JASPER COUNTY, SOUTH CAROLINA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

JUNE 30, 2010

COUNTY COUNCIL

GEORGE HOOD, CHAIRMAN

SAMUEL GREGORY
LEROY BLACKSHEAR

HENRY ETHERIDGE
HUBERT TYLER

COUNTY ADMINISTRATOR
ANDREW P. FULGHUM

DIRECTOR OF ADMINISTRATIVE SERVICES
RONNIE MALPHRUS

PREPARED BY:
FINANCE DEPARTMENT

Jasper County, South Carolina
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2010

TABLE OF CONTENTS

	Page
INTRODUCTORY SECTION	
Letter of Transmittal	1
Certificate of Achievement for Excellence in Financial Reporting	7
Organizational Chart	8
List of Principal Officials	9
FINANCIAL SECTION	
Independent Auditors' Report	10
Management's Discussion and Analysis	12
Basic Financial Statements	
Government-Wide Financial Statements:	
Statement of Net Assets	20
Statement of Activities	21
Fund Financial Statements:	
Balance Sheet - Governmental Funds	22
Reconciliation of the Balance Sheet of Governmental Funds to Statement of Net Assets	23
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	24
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	25
Statement of Fiduciary Assets and Liabilities - Agency Funds	26
Notes to the Financial Statements	27
Required Supplementary Information:	
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Governmental Funds	45
Supplementary Information	
Combining Individual Fund Statements and Schedules:	
Nonmajor Governmental Funds	48
Combining Balance Sheet - Nonmajor Governmental Funds	49
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds	50
Agency Funds	51
Combining Statement of Fiduciary Assets and Liabilities - Agency Funds	52
Schedule of Court Fines, Assessments, and Surcharges	53
Capital Assets Used in the Operation of Governmental Funds:	
Comparative Schedule by Source	54
Schedule by Function and Activity	55
Schedule of Changes by Functions and Activity	56

Jasper County, South Carolina
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2010

TABLE OF CONTENTS - CONTINUED

	Page
STATISTICAL SECTION	
Narrative	57
Net Assets by Components	58
Changes in Net Assets	59
Fund Balances, Governmental Funds	60
Changes in Fund Balances, Governmental Funds	61
Assessed and Estimated Actual Value of Property	62
Property Tax Rates - Direct and Overlapping	63
Principal Property Taxpayers	64
Property Tax Levies and Collections	65
Ratios of Outstanding Debt by Type	66
Ratio of Net of General Bonded Debt Outstanding	67
Direct and Overlapping Governmental Activities Debt	68
Legal Debt Margin Information	69
Pledged Revenue Coverage	70
Demographic Statistics	71
Principal Employers	72
Full-Time Equivalent County Government Employees by Function/Program	73
Operating Indicators by Function/Program	74
Capital Assets Statistics by Function/Program	75
COMPLIANCE SECTION	
Schedule of Expenditures of Federal Awards	76
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*	77
Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133	79
Schedule of Findings and Questioned Costs	81

INTRODUCTORY SECTION

Jasper County Council

651 Grays Hwy. • Ridgeland, SC 29936
P.O. Box 1149 • Ridgeland, SC 29936

Dr. George Hood
Chairman

Leroy Blackshear
Vice Chairman

Henry Etheridge
Councilman

Rev. Samuel Gregory
Councilman

Hurbert Tyler
Councilman

Andrew Fulghum
Administrator

November 19, 2010

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, 2010.

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 CPAS, 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, 2010 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, 2010 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.

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 23,221. 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 45-47 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 broader perspective of the specific environment within which the County operates.

Local Economy

The County's fiscal year 2011 assessable base is $116,098,071, down 2% from the assessable base of $118,128,019 in fiscal year 2010. The County's private sector average weekly wage decreased 5% from the previous year and is currently $615. This average weekly wage is higher than average weekly wage rates reported in the neighboring South Carolina counties of Beaufort and Colleton. The 2010 US Dept. of Housing and Urban Development (HUD) median family income estimate for Jasper County is $45,700. This median family income level is higher than median family income levels reported in two of the three neighboring counties.

The U.S. Census Bureau's 2009 population estimate for Jasper County is 23,221. The 2000 census placed Jasper County as the fourth fastest growing county in the state. A 2006 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 in multi-use communities with vested densities.

Approximately 30,000 acres of large tract, mixed–use development projects have been approved. Over the past five years, approximately 77,000 new dwelling units have been authorized by Jasper County, the City of Hardeeville, and the Town of Ridgeland. Over 4,000 acres of proposed commercial development projects have also been approved.

As a result of the financial and economic problems that have negatively impacted the United States, Jasper County has experienced a growth slow-down. The impact of a construction slowdown in Jasper County has been hard felt as many of all private sector jobs in the County were construction related. Many Jasper County residents also are employed in service industries supporting tourism related business in neighboring Beaufort County.

Jasper County's unemployment rate is currently 9.3%. It was 10.7% last year. Jasper County is presently ranked 38th highest in unemployment in the state out of 46 counties. There are presently only 8 South Carolina Counties with lower unemployment rates. Before the economic downturn, Jasper County also had one of the lowest unemployment rates in the state. Then, the County suffered from an underemployment problem rather than an unemployment problem. Even before the economic downturn, Jasper County understood the need for creating sustainable jobs for its residents and diversifying its tax base.

For many years, the County has supported a regional approach to economic development and job creation. The idea of developing a regional economic development vision and leveraging regional economic development resources makes even more sense as local governments react to recent economic development and job creation challenges.

To that end, the Jasper County Council joined the Beaufort County Council in forming a state sanctioned economic development alliance known as the Lowcountry Economic Alliance. The Alliance is governed by a board of directors composed of elected officials and business members from both counties. Since its formation, the Alliance has developed four focus areas for economic development- aeronautics, distribution and logistics, green, and knowledge intensive. The Alliance has developed an integrated website presence with a property search database, dedicated marketing and branding in print and web advertising, obtained $600,000 in grant funds to further our joint marketing and economic development efforts, and is currently developing a regional economic development plan with participation from Jasper and Beaufort Counties and all municipalities within both counties.

The Alliance has evaluated public and private sites with Jasper County that have been proposed for economic development projects. Some current deficiencies in infrastructure have been identified for all of these properties. Efforts are underway to publicly and privately finance infrastructure improvements/extensions to and within these properties. Development of RiverPort Business Park, a 1,400 acre premier logistics center for warehousing, distribution, and light industrial use, is currently underway in the City of Hardeeville. Jasper County is in the process of extending water, sewer and gas utilities in the Cypress Ridge Industrial Park. Jasper County and the Town of Ridgeland are also currently exploring opportunities to further develop industrial properties in the Town of Ridgeland.

The States of Georgia and South Carolina have joined forces to develop a bi-state port authority to construct and operate a new deep water shipping terminal in Jasper County on approximately 1,500 acres of land located in the southern portion of Jasper County along the Savannah River. The port has been named the Jasper Ocean Terminal (JOT). Georgia and South Carolina jointly purchased the property and established a bi-state, joint project office to oversee the development of the new port. The new port will have a tremendous impact on the local economy and presents the potential for substantial financial benefit to Jasper County. It has been estimated that the new port will produce 450 direct jobs and as many as 98,000 new jobs in the region.

For the past decade, the State of Georgia has also been preparing to further dredge the Savannah River to enable larger ships to use the Garden City Marine Terminal. The Georgia Ports Authority is timing the project to enable the state to service the larger vessels when the Panama Canal reopens in 2014 with the ability to accommodate the larger vessels. Jasper County currently awaits the opportunity to review the environmental impact statement (EIS) for the Savannah Harbor Expansion Project (SHEP) which is expected to be released soon.

Long-term Financial Planning

Jasper County spent much time and effort over the past five years trying to understand and manage the growth it was experiencing. One of the primary concerns was in assuring that the future cost of providing County services did not exceed the revenues received from the new growth. To that end, the County maintained a growth management strategy that 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. Virtually all of the new, large-scale growth will undoubtedly now take place within the corporate limits of the County's two municipalities.

Clemson University's January 2006 Fiscal Impact Assessment for Jasper County, the City of Hardeeville and the Town of Ridgeland, estimates that additional revenue from future 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 development agreements with developer fees that offset the initial cost of providing additional government services beyond property tax revenue generated from the development. Fees are assessed to assist the entities with providing school, library, police, fire and parks and recreation infrastructure. When and if the residential and commercial development proceeds as proposed, the County and its municipalities will receive approximately $300 million in voluntary developer fees.

The Jasper County Council set a goal of developing an affordable housing program to ensure that affordable housing opportunities remain in Jasper County as the area grows. An affordable housing market analysis has been completed for Jasper County and new affordable rental, single family home construction, and rehabilitation projects have begun. The County has provided financial support for one of the projects and obtained grant funding for another.

The County is developing a government campus in the Town of Ridgeland. The County has also constructed a new County administrative building on the campus known as the Jasper County Government Building. Renovation of the County's historic courthouse has begun and is scheduled to

be completed in the fall of 2010. The Jasper County Chamber of Commerce and the Jasper County Museum operated by the Jasper County Historical Society are moving on the campus into the Perry House which was purchased by the County several years ago. The County has committed to issuing new debt not to exceed $18 million in developing the government campus.

This past year, the County was faced with revenue shortfalls from fines, fees, and permits as a result of the lack of economic activity. Additionally, state shared revenue was cut. The County was forced to reduce its operating budget by over $4 million in FY 2010. The County also reduced its workforce by 21 employees. Just as the County had to react to the challenges it has faced in the local economy in developing the FY 2010 budget, the County is now forced to re-examine its long-term financial challenges.

Going forward, the County has many challenges. The stresses of shrinking revenue sources, new debt, accrued liabilities and the competition for limited grant funds will force the County to re-examine and re-evaluate the types and levels of services it presently provides.

Significant Financial Policies
The following policies had a significant impact on the current period financial statements:

1. The County pays medical insurance on behalf of retired employees who have met the eligibility requirements. GASB-45 "Accounting and Financial Reporting by Employers for Post Employment Benefits Other than Pensions" became effective for the fiscal year ended June 30, 2009. This resulted in an accrual of $863,615 on the government wide financial statements.
2. The County borrowed $900,000 on behalf of the Lowcountry Council of Governments (LCOG) to expand their facilities. The county entered into a lease – lease arrangement with LCOG whereby LCOG is making payments equal to the note payment.

Awards and Acknowledgments
The Government Finance 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, 2009. This was the thirteenth 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.

