151,384
Probate Judge	113,028	124,673	140,293	140,653	142,995
Clerk of Court	370,945	372,094	445,236	402,076	454,520
Sheriff	1,683,589	1,900,346	2,062,659	2,174,036	2,865,387
Magistrate	267,412	296,582	416,747	398,330	401,231
Veterans Affairs	53,462	68,190	73,520	78,046	89,650
Election Commission	85,001	325,636	150,397	146,863	452,178
Coroner	44,125	58,150	76,462	76,358	94,537
Interdepartmental	974,663	1,044,658	1,074,373	993,635	1,721,788
Health, Education, and Welfare	1,040,311	1,042,213	1,294,995	1,241,395	1,630,566
Total Expenditures	13,754,217	17,932,816	20,703,201	18,865,037	21,232,814
Excess (deficiency) of revenues over (under) expenditures	2,110,331	(2,179,428)	(4,530,880)	(854,819)	1,434,556
Other Financing Sources (Uses)					
Issuance of Debt	-	1,462,424	103,326	2,266,811	2,158,000
Transfers In	332,123	630,253	379,648	555,001	574,706
Transfers Out	(332,123)	(630,253)	(379,648)	(555,001)	(574,706)
Total Other Financing Sources (Uses)	-	1,462,424	103,326	2,266,811	2,158,000
Net Change in Fund Balances	2,110,331	(717,004)	(4,427,554)	1,411,992	3,592,556
Fund Balances, Beginning	10,717,689	12,828,020	12,111,011	7,683,457	9,095,449
Fund Balances, Ending	$ 12,828,020	$ 12,111,016	$ 7,683,457	$ 9,095,449	$ 12,688,005

Source: County Audit Reports

The county reorganized the functional areas and information prior to year 2002 would not be comparable.

Schedule 5

JASPER COUNTY, SOUTH CAROLINA
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

FISCAL YEAR ENDED JUNE 30,	ASSESSED VALUE			MARKET VALUE			TOTAL DIRECT TAX RATE
	REAL PROPERTY	PERSONAL PROPERTY	TOTAL	REAL PROPERTY	PERSONAL PROPERTY	TOTAL	
1997	$ 23,825,510 *	$ 14,566,852	$ 38,392,362 *	$ 478,243,499 *	$ 138,731,924	$ 616,975,423 *	119.20
1998	24,684,582	16,014,736	40,699,318	516,174,556	152,521,295	668,695,851	137.30
1999	26,131,260	15,484,436	41,615,696	528,917,764	147,470,819	676,388,583	142.54
2000	27,013,700	18,043,979	45,057,679	562,780,839	171,818,251	734,599,090	153.33
2001	27,864,990	19,327,643	47,192,633	580,520,625	184,072,790	764,593,415	156.60
2002	40,810,850 *	21,342,435	62,153,285 *	803,554,263 *	203,261,286	1,006,815,549 *	131.00
2003	42,204,320	20,727,677	62,931,997	826,844,654	189,053,719	1,015,898,373	133.00
2004	43,347,258	21,175,584	64,522,842	861,774,513	220,832,006	1,082,606,519	138.50
2005	44,745,667	24,677,657	69,423,324	893,911,467	233,471,186	1,127,382,653	163.00
2006	44,618,276 **	52,893,868	97,512,144	887,684,147	467,847,306	1,355,531,453	155.00

* Reassessment Year.

** The increase in personal property is due to the construction of a power plant in Jasper County.

Data Source: County Auditor

Schedule 6

JASPER COUNTY, SOUTH CAROLINA
DIRECT AND OVERLAPPING PROERTY TAX RATES
LAST TEN YEARS

FISCAL YEAR ENDED JUNE 30,	COUNTY DIRECT RATES	OVERLAPPING RATES				
	BASIC RATE	SCHOOL OPERATIONS	SCHOOL DEBT SERVICE	CHERRY POINT FIRE DISTRICT	TOWN OF RIDGELAND	CITY OF HARDEEVILLE
1997	119.20	111.60	27.20	-	100.00	128.00
1998	137.30	102.00	27.20	-	100.00	128.00
1999	142.54	108.76	17.70	-	90.00	128.00
2000	153.33	113.92	16.00	-	90.00	128.00
2001	156.60	108.87	17.53	-	85.00	147.00
2002	131.00	109.50	22.50	-	85.00	147.00
2003	133.00	118.30	22.30	30.00	85.00	147.00
2004	138.50	127.00	4.50	30.00	85.00	147.00
2005	163.00	129.00	7.00	35.00	85.00	147.00
2006	155.00	133.50	7.50	35.00	110.00	147.00