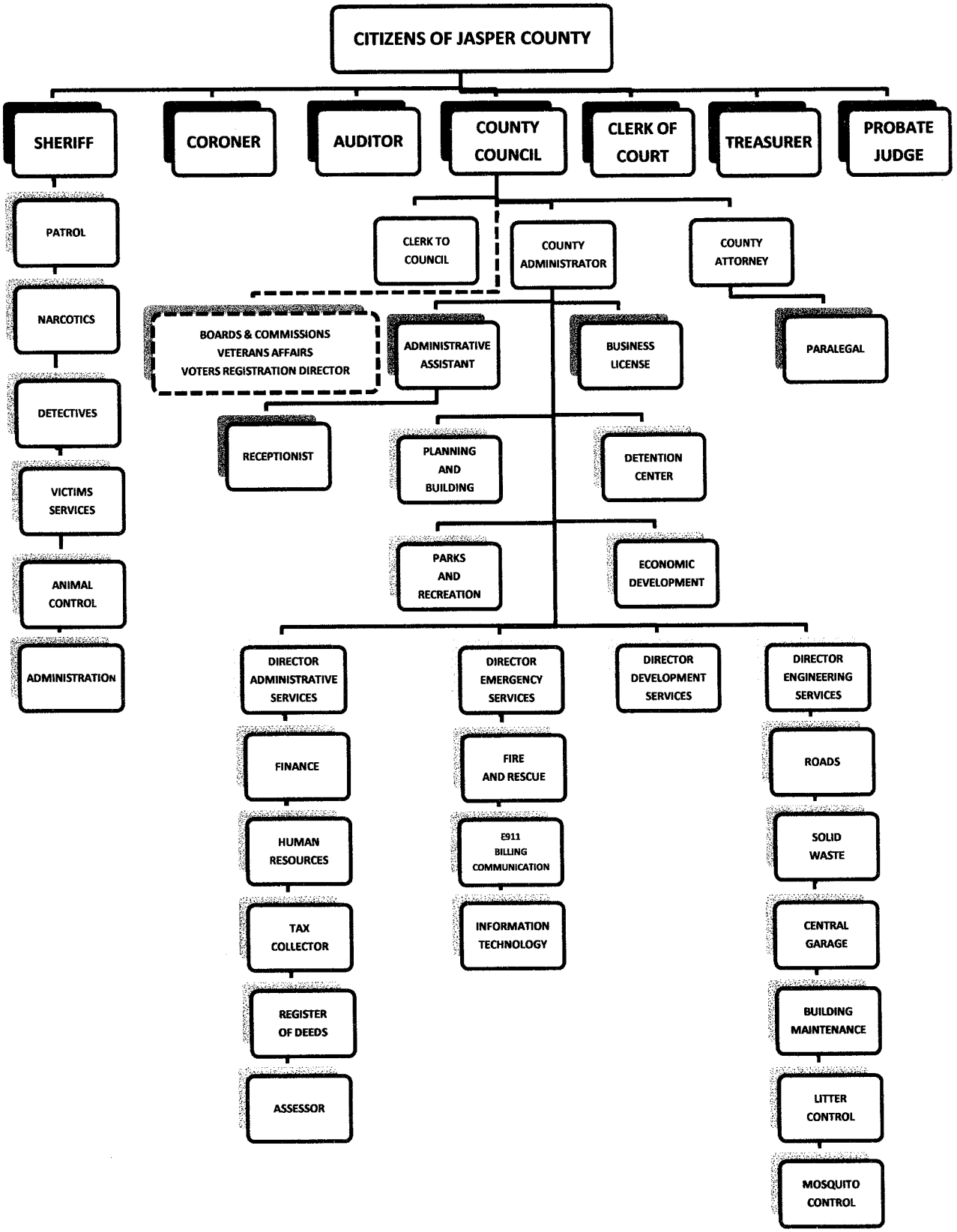
The preparation of the comprehensive annual financial report was made possible by the cooperation of the department heads and staff of the County. Each of these individuals has our sincere appreciation for the contributions made in the preparation of this report.

Sincerely,

Andrew P. Fulghum
County Administrator

Ronnie Malphrus
Deputy Administrator-Finance

JASPER COUNTY, SOUTH CAROLINA
ORGANIZATIONAL CHART



JASPER COUNTY, SOUTH CAROLINA
LIST OF PRINCIPAL OFFICALS
JUNE 30, 2010

TITLE	NAME
Chairman – County Council	George Hood
Vice Chairman – County Council	LeRoy Blackshear
Council Member	Hubert Tyler
Council Member	Henry Etheridge
Council Member	Leroy Blackshear
Administrator	Andrew P. Fulghum
Director of Administrative Services	Ronnie Malphrus
Director of Engineering Services	Dale Terry
Director of Emergency Services	Wilbur Daley
Treasurer	Verna Garvin
Sheriff	Gregory Jenkins

FINANCIAL SECTION

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

John P. Gillion, Jr., CPA, PFS, CFS, CVA, CFP®
Brenda F. Carroll, CPA, CFE, CIA, CICA, FCPA, CSEP, PFS
Rep E. Whiddon, CPA, CVA

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, 2010, 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, 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, 2010, 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 12 through 19 and 45 through 47 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

4210 Columbia Road, Building 10, Augusta, Georgia 30907 / Telephone (706) 855-9500 / Telefax (706) 855-2900 (www.bairdcpas.com)

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, schedule of court fines, assessments and surcharges, Capital Assets Used in the Operation of the Governmental Funds schedules and statistical section are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of Jasper County, South Carolina. The combining and individual nonmajor fund financial statements, the combining statement of fiduciary assets and liabilities, schedule of court fines, assessments and surcharges, Capital Assets Used in the Operation of the Governmental Funds schedules and the schedule of expenditures of federal awards 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 section 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

November 19, 2010
Augusta, Georgia

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, 2010. 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 6 of this report.

Financial Highlights

- The assets of the County exceed its liabilities at the close of the most recent fiscal year by $22,315,950 (net assets). Of this amount, $1,019,459 (unrestricted net assets) may be used to meet the County's ongoing obligations to citizen's and creditors.
- The County's total net assets decreased by $1,726,866.
- As of the close of the current fiscal year the County's governmental funds reported combined ending fund balance of $9,498,006, a decrease of $3,146,645. This decrease is mostly attributable to capital outlay of $3,232,315 for courthouse renovations.
- At the end of the current fiscal year, unreserved fund balance for the general fund was $2,458,573 or 11.9 percent of the total fund expenditures.
- The County had $20,094,149 in notes and leases outstanding versus $18,165,504 last year, an increase of 10.6 percent. This increase was the result of the bond anticipation note of $3,485,000 for the renovation of the court house, and refinancing of the capital leases, plus $900,000 for Lowcountry Council of Governments.

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 nine 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 six 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 27-44 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 48-50 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 $22,315,950 at the close of the most recent fiscal year. The following table reflects the condensed governmental-wide statement of net assets.

	2010	2009
Current and Other Assets		
Cash and Other Assets	$ 15,846,389	$ 17,340,054
Capital Assets	32,585,480	29,815,779
Total Assets	48,431,869	47,155,833
Long-term Liabilities Outstanding	22,700,563	19,836,521
Other Liabilities	3,415,356	3,276,496
Total Liabilities	26,115,919	23,113,017
Net Assets		
Investment in Capital Assets, Net of Related Debt	17,091,293	19,162,304
Restricted	4,205,198	3,944,537
Unrestricted	1,019,459	935,975
Total Net Assets	$ 22,315,950	$ 24,042,816

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

By far the largest portion of the County's net assets $17,091,293 (77 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.

The restricted portion of net assets of $4,205,198 represents the balance of net assets that have restricted resources and are not available to fund other commitments. The largest portion $2,519,442 of the restricted assets represent assets that have been set aside for economic development. The remaining restricted net assets of $1,685,756 relate to capital projects underway and other revenue sources that are earmarked for specific County functions.

The balance of unrestricted net assets $1,019,459 (4.5 percent) may be used to meet the County's ongoing obligations to citizen's and creditors.

Governmental activities. The County's total net assets decreased by $1,726,866 in 2010 compared to a decrease of $5,497,358 in 2009. Key elements of this decrease are as shown in the following table.

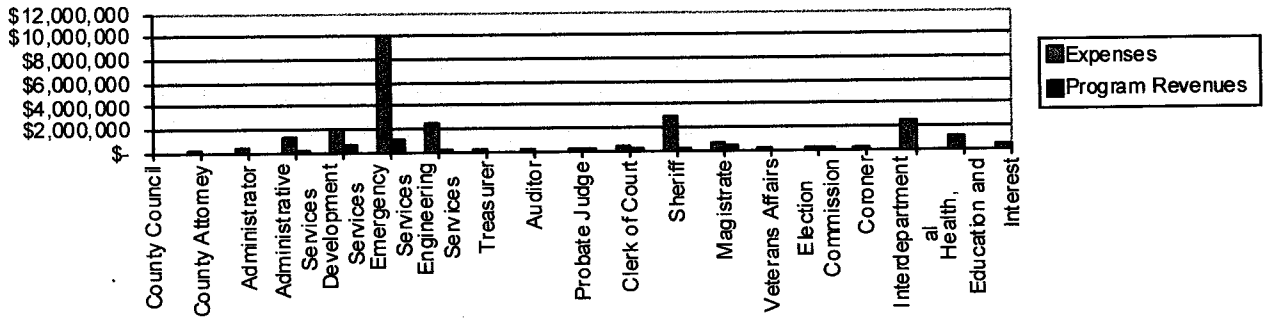
JASPER COUNTY, SOUTH CAROLINA CHANGE IN NET ASSETS

	Governmental Activities	
	2010	2009
Revenues:		
Program Revenues:		
Charges for Services	$ 2,752,617	$ 3,058,211
Operating Grants and Contributions	1,070,983	525,791
Capital Grants and Contributions	909,934	394,806
General Revenues:		
Property Taxes	14,707,444	13,674,121
Other Taxes	2,952,808	3,026,805
Grants and Contributions not restricted to specific programs	896,719	1,153,872
Other	545,548	561,637
Total Revenues	23,836,053	22,395,243
Expenses		
County Council	207,604	222,077
County Attorney	158,494	160,460
Administrator	410,059	368,859
Administrative Services	1,280,754	1,527,501
Development Services	1,959,726	1,804,506
Emergency Services	10,160,230	11,462,011
Engineering Services	2,418,172	3,036,955
Treasurer	137,095	155,341
Auditor	195,511	246,090
Probate Judge	128,959	179,219
Clerk of Court	465,361	518,406
Sheriff	3,053,203	3,224,882
Magistrate	571,238	546,465
Veterans Affairs	108,363	99,590
Election Commission	218,932	236,943
Coroner	118,522	112,996
Interdepartmental	2,458,932	2,270,060
Health, Educationand Welfare	1,182,128	1,587,493
Interest Expense	329,636	132,747
Total expenses	25,562,919	27,892,601
Change in net assets	(1,726,866)	(5,497,358)
Net assets – beginning	24,042,816	29,540,174
Net assets – ending	$ 22,315,950	$ 24,042,816

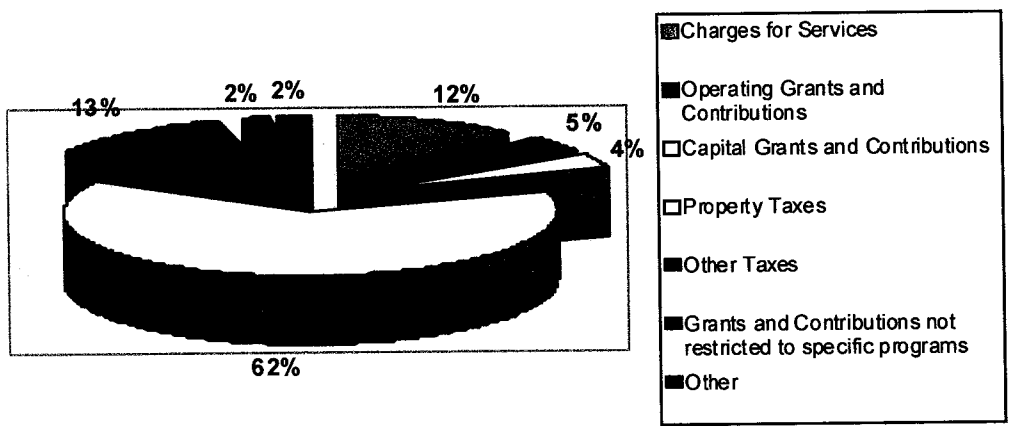
Although some improvements over the prior year occurred, the revenues in categories effected by the condition of the economy have not improved significantly. Charges for services are down due to revenues such as building permits and deeds that relate to the residential construction market. Other taxes are down because of reductions in revenues in local option sales taxes and accommodations and hospitality taxes that have been impacted by consumer spending habits.

Expenses decreased due to a reduction in the workforce and a general freeze on spending. The implementation of GASB Statement No. 45 resulted in an accrual of $863,615 to reflect the future liability of the County for retiree benefits.

Expenses and Program Revenues – Governmental Activities



Revenues by Source – Governmental Activities



Financial Analysis of the Government's Funds

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

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

At the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of $9,498,006, a decrease of $3,146,645 in comparison with a decrease of $2,517,851 for the prior year.

The fund balance of the County's General Fund increased by $692,294 during the current fiscal year. Key factors of this increase are as follows:

- Overall County revenues were under budget by $1,564,334. This negative variance can be explained as follows:
  - Property taxes were under budget $1,500,348 due to a high volume of appeals which resulted in a lowering of assessed values.
- Overall expenditures were under budget by $2,233,187. This positive variance can be explained as follows:
  - A freeze was put on filling positions which were vacated in the detention center.
  - An across the board freeze on spending in response to tax revenue being down.

The economic development fund has a total fund balance of $2,519,442. The net decrease in fund balance during the current year of $88,424 was due to the following factor:

- Improvements made to Perry House parking lot.

The capital projects fund has a total fund balance of $3,845,108 of which $3,724,237 is designated for the renovation of the County Court House building and fire station. The decrease of $3,512,789 is attributable to the capital outlay of $3,232,315 for the courthouse renovation and the refinancing of the BANs and payoff of the capital leases.

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. During the current fiscal year, County Council did not approve any supplemental budget increases or reductions. As discussed on the previous page, property taxes were $1,500,348 under budget because of a large volume of appeals which resulted in a decrease of assessed values. In response, the county either delayed or did not fill open positions. Also, a freeze was put on all nonessential expenses. This resulted in positive budget variances in all departments.

Capital Assets and Debt Administration

Capital Assets. The County's investment in capital assets for its governmental type activities as of June 30, 2010 amounts to $32,585,480 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and improvements, machinery and equipment, vehicles, and infrastructure.

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

Courthouse renovations	$ 3,232,315
Spec Building	22,000
Radio Tower	668,164
Cypress Ridge Improvements	193,006
Perry House parking lot	135,950
Ford vehicle	42,978
Total capital outlay	$ 4,294,413

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

Long-term Obligations. At the end of the current fiscal year, the County had total long-term obligations outstanding of $22,700,563. The County's total long-debt increased by $2,864,042 (14.4 percent) during the current fiscal year. $1,172,900 was borrowed for the renovation of the courthouse. $15,150,000 was refinanced with a new bond anticipation note of $18,635,000. Capital lease of $2,312,100 were paid off and included in the BANS and $900,000 was borrowed on behalf of the Lowcountry Council of Governments. Bank loans were paid as scheduled. Post employment benefits increased by $863,615. Changes in outstanding debt are summarized below. See Note 7 page 37 for additional information.

JASPER COUNTY, SOUTH CAROLINA OUTSTANDING DEBT

	Governmental Activities	
	2010	2009
Bank loans	$ 1,459,149	$ 703,404
Bond anticipation note	18,635,000	15,150,000
Capital leases	-	2,312,100
Compensated absences	818,361	746,579
Other post employment benefits	1,788,053	924,438
Total	$ 22,700,563	$ 19,836,521

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 $9,804,378. There is no general obligation debt outstanding.

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

Economic Factors and Next Year's Budgets and Rates

- Unemployment as of October stands at 8.9 percent versus 11.2 percent a year ago. In comparison, the state's unemployment rate is 10.7 percent and the national rate is 9.5 percent as of June 2010. Jasper County is ranked 37th out of 46 counties, along with Richland County, as the lowest unemployment in the State of South Carolina.
- Inflationary trends in the region compare favorably to national indexes.
- The assessed valuation for the 2009 tax year increased from $122,216,386 to $122,554,721 due to growth.
- The County reduced personnel by about 20 employees as of June 30, 2010.

All of these factors were considered in preparing the County's budget for the 2011 fiscal year.

During the current fiscal year, unreserved fund balance in the general fund increased to $2,458,573. The County set millage for the 2011 budget year at 123, which is a decrease of 4 mills. Budgeted expenditures for 2011 are projected to decrease 8 percent to $21,204,924 from $23,109,778 in 2010. Also, the County has budgeted 3 mills for a new debt service fund to retire the bonds when permanent financing is obtained.

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.

BASIC FINANCIAL STATEMENTS

JASPER COUNTY, SOUTH CAROLINA
STATEMENT OF NET ASSETS
JUNE 30, 2010

	GOVERNMENTAL ACTIVITIES
ASSETS	
Cash	$ 3,727,410
Receivables	3,979,198
Restricted Cash	4,338,968
Notes Receivable	330,746
Lease Receivable	875,725
Property Held for Resale	1,704,340
Bond Issue Costs	890,002
Capital Assets not being depreciated	
Land	2,534,470
Construction in Progress	3,546,750
Capital Assets being depreciated	
Buildings and Improvements	17,544,113
Machinery and Equipment	2,849,445
Vehicles	2,062,606
Infrastructure	4,048,096
Total Assets	48,431,869
LIABILITIES	
Accounts Payable	1,354,465
Salaries and Benefits Payable	770,360
Unearned Revenue	1,086,328
Accrued Interest	204,203
Noncurrent Liabilities	
Due within one year	19,090,897
Due in more than one year	3,609,666
Total Liabilities	26,115,919
NET ASSETS	
Invested in Capital Assets, net of related debt	17,091,293
Restricted for:	
Economic Development	2,519,442
Capital Projects	1,010,873
Tourism and Recreation	454,792
Drug Seizures	117,951
Other Purposes	102,140
Unrestricted	1,019,459
Total Net Assets	$ 22,315,950

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, 2010

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	$ 207,604	$ -	$ -	$ -	$ (207,604)
County Attorney	158,494	-	-	-	(158,494)
Administrator	410,059	-	-	-	(410,059)
Administrative Services	1,280,754	287,436	-	-	(993,318)
Development Services	1,959,726	642,678	325,369	241,770	(749,909)
Emergency Services	10,160,230	1,089,184	93,151	668,164	(8,309,731)
Engineering Services	2,418,172	50,048	411,137	-	(1,956,987)
Treasurer	137,095	-	1,575	-	(135,520)
Auditor	195,511	-	1,575	-	(193,936)
Probate Judge	128,959	87,871	1,575	-	(39,513)
Clerk of Court	465,361	111,441	8,480	-	(345,440)
Sheriff	3,053,203	114,235	212,194	-	(2,726,774)
Magistrate	571,238	362,809	-	-	(208,429)
Veterans Affairs	108,363	-	4,614	-	(103,749)
Election Commission	218,932	-	11,313	-	(207,619)
Coroner	118,522	-	-	-	(118,522)
Interdepartmental	2,458,932	-	-	-	(2,458,932)
Health, Education and Welfare	1,182,128	6,915	-	-	(1,175,213)
Interest	329,636	-	-	-	(329,636)
Total Governmental Activities	$ 25,562,919	$ 2,752,617	$ 1,070,983	$ 909,934	(20,829,385)
General Revenues					
Property Taxes					14,707,444
Local Option Sales Taxes					2,518,430
Franchise Taxes					46,617
Accommodation and Hospitality Taxes					387,761
Grants and contributions not restricted to specific programs					896,719
Earnings on investments					68,728
Miscellaneous					476,820
Total General Revenues, Special Items and Transfers					19,102,519
Change in net assets					(1,726,866)
Net assets, beginning					24,042,816
Net assets, ending					$ 22,315,950

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

JASPER COUNTY, SOUTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2010

	GENERAL	ECONOMIC DEVELOPMENT	CAPITAL PROJECTS	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS					
Cash	$ 1,705,829	$ 1,005,801	$ 306,758	$ 709,022	$ 3,727,410
Receivables - net	3,532,931	4,574	-	441,693	3,979,198
Restricted Cash	-	-	4,338,968	-	4,338,968
Interfund Receivables	-	558,374	-	49,022	607,396
Notes Receivable	-	330,746	-	-	330,746
Property Held for Resale	-	1,704,340	-	-	1,704,340
Total Assets	$ 5,238,760	$ 3,603,835	$ 4,645,726	$ 1,199,737	$ 14,688,058
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	$ 638,324	$ 5,588	$ 669,678	$ 40,875	$ 1,354,465
Salaries and Benefits Payable	770,360	-	-	-	770,360
Deferred Revenue	1,371,503	1,078,805	-	7,523	2,457,831
Interfund Payables	-	-	130,940	476,456	607,396
Total Liabilities	2,780,187	1,084,393	800,618	524,854	5,190,052
Fund Balances					
Reserved					
Noncurrent Assets	-	2,035,086	-	-	2,035,086
Bond Proceeds held for office building	-	-	3,724,237	-	3,724,237
Unreserved					
Undesignated	2,458,573	484,356	120,871	-	3,063,800
Unreserved, reported in nonmajor					
Special Revenue Funds	-	-	-	674,883	674,883
Total Fund Balances	2,458,573	2,519,442	3,845,108	674,883	9,498,006
Total Liabilities and Fund Balances	$ 5,238,760	$ 3,603,835	$ 4,645,726	$ 1,199,737	$ 14,688,058

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, 2010

Total net assets reported for governmental activities in the statement of net assets is different because:		
Total fund balances for governmental funds		$ 9,498,006
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	$ 2,534,470	
Construction in Progress	3,546,750	
Buildings and Improvements, net of $3,516,027 accumulated depreciation	17,544,113	
Machinery and Equipment, net of $2,660,427 accumulated depreciation	2,849,445	
Vehicles, net of $3,267,895 accumulated depreciation	2,062,606	
Infrastructure, net of $864,215 accumulated depreciation	4,048,096	
Total Capital Assets		32,585,480
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.		1,371,503
Receivables under a leasing arrangement that will be received over a period of years that are reported as revenue each year in the funds.		875,725
The costs to issue long-term debt are due and payable at the issuance of debt and accordingly are reported as expenditures in the fund statements. In the statement of net assets bond issuance costs are amortized over the duration of the debt.		890,002
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, 2010 are:		
Accrued Interest Payable	(204,203)	
Post Retirement Benefits Payable	(1,788,053)	
Bonds, Notes and Leases Payable	(20,094,149)	
Compensated Absences	(818,361)	
Total Long-Term Liabilities		(22,904,766)
Total net assets of governmental activities		$ 22,315,950