Source: County Finance Office

Schedule 7

JASPER COUNTY, SOUTH CAROLINA
PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO

TAXPAYER	2006 TAXABLE ASSESSED VALUE	2006 RANK	2006 PERCENTAGE OF TOTAL COUNTY TAXABLE ASSESSED VALUE	1998 TAXABLE ASSESSED VALUE	1998 RANK	1998 PERCENTAGE OF TOTAL COUNTY TAXABLE ASSESSED VALUE
South Carolina Electric & Gas	$ 23,390,251	1	23.98 %	$ 1,878,710	1	4.62 %
Coastal Carolina Medical Center	2,519,692	2	2.58	-		-
Palmetto Electric	2,255,900	3	2.31	973,960	2	2.39
Georgia DOT	1,611,890	4	1.65	-		-
South Carolina Pipeline Corp	824,600	5	0.85	-		-
Malphrus Construction	743,900	6	0.76	-		-
Carolina Atlanta and West	714,380	7	0.73	-		-
CSG Pipeline Inc	700,400	8	0.72	-		-
Okeetee Club	666,500	9	0.68	654,780	3	1.61
Wal-Mart	439,500	10	0.45	-		-
Charleston and Savannah Railroad	-		-	597,630	4	1.47
Southern Natural Gas	-		-	561,230	5	1.38
Westvaco	-		-	415,830	6	1.02
Hargray Telephone	-		-	295,830	7	0.73
Waste Management of South Carolina	-		-	290,830	8	0.71
United Telephone	-		-	257,870	9	0.63
Cypress Woods	-		-	254,040	10	0.62
Total	$ 33,867,013		34.71 %	$ 6,180,710		15.19 %

Source: Jasper County Auditor

First year information was available was 1998.

Schedule 8

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

FISCAL YEAR ENDED JUNE 30,	TAXES LEVIED FOR THE FISCAL YEAR	COLLECTED WITHIN THE FISCAL YEAR OF THE LEVY		COLLECTIONS IN SUBSEQUENT YEARS	TOTAL COLLECTIONS TO DATE	
		AMOUNT	PERCENTAGE OF LEVY		AMOUNT	PERCENTAGE OF LEVY
1997	$ 3,253,708	$ 2,739,571	84.2 %	$ 466,043	$ 3,205,614	96.4 %
1998	3,803,133	3,239,067	85.2	515,329	3,754,396	96.6
1999	4,311,302	3,683,340	85.4	534,742	4,218,082	98.1
2000	4,886,813	4,160,527	85.2	650,236	4,810,763	95.9
2001	5,121,835	4,483,836	87.5	546,118	5,029,954	96.9
2002	5,908,528	5,016,674	84.9	778,183	5,794,857	97.5
2003	5,946,114	4,914,106	82.6	895,089	5,809,195	96.3
2004	6,748,721	5,766,554	85.5	811,131	6,577,685	98.9
2005	8,671,632	7,551,518	87.0	879,988	8,431,506	99.3
2006	12,204,753	10,866,037	89.0	-	10,866,037	89.0

Source: Delinquent Tax Collector, County Finance Office, County Auditor, County Treasurer

JASPER COUNTY, SOUTH CAROLINA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

FISCAL YEAR ENDED JUNE 30,	GOVERNMENTAL ACTIVITIES			TOTAL PRIMARY GOVERNMENT	PERCENTAGE OF PERSONAL INCOME	PER CAPITA
	NOTES PAYABLE	LEASES PAYABLE	BOND ANTICIPATION			
1997	$ 162,500	$ 1,196,760	$ -	$ 1,359,260	4.69 %	85.43 %
1998	397,562	378,566	-	776,128	2.58	47.04
1999	288,232	497,305	-	785,537	2.44	46.22
2000	174,985	681,235	-	856,220	2.54	49.69
2001	101,588	954,947	-	1,056,535	3.14	51.09
2002	25,411	662,141	-	687,552	1.82	33.03
2003	-	1,927,227	-	1,927,227	4.89	91.91
2004	-	1,646,911	-	1,646,911	3.88	78.43
2005	1,146,778	1,531,076	785,000	3,462,854	7.46	163.40
2006	1,041,580	2,876,969	785,000	4,703,549	9.52	219.81

Source: County Audit Report, US Census Bureau

Note: Details of the County's outstanding debt can be found in the notes to the financial statements.

See schedule 14 for personal income and population.
These ratios are calculated using personal income and population for the prior calendar year.

Schedule 10

JASPER COUNTY, SOUTH CAROLINA
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

NONE

JASPER COUNTY, SOUTH CAROLINA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2006

GOVERNMENTAL UNIT	DEBT OUTSTANDING	ESTIMATED PERCENTAGE APPLICABLE	ESTIMATED SHARE OF OVERLAPPING DEBT
Debt repaid with property taxes			
Jasper County School District	$ 28,305,122	100.00%	$ 28,305,122
City of Hardeeville	5,832,221	7.00%	408,255
Town of Ridgeland	-	0.00%	-
Subtotal overlapping debt			
County direct debt	4,703,549	100.00%	4,703,549
Total direct and overlapping debt			$ 33,416,926

Sources: Assessed value data used to estimated applicable percentage provided by Jasper County Auditor.
Debt outstanding data provided by each governmental unit.

JASPER COUNTY, SOUTH CAROLINA
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

Schedule 12

Legal Debt Margin Calculation for Fiscal Year 2006	
Assessed Value	$ 97,512,144
Debt limit (8% of assessed value)	7,800,971
Debt applicable to limit:	
None	-
Total net debt applicable to limit	-
Legal Debt Margin	$ 7,800,971

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Debt Limit	$ 2,982,707	$ 3,255,945	$ 3,329,256	$ 3,604,614	$ 3,775,410	$ 4,972,263	$ 5,034,560	$ 5,161,827	$ 5,553,865	$ 7,800,971
Total net debt applicable to limit	(833,840)	(285,000)	(226,745)	(155,432)	(93,017)	(25,411)	-	-	-	-
Legal debt margin	$ 2,148,867	$ 2,970,945	$ 3,102,511	$ 3,449,182	$ 3,682,393	$ 4,946,852	$ 5,034,560	$ 5,161,827	$ 5,553,865	$ 7,800,971
Total net debt applicable to the limit as a percentage of debt limit	27.96 %	8.75 %	6.81 %	4.31 %	2.46 %	0.51 %	- %	- %	- %	-

Under state finance law, the county's outstanding general obligation debt should not exceed 8 percent of the total assesed property value.

Source: County Audit Report

JASPER COUNTY, SOUTH CAROLINA
PLEDGED-REVENUE COVERAGE
LAST TEN FISCAL YEARS

Schedule 13

NONE

Schedule 14

JASPER COUNTY, SOUTH CAROLINA
DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS

FISCAL YEAR ENDED JUNE 30,	POPULATION	PERSONAL INCOME (thousands of dollars)	PER CAPITA PERSONAL INCOME	MEDIAN AGE	EDUCATION LEVEL IN YEARS OF SCHOOLING	SCHOOL ENROLLMENT	UNEMPLOYMENT RATE
1996	16,365	$ 289,592	$ 15,911	33.1	N/A	4,092	5.20 %
1997	16,500	301,829	15,340	33.5	N/A	4,118	3.80
1998	16,995	322,234	16,080	33.7	N/A	4,176	3.30
1999	17,232	337,618	16,512	34.4	N/A	N/A	3.20
2000	20,678	336,581	17,693	33.8	43.8	N/A	3.40
2001	20,818	378,125	18,129	33.8	65.2	N/A	3.90
2002	20,969	393,828	18,813	34.5	76.1	N/A	4.50
2003	20,998	424,890	20,250	33.8	65.2	N/A	5.20
2004	21,193	464,437	21,833	34.0	73.9	N/A	5.20
2005	21,398	494,000	21,900	34.8	76.3	3,905	5.00

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
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

Schedule 15

	2006			1998		
EMPLOYER	EMPLOYEES	RANK	PERCENTAGE OF TOTAL COUNTY EMPLOYMENT	EMPLOYEES	RANK	PERCENTAGE OF TOTAL COUNTY EMPLOYMENT
Malphrus Construction	558	1	5.58 %	-		- %
Jasper County School District	462	2	4.62	450	1	5.91
Wal-Mart	320	3	3.20	-		-
Jasper County	218	4	2.18	168	3	2.20
Beaufort-Jasper Comprehensive Health	215	5	2.15	-		-
Ridgeland Correctional Institution	185	6	1.85	377	2	4.94
Coastal Carolina Medical	145	7	1.45	-		-
Cleland Construction	125	8	1.25	-		-
Razor Component Systems	101	9	1.01	-		-
Rigeland Nursing System	99	10	0.99	85	9	1.15
Thoroughbred Industries	-		-	100	4	1.31
Kwalu, Inc.	-		-	100	4	1.31
Lowcountry General Hospital	-		-	95	6	1.24
Best Western	-		-	88	7	1.15
South Carolina Highway Department	-		-	86	8	1.15
Days Inn	-		-	78	10	1.02
	-		-	-		
Total	2,428		24.28 %	1,627		21.38 %

Source: County Economic Development Department
First year information available was 1998.