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, 2010

	GENERAL	ECONOMIC DEVELOPMENT	CAPITAL PROJECTS	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES					
Taxes	$ 17,298,252	$ -	$ -	$ 254,354	$ 17,552,606
Fines, Fees and Licenses	2,222,033	94,157	-	217,963	2,534,153
Intergovernmental	1,204,470	-	-	1,785,076	2,989,546
Miscellaneous	352,689	126,190	2,309	93,640	574,828
Total Revenue	21,077,444	220,347	2,309	2,351,033	23,651,133
EXPENDITURES					
Current:					
County Council	204,853	-	-	-	204,853
County Attorney	149,779	-	-	-	149,779
Administrator	395,149	-	-	-	395,149
Administrative Services	1,221,345	-	-	-	1,221,345
Development Services	903,202	1,050,452	-	857,285	2,810,939
Emergency Services	9,049,006	-	544,237	145,382	9,738,625
Engineering Services	1,922,187	-	311,808	183,167	2,417,162
Treasurer	138,511	-	-	-	138,511
Auditor	199,504	-	-	-	199,504
Probate Judge	133,452	-	-	-	133,452
Clerk of Court	463,147	-	-	-	463,147
Sheriff	2,516,052	-	-	331,550	2,847,602
Magistrate	568,644	-	-	-	568,644
Veterans Affairs	109,379	-	-	-	109,379
Election Commission	191,239	-	-	-	191,239
Coroner	117,434	-	-	-	117,434
Interdepartmental	1,097,047	-	-	-	1,097,047
Health, Education and Welfare	1,182,128	-	-	-	1,182,128
Debt Service:					
Principal	119,980	24,275	2,312,100	-	2,456,355
Interest	21,575	24,858	399,638	-	446,071
Capital Outlay:					
Development Services	-	109,186	-	-	109,186
Emergency Services	-	-	-	668,164	668,164
Engineering Services	42,978	-	3,232,315	241,770	3,517,063
Total Expenditures	20,746,591	1,208,771	6,800,098	2,427,318	31,182,778
Excess (deficiency) of revenues over (under) expenditures	330,853	(988,424)	(6,797,789)	(76,285)	(7,531,645)
OTHER FINANCING SOURCES (USES)					
Issuance of Debt	-	900,000	3,485,000	-	4,385,000
Refunding BAN's Issued	-	-	15,150,000	-	15,150,000
Refunding of BAN's	-	-	(15,150,000)	-	(15,150,000)
Transfers In	468,000	-	-	106,559	574,559
Transfers Out	(106,559)	-	(200,000)	(268,000)	(574,559)
Total Other Financing Sources (Uses)	361,441	900,000	3,285,000	(161,441)	4,385,000
Net change in fund balances	692,294	(88,424)	(3,512,789)	(237,726)	(3,146,645)
Fund balances, beginning	1,766,279	2,607,866	7,357,897	912,609	12,644,651
Fund balances, ending	$ 2,458,573	$ 2,519,442	$ 3,845,108	$ 674,883	$ 9,498,006

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, 2010

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	$ (3,146,645)
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 ($4,294,413) exceeded depreciation ($1,524,712) in the current period.	2,769,701
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.	(4,385,000)
Expenditures on behalf of Lowcountry Council of Governments is recorded as miscellaneous in governmental funds but is recorded as lease receivable in government wide statements.	875,725
Repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net assets.	2,456,355
Revenues that were reported in the statement of activities that are not reported in the funds.	209,195
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.	
Bond Issue Costs	311,808
Other Post Employment Benefits	(863,615)
Compensated Absences	(71,782)
Accrued Interest	117,392
Total change in net assets of governmental activities	$ (1,726,866)

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, 2010

	Agency Funds
ASSETS	
Cash	$ 7,369,294
Total Assets	7,369,294
LIABILITIES	
Due to Others	7,369,294
Total Liabilities	7,369,294
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 statutes 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 its 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 primary 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 (1) is limited to obligations described above and (2) 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". Interfund receivables/payables are netted for purposes of determining major funds.

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

The County Ordinance provides for the taxation of all real and personal property located within the County limits on the first day of January. Motor vehicle taxes are billed and collected by the County Treasurer on a monthly basis. Other personal and real property taxes are levied by the County in October of each year and become due and payable immediately upon receipt by the taxpayer. Real property taxes are delinquent after January 15th with penalties assessed of 3% if paid after January 15th, 10% if paid after January 31st, and 15% if paid after March 15th. Assessed property is subject to lien one year from the levy date if taxes remain unpaid. The property tax rate approved by ordinance for fiscal year 2010 is 126 mills with an additional 31 mills for the Cherry Point Fire District.

Inventories

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

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
Infrastructure	20 to 50
Vehicles and Equipment	5 to 20

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Assets, Liabilities, and Net Assets or Equity - Continued

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.

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

Comparative total data for the prior year has not been presented.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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. There were no budget amendments during the year.

Individual Fund Deficits

The Economic Development Fund is reporting a deficit of $88,424 that was expected due to the improvements made to the Perry House parking lot. The Capital Projects Fund is reported a deficit of $3,512,789 that was expected due to the renovation of the courthouse and the refinancing of the BANs.

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY – CONTINUED

The nonmajor governmental funds are reporting of loss of $237,726 that is attributable to the following individual funds: $77,143 in the Accommodations Tax Fund, $13,798 in the Waste Tire Fund, $138,824 in the Sheriff Fund, and $7,961 in the E911 Fund. These were expected reductions in the fund equity of these nonmajor funds due to approved expenditures. The County is not in violation of any legal or contractual provisions that may require financial remedy.

NOTE 3 DEPOSITS AND INVESTMENTS

As of June 30, 2010, the County had the following cash and investments that are included in cash governmental funds of $8,066,378 and the agency fund cash of $7,369,294.

	Maturity	Book Balance	Bank Balance
Investment			
Repurchase Agreement			
* Pooled Cash Account	Daily	$ (68,052)	$ 628,446
Certificates of Deposit	12 months or less	3,005,548	3,005,548
US Government Securities	Daily	4,268,057	4,268,057
Cash			
Checking Accounts		8,227,570	8,513,655
Change Funds		400	-
Total Deposits and Investments		$ 15,433,523	$ 16,415,706

* 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, 2010 is $508,646.

Credit Risk – The County does not have an investment policy but follows state guidelines for investments. The investments of the County include a repurchase agreement invested in government securities and construction funds invested in short-term government securities, which mature daily.

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. U.S. Government securities are highly liquid treasury notes.

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, 2010, $7,459,244 of the County's bank balance was insured by the FDIC's Transaction Guarantee Program. Under that program, all noninterest-bearing transaction accounts are fully guaranteed by the FDIC for the entire amount in the account. Coverage under the Transaction Guarantee Program is in addition to and separate from the coverage available under the FDIC's general deposit insurance rules.

Uninsured and collateral held by third party bank trust department not in the County's name	$ 2,805,548

NOTE 4 RECEIVABLES

Receivables at June 30, 2010, 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	$ 3,551,836	$ -	$ -	$ 3,551,836
Fines and Fees	2,751,224	-	-	2,751,224
Intergovernmental	1,385,802	-	431,390	1,817,192
Other	300,686	4,574	10,303	315,563
Gross receivables	7,989,548	4,574	441,693	8,435,815
Allowance for uncollectible accounts	(4,456,617)	-	-	(4,456,617)
Net total receivables	$ 3,532,931	$ 4,574	$ 441,693	$ 3,979,198

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	$ 1,071,432	$ -
Emergency medical service fees	300,071	-
Grant drawdowns prior to meeting all eligibility requirements	7,523	7,523
Special purpose drawdown not yet spent	1,078,805	1,078,805
Total	$ 2,457,831	$ 1,086,328

Notes Receivable

The County has a note receivable from a local manufacturer for $400,000. The terms of the note call for forty quarterly payments of $11,895 including interest at 3.5% beginning September 2008. The balance at June 30, 2010 is $330,746.

Lease Receivable

The County entered into an agreement with the Lowcountry Council of Governments (LCOG) to borrow $900,000 on behalf of LCOG. LCOG leased their facilities to the County who in turn leased it back to LCOG for an amount equal to the payments on the bank loan. The balance of the lease at June 30, 2010 is $875,725. The amortization of lease receivable is as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2011	$ 43,222	$ 41,007	$ 84,229
2012	45,339	38,890	84,229
2013	47,559	36,670	84,229
2014	49,888	34,341	84,229
2015	52,330	31,898	84,228
2016-2020	302,692	118,453	421,145
2021-2025	334,695	37,316	372,011
Total	$ 875,725	$ 338,575	$ 1,214,300

NOTE 5 CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2010 was as follows:

Governmental Activities	June 30, 2009	Increases	Decreases	June 30, 2010
Capital assets not being depreciated				
Land and improvements	$ 2,534,470	$ -	$ -	$ 2,534,470
Construction in progress	292,435	3,254,315	-	3,546,750
Total capital assets, not being depreciated	2,826,905	3,254,315	-	6,081,220
Capital assets being depreciated				
Buildings and improvements	21,060,140	-	-	21,060,140
Machinery and equipment	4,841,708	668,164	-	5,509,872
Vehicles	5,357,209	42,978	69,686	5,330,501
Infrastructure	4,583,355	328,956	-	4,912,311
Total capital assets being depreciated	35,842,412	1,040,098	69,686	36,812,824
Less accumulated depreciation for:				
Buildings and improvements	3,056,182	459,845	-	3,516,027
Machinery and equipment	2,228,460	431,967	-	2,660,427
Vehicles	2,827,738	509,843	69,686	3,267,895
Infrastructure	741,158	123,057	-	864,215
Total accumulated depreciation	8,853,538	1,524,712	69,686	10,308,564
Total capital assets being depreciated, net	26,988,874	(484,614)	-	26,504,260
Governmental activity capital assets, net	$ 29,815,779	$ 2,769,701	$ -	$ 32,585,480

Construction in progress consists of work on the courthouse.

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

Governmental Activities	
Administrator	$ 8,925
Administrative Services	63,446
Development Services	45,634
Emergency Services	386,936
Engineering Services	272,105
Clerk of Court	2,214
Sheriff	209,624
Parks, Recreation and Tourism	11,054
Election Commission	26,504
Interdepartmental	498,270
Total depreciation expense - governmental activities	$ 1,524,712

NOTE 6 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of June 30, 2010 is as follows:

Due To/From Other Funds

Receivable Fund	Payable Fund	Amount
Economic Development	Capital Projects	$ 130,940
Economic Development	Nonmajor Governmental Funds	427,434
		$ 558,374

The $558,374 due to the economic fund from the nonmajor governmental funds and capital projects grants represents shortfalls of cash in the nonmajor governmental funds.