JASPER COUNTY, SOUTH CAROLINA
FULL-TIME EQUIVALENT COUNTY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Schedule 16

FUNCTION/PROGRAM	FULL-TIME EQUIVALENT EMPLOYEES AS OF JUNE 30,									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
County Council	N/A	N/A	N/A	N/A	N/A	5	5	5	5	5
Administrator	N/A	N/A	N/A	N/A	N/A	3	4	4	4	4
Administrative Services	N/A	N/A	N/A	N/A	N/A	11	11	11	11	17
Development Services	N/A	N/A	N/A	N/A	N/A	3	3	3	3	6
Emergency Services	N/A	N/A	N/A	N/A	N/A	53	54	56	76 a	90
Engineering Services	N/A	N/A	N/A	N/A	N/A	45	45	45	46	49
Treasurer	N/A	N/A	N/A	N/A	N/A	3	3	3	2	3
Auditor	N/A	N/A	N/A	N/A	N/A	4	4	4	4	4
Probate Judge	N/A	N/A	N/A	N/A	N/A	3	3	3	3	3
Clerk of Court	N/A	N/A	N/A	N/A	N/A	7	7	7	7	8
Sheriff	N/A	N/A	N/A	N/A	N/A	34	32	30	29	35
Magistrate	N/A	N/A	N/A	N/A	N/A	11	11	11	12	10
Veterans Affairs	N/A	N/A	N/A	N/A	N/A	1	1	2	2	2
Election Commission	N/A	N/A	N/A	N/A	N/A	2	2	2	2	3
Coroner	N/A	N/A	N/A	N/A	N/A	1	1	1	1	1
Interdepartmental	N/A	N/A	N/A	N/A	N/A	-	-	-	-	-
Health, Education, and Welfare	N/A	N/A	N/A	N/A	N/A	4	2	2	2	2
Total	N/A	N/A	N/A	N/A	N/A	189	188	189	209	242

Source: County Human Resources

(a) The County began the hiring of additional jailers to staff the new detention center.

N/A After a management study, the county reorganized the functional areas and information prior to year 2002 would not be comparable.

JASPER COUNTY, SOUTH CAROLINA
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

	FISCAL YEAR									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
REGISTER OF DEEDS										
Documents Recorded	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	* 3,841
SOLID WASTE										
Tons of Solid Waste Handled	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	8,631
BUILDING DEPARTMENT										
Residential Permits Issued	N/A	87	70	65	63	73	79	63	111	562
Value of Residential Permits	N/A	$ 8,424,660	$ 8,045,768	$ 6,451,978	$ 6,590,611	$ 7,721,642	$ 16,011,284	$ 6,033,664	$11,199,465	$ 26,751,560
Commercial Permits Issued	N/A	21	19	20	31	25	33	39	33	77
Value of Commercial Permits	N/A	$ 3,381,810	$ 3,100,288	$ 9,279,110	$ 16,403,272	$ 10,719,526	$ 15,438,632	$ 13,617,564	$11,875,439	$ 46,995,504
Mobile Home Permits Issued	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	219
PARKS & RECREATION										
Park Attendance	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	36,206
DETENTION CENTER										
Confinements	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	2,039
BUSINESS LICENSES & BILLBOARDS										
Business Licenses Issued	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	673
Gross Sales of Licenses Issued	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	$ 432,945,168
EMERGENCY SERVICES										
Calls Dispatched	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	23,660
PROBATE COURT										
Probate Cases	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	170
Marriage Licenses Issued	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	370
Marriage Ceremonies Performed	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	227
SHERIFF DEPARTMENT										
Incidents Investigated	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	7,184
Case Offense Investigations	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	458
Civil Paper Service	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1,002
SC State Uniform Tickets Issued	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	423

N/A Information is not available.

* Department opened in November 2005.