Interfund Transfers

	Transfer Out			
Transfer In	General Fund	Capital Projects	Nonmajor Governmental	Total
General Fund	$ -	$ 200,000	$ 268,000	$ 468,000
Nonmajor Governmental Funds	106,559	-	-	106,559
Total transfers out	$ 106,559	$ 200,000	$ 268,000	$ 574,559

The transfer of $106,559 from the general fund to the nonmajor fund was a transfer of accommodations tax receipts restricted by state law. The transfer of $268,000 from the nonmajor fund to the general fund was to reimburse expenses paid by the general fund for E-911 of $125,000 and $143,000 to make the payment on a note for road construction. The transfer of $200,000 to the general fund was cash transferred from the capital projects fund to reimburse for expenses related to the construction of the Courthouse Annex.

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, 2010.

Governmental Activities	June 30, 2009	Increases	Decreases	June 30, 2010	Due Within A Year
Bank loans	$ 703,404	$ 900,000	$ 144,255	$ 1,459,149	$ 166,467
Bond anticipation notes	15,150,000	18,635,000	15,150,000	18,635,000	18,635,000
Capital leases	2,312,100	-	2,312,100	-	-
Compensated absences	746,579	361,212	289,430	818,361	289,430
Other post employment benefits	924,438	1,086,193	222,578	1,788,053	-
Tax anticipation note	-	6,500,000	6,500,000	-	-
Total	$ 19,836,521	$ 27,482,405	$ 24,618,363	$ 22,700,563	$ 19,090,897

Long-term debt payable at June 30, 2010 is comprised of the following issues:

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.	$ 583,424
$900,000 loan for Lowcountry Council of Governments facilities in a lease-lease back arrangement payable in 180 monthly installments of $7,019 including interest at 4.79%.	875,725
Total Bank Loans Payable	$ 1,459,149

Bond Anticipation Notes	Balance
$11,900,000 for the construction of an office building and payoff of capital leases July 15, 2010.	$ 11,900,000
$6,735,000 for the renovation of the courthouse due February 1, 2011 with interest rate of 2.0%	6,735,000
Total Bonds Payable	$ 18,635,000

Debt Service Requirements – The bond anticipation notes are being paid off with new financing in the capital projects fund. Once construction on the courthouse has concluded, a long-term bond will be paid from a Debt Service Fund which will be established. Bond interest paid for the year was $399,638.

NOTE 7 LONG-TERM OBLIGATIONS - CONTINUED

Bank Loan and Bond Anticipation Note – The bond anticipation note of $18,635,000 will be paid by issuing another bond anticipation note. The annual requirements to amortize the debt as of June 30, 2010 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2011	$ 18,801,467	$ 431,572	$ 19,233,039
2012	172,573	52,766	225,339
2013	178,912	46,427	225,339
2014	185,493	39,845	225,338
2015	118,317	34,260	152,577
2016-2020	302,692	118,453	421,145
2021-2025	334,695	37,316	372,011
Total	$ 20,094,149	$ 760,639	$ 20,854,788

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

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, 2010 are $818,361 and include 17% for employee benefits and are included in long-term liabilities.

Other Post Employment Benefits

Plan Description – County employees who participated in the County's health insurance plan and who retire from County service in accordance with the South Carolina Retirement System may have their health insurance continued. The plan is a single-employer plan that covers the current and former employees, including beneficiaries, of only one employer.

NOTE 7 LONG-TERM OBLIGATIONS - CONTINUED

Other Post Employment Benefits

Service Retirees and employees enrolled in the health plan on or before July 20, 2008, who (1) have participated in the County's health insurance plan for ten (10) or more consecutive years; and (2) have met the retirement age; and (3) at the time of retirement are active County employees, will have their health insurance premiums paid by the County. Employees enrolled in the health plan on or after July 21, 2008, and enrolled in the South Carolina Retirement System, at the time of retirement must be employed for twenty-eight (28) years and meet the second and third criteria to qualify for paid health insurance premiums after retirement. Employees enrolled in the health plan on or after July 21, 2008, and enrolled in the Police Officers Retirement System at the time of retirement must be employed for twenty-five (25) years and meet the second and third criteria to qualify for paid health insurance premiums after retirement.

Funding policy – The contribution requirements of plan members and the County are established and may be amended by the County Council. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by the County Council. For fiscal year ended June 30, 2010, the County contributed $222,578 to the plan, including $222,578 for current premiums while no prefunding contributions were made.

Annual OPEB Cost and Net OPEB Obligation - The County's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County's net OPEB obligation:

Annual required contribution	$ 1,086,193
Interest on net OPEB obligation	-
Annual OPEB cost (expense)	1,086,193
Contributions made	(222,578)
Increase in net OPEB obligation	863,615
Net OPEB obligation-beginning of year	-
Net OPEB obligation-end of year	$ 863,615

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2010 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2008	$ -	0%	$ -
2009	1,086,193	14.9%	924,438
2010	1,086,193	20.5%	863,615

NOTE 7 LONG-TERM OBLIGATIONS - CONTINUED

Other Post Employment Benefits – Continued

Funded Status and Funding Progress - As of June 30, 2007, the most recent actuarial valuation date, the plan was unfunded. The actuarial accrued liability for benefits was $7,239,895, and the actuarial value of assets was $0, resulting in an unfunded actuarial accrued liability (UAAL) of $7,239,895. The covered payroll (annual payroll of active employees covered by the plan) was $10,685,795, and the ratio of the UAAL to the covered payroll was 0 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. The occurrences that must be considered include employee turnover, pay increases, disablement, retirement, deaths, and investment income on anticipated plan assets. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented below, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions - Projections of benefits for financial reporting purposes are based on the substantive plan (the plan understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2007 actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions included a 4.5 percent investment rate of return, which is a blended rate of the expected long-term investment return on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 9.5 percent initially, reduced by decrements to an ultimate rate of 4.5 percent after ten years. Both rates included a 3.0 percent inflation assumption. The actuarial value of assets is set equal to the reported market value of assets. The assets are allocated among the divisions based on liabilities value at 4.5 percent. The UAAL is being amortized on an open basis as a level percentage of projected payroll (assumed to increase at 3 percent) required to fully amortize the UAAL over a thirty year period.

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Unit Credit Cost (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6/30/2008	$ -	$ -	$ -	0.0%	$ -	0.0%
6/30/2009	-	7,239,895	7,239,895	0.0%	10,685,795	67.8%
6/30/2010	-	7,239,895	7,239,895	0.0%	9,169,334	79.0%

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.

Reserved

	Economic Development	Capital Projects
Bond proceeds held for courthouse and fire station	$ -	$ 3,724,237
Notes receivable	330,746	-
Property held for resale	1,704,340	-
Total	$ 2,035,086	$ 3,724,237

Nonmajor Funds

The nonmajor fund balance of $674,883 included a deficit fund balance of $47,775 in the Waste Tire Fund as indicated in the supplementary information section Combining Balance Sheet for Nonmajor Governmental Funds.

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	2010	2009	2008
Total Payroll	$ 5,419,860	$ 6,383,941	$ 5,119,213
Covered Payroll	4,789,757	5,124,950	4,270,559
Retiree Payroll	146,247	236,793	152,114
Employee Contributions	320,840	347,979	287,474
Employee Contribution Rate	6.5%	6.5%	6.5%
Employer Contributions	456,087	496,293	406,770
Employer Contribution Rate	9.24%	9.24%	9.06%
Group Life Contributions	7,404	8,057	6,735
Group Life Contribution Rate	0.15%	0.15%	0.15%

NOTE 9 RETIREMENT PLAN - CONTINUED

POLICE OFFICERS RETIREMENT SYSTEM CONTRIBUTION INFORMATION	2010	2009	2008
Total Payroll	$ 4,379,576	$ 4,301,854	$ 3,947,137
Covered Payroll	4,379,576	4,192,700	3,947,137
Retiree Payroll	139,051	109,154	47,600
Employee Contributions	293,711	274,516	259,657
Employee Contribution Rate	6.50%	6.50%	6.50%
Employer Contributions	481,234	458,147	411,458
Employer Contribution Rate	10.65%	10.65%	10.30%
Group Life Contributions	18,075	14,757	7,990
Group Life Contribution Rate	0.40%	0.40%	0.20%

The South Carolina Retirement System offers retirement and disability benefits, cost of living adjustments on an ad-hoc basis, life insurance benefits, and survivor benefits. The plan's provisions are established under Title 9 of the 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 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 12 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 4-1-175 and 4-29-68 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 County Treasurer pays the developer 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, 2010, $6,525,000 and $5,600,000 were outstanding.

The Jasper County, South Carolina Special Source Revenue Bond Notes, Series 2005 (Jasper County School Project) special source revenue bonds in the amount of $11,540,000 were issued 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. At June 30, 2010, $8,035,000 was outstanding.

The County has committed to renovate the courthouse. Preliminary estimates of the cost are $6.5 million. At June 30, 2010, $3,506,750 has been paid on the project and $3,654,992 is available in the Capital Projects Fund.

NOTE 13 RISK MANAGEMENT

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).

NOTE 13 RISK MANAGEMENT - CONTINUED

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

NOTE 14 PROPERTY HELD FOR RESALE

The detail on property held for resale is as follows:

	June 30, 2009	Additions	Cost of Land Sold	June 30, 2010
Cypress Ridge Land	$ 670,640	$ -	$ -	$ 670,640
Ridgeland Industrial Park	40,240	-	-	40,240
Sergeant Jasper Park	69,300	-	-	69,300
Cypress Ridge Spec Bldg 1	320,000	-	-	320,000
Cypress Ridge Spec Bldg 2	604,160	-	-	604,160
Total	$ 1,704,340	$ -	$ -	$ 1,704,340

NOTE 15 NET ASSETS

The computation of invested in capital assets, net of related debt is as follows:

Capital Assets	$ 32,585,480
Cash proceeds of bonds issued on hand	3,724,237
Debt on Capital Assets:	
Bond Anticipation Note	(18,635,000)
Notes Payable	(583,424)
Invested in Capital Assets, net of related debt	$ 17,091,293

The computation of restricted for capital projects is as follows:

Fund Balance	$ 3,845,108
Bond Issue Costs	890,002
Less cash included in capital assets net	(3,724,237)
Restricted for Capital Projects	$ 1,010,873

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, 2010

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE
	ORIGINAL	FINAL	AMOUNTS	(NEGATIVE)
REVENUES				
Taxes	$ 18,408,600	$ 18,798,600	$ 17,298,252	$ (1,500,348)
Fines, Fees and Licenses	2,140,000	2,140,000	2,222,033	82,033
Intergovernmental	1,200,925	1,200,925	1,204,470	3,545
Miscellaneous	892,253	502,253	352,689	(149,564)
Total Revenues	22,641,778	22,641,778	21,077,444	(1,564,334)
EXPENDITURES				
Current:				
County Council	225,700	225,700	204,853	20,847
County Attorney	164,800	164,800	149,779	15,021
Administrator	402,240	402,240	395,149	7,091
Administrative Services				
Tax Collector	190,400	190,400	181,264	9,136
Assessor	602,900	602,900	553,578	49,322
Finance Department	390,700	390,700	370,683	20,017
Register of Deeds	138,050	138,050	114,027	24,023
Keep America Beautiful	3,126	3,126	1,793	1,333
Total Administrative Services	1,325,176	1,325,176	1,221,345	103,831
Development Services				
Economic Development Department	105,500	105,500	56,372	49,128
Business Licenses	65,100	65,100	59,591	5,509
Planning Commission	202,120	202,120	177,238	24,882
Recreation Department	300,200	300,200	289,106	11,094
Sgt Jasper Park	182,300	182,300	168,457	13,843
Building Permits	226,640	226,640	152,438	74,202
Total Development Services	1,081,860	1,081,860	903,202	178,658
Emergency Services				
Emergency Management	81,600	11,500	15,513	(4,013)
Emergency Telecommunications	1,060,900	1,060,900	915,797	145,103
Fire and Rescue	3,344,000	3,344,000	3,153,893	190,107
Information Technology	440,600	440,600	388,179	52,421
Emergency Services Department	1,715,900	1,786,000	1,513,000	273,000
Detention Center	3,137,000	3,137,000	2,732,790	404,210
Cherry Point Fire Station	459,450	459,450	309,834	149,616
Capital Improvements	20,000	20,000	20,000	-
Total Emergency Services	10,259,450	10,259,450	9,049,006	1,210,444