Source: Various County Departments

JASPER COUNTY, SOUTH CAROLINA
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Schedule 18

FUNCTION/PROGRAM	FISCAL YEAR 1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
DEVELOPMENT SERVICES:										
COMMUNITY CENTERS	N/A	7	7	7	7	7	7	6	6	6
PARKS	N/A	10	10	10	10	10	10	11	11	11
PARKS ACREAGE	N/A	66	66	66	66	66	66	422	422	422
BOAT LANDINGS	6	6	6	6	6	6	6	6	6	6
EMERGENCY SERVICES:										
NUMBER OF FIRE STATIONS	N/A	8	8	8	8	8	8	9	9	9
NUMBER OF FIRE TRUCKS	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	19
NUMBER OF AMBULANCES	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	6
ENGINEERING SERVICES:										
MILES OF ROADS	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	124
RECYCLING CENTERS	N/A	N/A	N/A	6	6	6	6	6	6	6
SHERIFF:										
PATROL UNITS	N/A	11	15	15	15	15	15	15	15	15
HEALTH, EDUCATION & WELFARE										
COUNTY LIBRARIES	2	2	2	2	2	2	2	2	2	2

N/A Information is not available.

COMPLIANCE SECTION

Baird & Company *CPAs, LLC*
CERTIFIED PUBLIC ACCOUNTANTS & FINANCIAL ADVISORS
Augusta, Georgia Office *Thomson, Georgia Office*

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W. Lee Hammond, CPA

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

To the County Council
Jasper County, South Carolina
Ridgeland, South Carolina

We have audited the 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, 2006, which collectively comprise Jasper County's basic financial statements and have issued our report thereon dated December 27, 2006. 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 opinions on the financial statements and not to provide an opinion 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 internal control over financial reporting that, in our judgment, could adversely affect Jasper County, South Carolina's ability to initiate, record, process, 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 2006-01, 2006-02, and 2006-3.

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

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necessarily disclose all matters in internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered material weaknesses. However, we believe that none of the reportable conditions described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatements, 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and is described in the accompanying schedule of findings and questioned costs as items 2006-04.

This report is intended solely for the information and use of the County Council, management, others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Baird & Company, CPAs, LLC

BAIRD & COMPANY, CPAS, LLC
Certified Public Accountants

December 27, 2006
Augusta, Georgia

JASPER COUNTY, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2006

I. Summary of Auditors' Results

A. An unqualified opinion was issued on the financial statements of Jasper County, South Carolina.

B. We noted three reportable conditions in internal control over financial reporting, none of which are considered material weaknesses. Those reportable conditions are listed below as 2006-01, 2006-02, and 2006-03.

C. We noted one instance of noncompliance with laws, regulations, and provisions of contracts and grant agreements during our audit. That occurrence is listed below as 2006-04.

II. Findings Related to the audit of the Financial Statements of Jasper County, South Carolina

Finding 2006-01: This is a repeat of the condition 05-01 from the prior year for the clerk of court's office:

Condition and criteria: The subsidiary ledger of trust fund balances does not reconcile to the balance in the trust account. Restitution, bonds, and fines dating as far back as 1988 have not been disbursed from the trust account.

Effects: Without an accurate subsidiary ledger of trust balances due, proper accountability for trust balance cannot be maintained. This condition lends itself to errors and omissions. The untimely payment of restitution, bonds, etc. could result in a fine to the county.

Auditor's Recommendation: Management should establish policies and procedures to reconcile the balance in the trust account to the subsidiary ledger, and management should establish policies and procedures to disburse restitution, bonds, etc. in a timely manner.

Finding 2006-02: Lack of segregation of duties in departments handling cash.

Condition and criteria: There is a lack of segregation of duties in departments handling cash.

Effect: Lack of segregation of duties could lead to misappropriation or misuse of assets.

Auditor's Recommendation: We recommend that the County establish policies and procedures to adequately segregate cash handling duties.

II. Findings Related to the audit of the Financial Statements of Jasper County, South Carolina – Continued

Finding 2006-3: Agency Funds' cash

Condition and Criteria: Unadjusted cash balances reported for agency funds did not equal agency funds' reconciled cash balances.

Effect: Cash held for others by agency funds was understated.

Auditor's Recommendation: Management should established policies and procedures to ensure that financial statements reflect agency funds' cash equal to reconciled cash balances.

Finding 2006-4: Uncollateralized deposits

South Carolina Code of Laws, Section 12-45-220 collateral pledging requirement to secure deposits in excess of federal deposit insurance coverage.

Condition and Criteria: Deposits with financial institutions were not in full compliance with SC Code of Laws Section 12-45-220.

Effect: In the event of the failure of the financial institution, the County may not be able to recover deposits other than that amount cover by FDIC.

Auditor's Recommendation: We recommend that the County fully establish policies and procedures to fully collateralize deposits that are deposited which exceed the FDIC amount.

JASPER COUNTY, SOUTH CAROLINA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended June 30, 2006

There were no audit findings noted during the year ended June 30, 2005, that are required to be reported for the year ended June 30, 2006.