JASPER COUNTY, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2010

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
Engineering Services				
Administrative	$ 289,600	$ 289,600	$ 264,624	$ 24,976
Central Garage	223,500	223,500	210,629	12,871
Mosquito Control	15,200	15,200	15,796	(596)
Litter Control	63,700	63,700	58,457	5,243
Roads and Bridges	601,200	597,692	463,871	133,821
Building Maintenance	390,700	394,208	297,569	96,639
Solid Waste	797,000	797,000	654,219	142,781
Total Engineering Services	2,380,900	2,380,900	1,965,165	415,735
Treasurer	157,300	157,300	138,511	18,789
Auditor	208,500	208,500	199,504	8,996
Probate Judge	143,800	143,800	133,452	10,348
Clerk of Court				
Clerk of Court	449,100	449,100	428,831	20,269
Clerk of Court Incentive	-	-	34,316	(34,316)
Total Clerk of Court	449,100	449,100	463,147	(14,047)
Sheriff				
Sheriff	2,408,000	2,408,000	2,407,013	987
Victims Witness Program	102,850	102,850	102,185	665
Sheriff Child Support	-	-	6,854	(6,854)
Total Sheriff	2,510,850	2,510,850	2,516,052	(5,202)
Magistrate				
Central Traffic	165,500	165,500	125,106	40,394
Magistrate Lynah	112,300	112,300	108,424	3,876
Hardeeville	109,900	109,900	101,536	8,364
Central Bond	104,000	104,000	104,360	(360)
Magistrate McDonald	89,600	89,600	99,471	(9,871)
Magistrate Badgett	48,200	48,200	29,747	18,453
Total Magistrate	629,500	629,500	568,644	60,856
Veterans Affairs	116,355	116,355	109,379	6,976
Election Commission	217,425	217,425	191,239	26,186
Coroner	137,150	137,150	117,434	19,716

JASPER COUNTY, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2010

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE
	ORIGINAL	FINAL	AMOUNTS	(NEGATIVE)
Interdepartmental				
Interdepartmental	$ 853,000	$ 853,000	$ 788,416	$ 64,584
Data Processing	275,000	275,000	221,935	53,065
Capital Improvements	64,500	64,500	86,696	(22,196)
Total Interdepartmental	1,192,500	1,192,500	1,097,047	95,453
Health, Education and Welfare				
Agency Appropriations	1,056,856	1,056,856	1,063,855	(6,999)
County Libraries	28,260	28,260	24,409	3,851
Health Department	26,000	26,000	24,284	1,716
Department of Social Services	36,550	36,550	34,057	2,493
Miscellaneous County Accounts	74,950	74,950	26,982	47,968
National Guard	11,556	11,556	8,541	3,015
Total Health, Education and Welfare	1,234,172	1,234,172	1,182,128	52,044
Debt Service:				
Principal	121,550	121,550	119,980	1,570
Interest	21,450	21,450	21,575	(125)
Total Debt Service	143,000	143,000	141,555	1,445
Total Expenditures	22,979,778	22,979,778	20,746,591	2,233,187
Excess (deficiency) of revenues over (under) expenditures	(338,000)	(338,000)	330,853	668,853
OTHER FINANCING SOURCES (USES)				
Transfers In	468,000	468,000	468,000	-
Transfers Out	(130,000)	(130,000)	(106,559)	23,441
Total Other Financing Sources (Uses)	338,000	338,000	361,441	23,441
Net change in fund balances	-	-	692,294	692,294
Fund balances, beginning	1,766,279	1,766,279	1,766,279	-
Fund balances, ending	$ 1,766,279	$ 1,766,279	$ 2,458,573	$ 692,294

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 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.
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, 2010

	SPECIAL REVENUE					TOTAL NONMAJOR GOVERNMENTAL FUNDS
	ACCOM TAX	WASTE TIRE	SHERIFF	E911	GRANTS	
ASSETS						
Cash	$ 417,643	$ -	$ 117,951	$ 162,730	$ 10,698	$ 709,022
Receivables	-	2,377	-	7,926	431,390	441,693
Interfund Receivables	49,022	-	-	-	-	49,022
Total Assets	$ 466,665	$ 2,377	$ 117,951	$ 170,656	$ 442,088	$ 1,199,737
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts Payable	$ 11,873	$ 1,130	$ -	$ 20,741	$ 7,131	$ 40,875
Deferred Revenue	-	-	-	-	7,523	7,523
Interfund Payables	-	49,022	-	-	427,434	476,456
Total Liabilities	11,873	50,152	-	20,741	442,088	524,854
Fund Balances						
Unreserved						
Net Assets	454,792	(47,775)	117,951	149,915	-	674,883
Total Fund Balances	454,792	(47,775)	117,951	149,915	-	674,883
Total Liabilities and Fund Balances	$ 466,665	$ 2,377	$ 117,951	$ 170,656	$ 442,088	$ 1,199,737

JASPER COUNTY, SOUTH CAROLINA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	SPECIAL REVENUE					TOTAL NONMAJOR GOVERNMENTAL FUNDS
	ACCOM TAX	WASTE TIRE	SHERIFF	E911	GRANTS	
REVENUES						
Taxes	$ 254,354	$ -	$ -	$ -	$ -	$ 254,354
Fines, Fees and Licenses	-	-	49,801	168,162	-	217,963
Intergovernmental	-	8,752	-	-	1,776,324	1,785,076
Miscellaneous	97	-	93,543	-	-	93,640
Total Revenue	254,451	8,752	143,344	168,162	1,776,324	2,351,033
EXPENDITURES						
Current:						
Development Services	295,153	-	-	-	562,132	857,285
Emergency Services	-	-	-	51,123	94,259	145,382
Engineering Services	-	22,550	-	-	160,617	183,167
Sheriff	-	-	282,168	-	49,382	331,550
Capital Outlay:						
Emergency Services	-	-	-	-	668,164	668,164
Engineering Services	-	-	-	-	241,770	241,770
	295,153	22,550	282,168	51,123	1,776,324	2,427,318
Excess (deficiency) of revenues over (under) expenditures	(40,702)	(13,798)	(138,824)	117,039	-	(76,285)
OTHER FINANCING SOURCES (USES)						
Transfers In	106,559	-	-	-	-	106,559
Transfers Out	(143,000)	-	-	(125,000)	-	(268,000)
Total Other Financing Sources (Uses)	(36,441)	-	-	(125,000)	-	(161,441)
Net change in fund balances	(77,143)	(13,798)	(138,824)	(7,961)	-	(237,726)
Fund balances, beginning	531,935	(33,977)	256,775	157,876	-	912,609
Fund balances, ending	$ 454,792	$ (47,775)	$ 117,951	$ 149,915	$ -	$ 674,883

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.
Nickel 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 CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2010

	Balance June 30, 2009	Additions	Deductions	Balance June 30, 2010
School	$ 5,897,456	$ 46,025,124	$ 46,887,124	$ 5,035,456
Clerk of Court	1,623,305	2,614,445	2,664,131	1,573,619
Delinquent Tax Collector	652,670	4,921,347	5,149,533	424,484
1% Fire Fund	149,649	230	10,083	139,796
Nickle Plate Road Dev	439,479	1,618,790	2,029,204	29,065
Treasurers Tax Account	80,706	4,079,832	4,095,680	64,858
Town of Ridgeland	2,364	29,280	28,954	2,690
City of Hardeeville	11,811	3,660,066	3,667,945	3,932
Magistrates Court	65,049	552,862	554,915	62,996
Register of Deeds	14,142	193,248	188,909	18,481
Forfeit Land Commission	-	6,236	-	6,236
Installment Tax Account	-	7,681	-	7,681
Total	$ 8,936,631	$ 63,709,141	$ 65,276,478	$ 7,369,294

JASPER COUNTY, SOUTH CAROLINA
SCHEDULE OF FINES, ASSESSMENTS, AND SURCHARGES
FOR YEAR ENDED JUNE 30, 2010

Court Fines:	
Court Fines Collected	$ 630,676
Court Fines Retained by County	(328,401)
Court Fines Remitted to the State Treasurer	302,275
Court Assessments:	
Court Assessments Collected	353,634
Court Assessments Retained by County	(148,796)
Court Assessments Remitted to State Treasurer	204,838
Court Assessments/Surcharges/Pullout	
Court Assessments/Surcharges/Pullout Collected	160,111
Court Assessments/Surcharges/Pullout Collected Retained by County	-
Court Assessments/Surcharges/Pullout Remitted to State Treasurer	160,111
Victims Services:	
Court Assessments Allocated to Victim Services	38,443
Court Surcharges Allocated to Victim Services	19,135
Total Funds Allocated to Victim Services	57,578
Victims Services Expenditures	(50,057)
Fund Available for Carryforward	7,521
Beginning of Year	(8,001)
End of Year	$ (480)

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

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, 2010 AND 2009

	2010	2009
GOVERNMENTAL FUNDS CAPITAL ASSETS:		
Land and Improvements	$ 2,534,470	$ 2,534,470
Construction in Progress	3,546,750	292,435
Buildings and Improvements	21,060,140	21,060,140
Machinery and Equipment	5,509,872	4,841,708
Vehicles	5,330,501	5,357,209
Infrastructure	4,912,311	4,583,355
Total Governmental Funds Capital Assets	$ 42,894,044	$ 38,669,317
INVESTMENT IN GOVERNMENTAL FUNDS CAPITAL ASSETS BY SOURCE		
Governmental Revenues	$ 22,849,748	$ 22,525,500
Notes and Leases	13,040,572	9,808,257
Special Purpose Tax	5,363,171	5,363,171
Donations	972,389	972,389
Grants	668,164	-
Total Governmental Funds Capital Assets	$ 42,894,044	$ 38,669,317

JASPER COUNTY, SOUTH CAROLINA
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENT FUNDS
SCHEDULE BY FUNCTION
JUNE 30, 2010

FUNCTION	LAND AND IMPROVEMENTS	CONSTRUCTION IN PROGRESS	BUILDINGS AND IMPROVEMENTS	MACHINERY AND EQUIPMENT	VEHICLES	INFRASTRUCTURE	TOTAL
Administrator	$ -	$ -	$ -	$ 66,602	$ 86,686	$ -	$ 153,288
Administrative Services	-	-	-	368,697	65,468	-	434,165
Development Services	-	22,000	-	52,431	64,758	1,725,685	1,864,874
Emergency Services	-	18,000	-	2,399,734	3,148,251	-	5,565,985
Engineering Services	714,400	-	-	1,848,465	634,145	2,911,928	6,108,938
Treasurer	-	-	-	10,000	-	-	10,000
Clerk of Court	-	-	-	51,684	-	-	51,684
Sheriff	-	-	-	137,343	1,288,677	-	1,426,020
Parks, Recreation, and Tourism	-	-	7,643	17,877	42,516	-	68,036
Veterans Affairs	-	-	-	5,914	-	-	5,914
Election Commission	-	-	-	275,643	-	-	275,643
Interdepartmental	1,820,070	3,506,750	21,052,497	275,482	-	274,698	26,929,497
Total	$ 2,534,470	$ 3,546,750	$ 21,060,140	$ 5,509,872	$ 5,330,501	$ 4,912,311	$ 42,894,044

JASPER COUNTY, SOUTH CAROLINA
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION
FOR THE YEAR ENDED JUNE 30, 2010

FUNCTION	JULY 1, 2009	ADDITIONS	DELETIONS	TRANSFERS	TOTAL
Administrator	$ 153,288	$ -	$ -	$ -	$ 153,288
Administrative Services	434,165	-	-	-	434,165
Development Services	1,649,868	215,006	-	-	1,864,874
Emergency Services	4,879,821	686,164	-	-	5,565,985
Engineering Services	6,135,646	42,978	69,686	-	6,108,938
Treasurer	10,000	-	-	-	10,000
Clerk of Court	51,684	-	-	-	51,684
Sheriff	1,426,020	-	-	-	1,426,020
Parks, Recreation, and Tourism	68,036	-	-	-	68,036
Veterans Affairs	5,914	-	-	-	5,914
Election Commission	275,643	-	-	-	275,643
Interdepartmental	23,579,232	3,368,265	18,000	-	26,929,497
Total	$ 38,669,317	$ 4,312,413	$ 87,686	$ -	$ 42,894,044

STATISTICAL SECTION

JASPER COUNTY, SOUTH CAROLINA

STATISTICAL SECTION

This part of the Jasper County, South Carolina comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, notes disclosure, and required supplementary information says about the County's overall financial health.

Contents **Page**

Financial Trends 58-61

These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.

Revenue Capacity 62-64

These schedules contain information to help the reader assess the factors affecting the County's ability to generate its property and sales taxes.

Debt Capacity 65-70

These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.

Demographic and Economic Information 70-71

These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place and to help comparisons over time and with other governments.

Operating Information 73-75

These schedules contain information about the County's operations and resources to help the reader understand how the County's financial information relates to the services the County provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The County implemented GASB Statement No. 34 in 2002; schedules presenting government-wide information include information beginning in that year.

Schedule 1

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

	FISCAL YEAR								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
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	$ 18,575,683	$ 19,517,800	$ 19,162,304	$ 17,091,293
Restricted	6,236,002	6,785,581	-	-	-	-	685,741	3,944,537	4,205,198
Unrestricted	7,006,827	8,453,306	8,523,876	8,682,699	12,011,585	11,890,660	9,336,633	935,975	1,019,459
Total Governmental Activities Net Assets	$ 22,691,050	$ 26,418,038	$ 25,274,661	$ 26,390,332	$ 30,045,042	$ 30,466,343	$ 29,540,174	$ 24,042,816	$ 22,315,950

Source: County Audit Reports
County implemented GASB Statement No. 34 in year 2002.

Schedule 2

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

	FISCAL YEAR								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
Expenses									
Governmental Activities:									
County Council	$ 102,520	$ 114,081	$ 128,310	$ 114,582	$ 118,761	$ 134,382	$ 186,952	$ 222,077	$ 207,604
County Attorney	-	-	-	-	-	-	-	160,460	158,494
Administrator	334,615	385,883	324,993	277,686	289,214	339,998	459,140	368,859	410,059
Administrative Services	569,860	587,985	604,881	627,279	817,788	1,001,209	1,363,203	1,527,501	1,280,754
Development Services	1,673,482	2,231,784	1,465,253	1,372,668	1,526,043	1,762,212	1,994,679	1,804,506	1,959,726
Emergency Services	3,472,295	3,877,208	4,665,458	6,276,143	6,677,353	8,084,096	9,575,753	11,462,011	10,160,230
Engineering Services	1,876,261	2,184,588	2,254,202	1,901,778	2,615,122	2,615,436	2,650,295	3,036,955	2,418,172
Treasurer	79,643	90,056	90,493	93,102	107,206	114,184	158,188	155,341	137,095
Auditor	107,872	113,671	144,620	120,062	156,905	154,042	225,344	246,090	195,511
Probate Judge	112,901	124,673	140,293	142,204	147,803	166,147	182,278	179,219	128,959
Clerk of Court	395,932	395,991	476,808	408,538	463,747	461,035	470,086	518,406	465,361
Sheriff	1,675,138	1,891,437	2,055,863	2,107,222	2,515,271	2,661,891	2,929,037	3,224,882	3,053,203
Magistrate	266,499	296,582	416,747	398,272	409,063	449,539	453,478	546,465	571,238
Veterans Affairs	82,914	67,959	73,656	78,624	92,216	107,730	111,421	99,590	108,363
Election Commission	84,683	136,557	153,737	123,269	223,951	183,191	238,603	236,943	218,932
Coroner	44,125	58,150	76,462	76,358	94,537	86,037	102,863	112,996	118,522
Interdepartmental	974,663	899,748	652,423	1,048,190	1,525,679	1,323,023	1,396,108	2,270,060	2,458,932
Health, Education, and Welfare	1,052,821	1,072,680	1,167,414	1,241,342	1,632,521	1,524,959	1,566,812	1,587,493	1,182,128
Interest Expense	22,098	69,468	67,353	100,908	166,443	142,168	143,638	132,747	329,636
Total Expenses	12,928,322	14,598,501	14,958,966	16,508,227	19,579,623	21,311,279	24,207,878	27,892,601	25,562,919
Revenues									
Governmental Activities:									
Program Revenues									
Charges for Services:	2,138,753	2,247,696	2,306,837	2,651,582	2,842,211	3,165,475			
EMS Fees							680,157	722,390	1,089,184
Business Licenses							496,556	398,283	230,094
Fines							582,516	522,713	676,356
Development Fees and Permits							686,292	353,709	412,584
Other							1,138,817	1,061,116	344,399
Operating Grants and Contributions	177,024	148,545	187,478	181,931	533,441	292,110	658,006	525,791	1,070,983
Capital Grants and Contributions	1,158,128	1,145,586	2,491,393	900,060	1,630,037	802,986	787,331	394,806	909,934
General Revenues									
Taxes	10,957,449	11,050,142	10,306,794	12,723,096	16,719,860	15,601,779	12,895,064	16,700,926	17,660,252
Grants and Contributions not restricted to specific programs	1,311,910	997,459	1,003,984	924,297	977,874	1,077,754	3,333,737	1,153,872	896,719
Earnings on investments	242,086	169,073	37,037	133,513	277,933	514,250	1,174,418	88,067	68,728
Other	87,100	17,346	31,708	137,123	225,271	278,226	848,815	473,570	476,820
Total Revenues	16,072,450	15,775,847	16,365,231	17,651,602	23,206,627	21,732,580	23,281,709	22,395,243	23,836,053
Increase in Net Assets	3,144,128	1,177,346	1,406,265	1,143,375	3,627,004	421,301	(926,169)	(5,497,358)	(1,726,866)
Net Assets-Beginning	19,546,922	22,691,050	23,868,396	25,274,661	26,418,038	30,045,042	30,466,343	29,540,174	24,042,816
Net Assets-Ending	$ 22,691,050	$ 23,868,396	$ 25,274,661	$ 26,418,036	$ 30,045,042	$ 30,466,343	$ 29,540,174	$ 24,042,816	$ 22,315,950

Source: County Audit Reports

County implemented GASB Statement No. 34 in year 2002.

Schedule 3

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

	FISCAL YEAR								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
GENERAL FUND									
Reserved	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Unreserved	4,719,361	4,389,521	3,841,621	4,586,817	7,172,865	7,917,460	6,116,693	1,766,279	2,458,573
Total General Fund	$ 4,719,361	$ 4,389,521	$ 3,841,621	$ 4,586,817	$ 7,172,865	$ 7,917,460	$ 6,116,693	$ 1,766,279	$ 2,458,573
ECONOMIC DEVELOPMENT FUND									
Reserved	$ 1,838,062	$ 1,645,062	$ 1,605,942	$ 1,556,260	$ 2,107,420	$ 2,082,420	$ 2,104,340	$ 2,070,316	$ 2,035,086
Unreserved	1,028,081	729,562	521,129	1,192,869	941,712	1,126,316	800,788	537,550	484,356
Total Economic Development Fund	$ 2,866,143	$ 2,374,624	$ 2,127,071	$ 2,749,129	$ 3,049,132	$ 3,208,736	$ 2,905,128	$ 2,607,866	$ 2,519,442
CAPITAL PROJECTS FUND									
Reserved	$ -	$ -	$ -	$ -	$ -	$ 7,144,590	$ 4,972,735	$ 6,933,835	$ 3,724,237
Unreserved	4,425,327	4,467,114	1,150,703	1,118,657	1,702,205	898,606	482,205	424,062	120,871
Total Capital Projects Fund	$ 4,425,327	$ 4,467,114	$ 1,150,703	$ 1,118,657	$ 1,702,205	$ 8,043,196	$ 5,454,940	$ 7,357,897	$ 3,845,108
ALL OTHER GOVERNMENTAL FUNDS									
Special Revenue Funds	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Unreserved	817,189	879,757	564,062	640,846	763,803	764,894	685,741	912,609	674,883
Total All Other Governmental Funds	$ 817,189	$ 879,757	$ 564,062	$ 640,846	$ 763,803	$ 764,894	$ 685,741	$ 912,609	$ 674,883

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 NINE FISCAL YEARS
(modified accrual basis of accounting)

	FISCAL YEAR								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
Revenues									
Taxes	$ 10,952,410	$ 10,958,175	$ 10,335,317	$ 12,671,321	$ 16,112,621	$ 16,310,981	$ 16,208,963	$ 16,355,656	$ 17,552,606
Fines, Fees, and Licenses	2,123,854	2,090,800	2,286,895	2,468,870	2,879,721	3,076,550	3,453,864	2,895,500	2,534,153
Intergovernmental	1,799,967	2,126,568	2,442,814	2,041,227	2,331,937	2,046,598	2,598,454	2,190,940	2,989,546
Miscellaneous	988,317	577,845	1,107,295	828,800	1,343,091	940,811	1,601,576	561,637	525,695
Total Revenues	15,864,548	15,753,388	16,172,321	18,010,218	22,667,370	22,374,940	23,862,857	22,003,733	23,602,000
Expenditures									
Current:									
County Council	70,271	114,081	128,310	114,582	118,761	134,382	173,655	222,538	204,853
County Attorney	-	-	-	-	-	-	-	153,288	149,779
Administrator	333,253	386,742	322,947	293,589	304,841	349,197	462,763	356,342	395,149
Administrative Services	546,540	571,057	573,985	603,499	809,461	996,441	1,278,477	1,456,237	1,221,345
Development Services	1,959,003	2,290,165	3,724,718	1,619,090	1,734,568	2,157,475	1,951,846	1,747,988	2,810,939
Emergency Services	4,108,155	6,977,362	7,746,270	7,637,030	7,223,206	8,998,374	9,278,103	10,863,837	9,738,625
Engineering Services	1,917,068	2,157,140	2,237,176	2,732,589	2,932,579	3,564,388	2,517,335	3,023,712	2,417,162
Treasurer	79,066	90,056	90,493	92,642	105,162	113,751	152,909	151,414	138,511
Auditor	108,325	113,671	144,620	120,624	151,384	152,328	222,501	244,309	199,504
Probate Judge	113,028	124,673	140,293	140,653	142,995	158,338	181,721	177,124	133,452
Clerk of Court	370,945	372,094	445,236	402,076	454,520	452,632	466,021	511,780	463,147
Sheriff	1,683,589	1,900,346	2,062,659	2,174,036	2,865,387	2,776,339	2,713,230	2,903,803	2,847,602
Magistrate	267,412	296,582	416,747	398,330	401,231	447,801	455,827	533,569	568,644
Veterans Affairs	53,462	68,190	73,520	78,046	89,650	105,931	111,219	96,270	109,379
Election Commission	85,001	325,636	150,397	146,863	452,178	163,790	212,003	209,343	191,239
Coroner	44,125	58,150	76,462	76,358	94,537	86,037	102,863	111,908	117,434
Interdepartmental	974,663	1,044,658	1,074,373	993,635	1,721,788	1,199,832	1,096,383	986,759	1,097,047
Health, Education, and Welfare	1,040,311	1,042,213	1,294,995	1,241,395	1,630,566	1,523,863	1,565,675	1,592,191	1,182,128
Debt Service									
Principal							9,178,376	1,260,178	2,432,080
Interest							288,165	399,799	421,213
Capital Outlay							5,540,295	5,613,195	4,294,413
Total Expenditures	13,754,217	17,932,816	20,703,201	18,865,037	21,232,814	23,380,899	37,949,367	32,615,584	31,133,645
Excess (deficiency) of revenues over (under) expenditures	2,110,331	(2,179,428)	(4,530,880)	(854,819)	1,434,556	(1,005,959)	(14,086,510)	(10,611,851)	(7,531,645)
Other Financing Sources (Uses)									
Issuance of Debt	-	1,462,424	103,326	2,266,811	2,158,000	8,252,240	9,314,726	8,094,000	4,285,000
Transfers In	332,123	630,253	379,648	555,001	574,706	723,620	897,514	577,074	574,559
Transfers Out	(332,123)	(630,253)	(379,648)	(555,001)	(574,706)	(723,620)	(897,514)	(577,074)	(574,559)
Total Other Financing Sources (Uses)	-	1,462,424	103,326	2,266,811	2,158,000	8,252,240	9,314,726	8,094,000	4,285,000
Net Change in Fund Balances	2,110,331	(717,004)	(4,427,554)	1,411,992	3,592,556	7,246,281	(4,771,784)	(2,517,851)	(3,246,645)
Fund Balances, Beginning	10,717,689	12,828,020	12,111,011	7,683,457	9,095,449	12,688,005	19,934,286	15,162,502	12,644,651
Fund Balances, Ending	$ 12,828,020	$ 12,111,016	$ 7,683,457	$ 9,095,449	$ 12,688,005	$ 19,934,286	$ 15,162,502	$ 12,644,651	$ 9,398,006
Debt service as a percentage of noncapital expenditures	N/A	N/A	N/A	N/A	6.3%	4.7%	4.6%	5.7%	12.4%

Source: County Audit Reports

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

Statements were reformatted in 2008. Information is (N/A) not available for prior years.

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	
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
2007	60,899,190 *	56,232,882 *	117,132,072 *	1,343,006,038 *	505,275,090 *	1,848,281,128 *	109.50
2008	66,020,450	54,038,328	120,058,778	1,416,408,436	343,087,006	1,759,495,442	115.00
2009	67,020,823	55,195,563	122,216,386	1,430,688,443	579,135,539	2,009,823,982	119.00
2010	71,505,827	51,048,894	122,554,721	1,526,523,228	545,302,743	2,071,825,971	126.00

* 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 PROPERTY TAX RATES
LAST TEN FISCAL YEARS

FISCAL YEAR ENDED JUNE 30,	COUNTY DIRECT RATES		OVERLAPPING RATES				
	BASIC RATE	EMERGENCY SERVICE	SCHOOL OPERATIONS	SCHOOL DEBT SERVICE	CHERRY POINT FIRE DISTRICT	TOWN OF RIDGELAND	CITY OF HARDEEVILLE
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
2007	109.50	-	112.50	-	31.00	110.00	153.00
2008	115.00	-	118.00	-	31.00	114.20	153.00
2009	45.00	74.00	122.00	8.00	31.00	114.20	153.00
2010	66.00	60.00	129.00	12.00	31.00	114.20	153.00

Source: County Finance Office
The County did not have components to the rate prior to 2009.

Schedule 7

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

TAXPAYER	2010 TAXABLE ASSESSED VALUE	2010 RANK	2010 PERCENTAGE OF TOTAL COUNTY TAXABLE ASSESSED VALUE	2001 TAXABLE ASSESSED VALUE	2001 RANK	2001 PERCENTAGE OF TOTAL COUNTY TAXABLE ASSESSED VALUE
South Carolina Electric & Gas	$ 20,992,096	1	17.13 %	$ 2,041,330	1	4.33 %
Palmetto Electric	2,916,650	2	2.38	1,152,310	2	2.44
Georgia DOT	1,941,620	3	1.58	354,010	7	0.75
Courtney Bend LLC	1,923,975	4	1.57			
Malphrus Construction	1,275,440	5	1.04			
Dell Webb Communities	1,227,140	6	1.00			
Carolina Gas Transmission Corporation	1,217,540	7	0.99			
CSX Transportation	892,400	8	0.73			
Okeetee Club	721,530	9	0.59	644,270	5	1.30
Toll SC III LP	633,490	10	0.52			
Southern Natural Gas	-		-	710,410	3	1.51
Carolina Atlanta & West	-		-	614,470	4	1.30
Hargray Telephone	-		-	490,630	6	1.04
Westvaco	-		-	335,100	8	0.71
Bell South	-		-	297,180	9	0.63
South Carolina RSA	-		-	271,230	10	0.57
Total	$ 33,741,881		27.53 %	$ 6,910,940		14.58 %

Source: Jasper County Auditor

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
2001	5,121,835	4,483,836	87.5	558,129	5,041,965	98.4
2002	5,908,528	5,016,674	84.9	791,596	5,808,270	98.3
2003	5,946,114	4,914,106	82.6	924,953	5,839,059	98.2
2004	6,748,721	5,766,554	85.5	832,469	6,599,023	97.8
2005	8,744,021	7,551,518	87.0	922,399	8,473,917	96.9
2006	12,265,278	10,866,037	89.0	1,209,831	12,075,868	98.5
2007	11,783,083	10,814,100	91.8	781,813	11,595,913	98.4
2008	13,483,864	12,695,728	94.1	601,523	13,297,251	98.6
2009	14,024,397	12,599,271	89.8	891,541	13,490,812	96.2
2010	14,432,970	13,075,617	90.6	-	13,075,617	90.6

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			
2001	101,588	954,947	-	1,056,535	0.30	58.28
2002	25,411	662,141	-	687,552	0.20	36.55
2003	-	1,927,227	-	1,927,227	0.50	95.17
2004	-	1,646,911	-	1,646,911	0.40	75.43
2005	1,146,778	1,531,076	785,000	3,462,854	0.70	161.83
2006	1,041,580	2,876,969	785,000	4,703,549	0.80	215.67
2007	932,866	2,092,466	8,170,000	11,195,332	1.90	509.97
2008	820,647	2,006,035	8,505,000	11,331,682	1.84	498.19
2009	703,404	2,312,100	15,150,000	18,165,504	N/A	N/A
2010	1,459,149	-	18,635,000	20,094,149	N/A	N/A

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.

N/A Information is not available.

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, 2010

GOVERNMENTAL UNIT	DEBT OUTSTANDING	ESTIMATED PERCENTAGE APPLICABLE	ESTIMATED SHARE OF OVERLAPPING DEBT
Debt repaid with property taxes			
Jasper County School District	$ 43,037,224	100.00%	$ 43,037,224
City of Hardeeville	4,990,835	11.80%	588,919
Town of Ridgeland	-	0.00%	-
Subtotal overlapping debt	48,028,059		43,626,143
County direct debt	20,094,149	100.00%	19,218,424
Total direct and overlapping debt	$ 68,122,208		$ 62,844,567

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

Schedule 12

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

Legal Debt Margin Calculation for Fiscal Year 2010

Assessed Value	$ 122,554,721
Debt limit (8% of assessed value)	9,804,378
Debt applicable to limit:	
None	-
Total net debt applicable to limit	-
Legal Debt Margin	$ 9,804,378

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Debt Limit	$ 3,775,410	$ 4,972,263	$ 5,034,560	$ 5,161,827	$ 5,553,865	$ 7,800,971	$ 9,370,565	$ 9,604,702	$ 9,777,311	9,804,378
Total net debt applicable to limit	(93,017)	(25,411)	-	-	-	-	-	-	-	-
Legal debt margin	$ 3,682,393	$ 4,946,852	$ 5,034,560	$ 5,161,827	$ 5,553,865	$ 7,800,971	$ 9,370,565	$ 9,604,702	$ 9,777,311	9,804,378
Total net debt applicable to the limit as a percentage of debt limit	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

NONE

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	SCHOOL ENROLLMENT	UNEMPLOYMENT RATE
2000	20,678	336,581	17,693	33.8	N/A	3.40 %
2001	20,818	378,125	18,129	33.8	N/A	3.90
2002	20,969	393,828	18,813	34.5	N/A	4.50
2003	20,998	424,890	20,250	33.8	N/A	5.20
2004	21,193	464,437	21,833	34.0	N/A	5.20
2005	21,398	542,161	23,696	34.8	3,905	5.00
2006	21,809	577,982	26,247	33.8	4,005	5.10
2007	21,900	596,274	26,415	33.8	3,960	5.70
2008	22,746	613,335	26,965	32.7	4,307	6.00
2009	23,221	N/A	N/A	N/A	4,090	10.2
2010	N/A	N/A	N/A	N/A	N/A	N/A

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

Schedule 15

JASPER COUNTY, SOUTH CAROLINA
PRINCIPAL EMPLOYERS
CURRENT YEAR AND TEN YEARS AGO

	2010			2001		
EMPLOYER	EMPLOYEES	RANK	PERCENTAGE OF TOTAL COUNTY EMPLOYMENT	EMPLOYEES	RANK	PERCENTAGE OF TOTAL COUNTY EMPLOYMENT
Malphrus Construction	150	7	1.58 %	N/A		N/A %
Jasper County School District	450	1	4.75	N/A		N/A
Wal-Mart	350	2	3.70	N/A		N/A
Jasper County	217	4	2.29	N/A		N/A
Beaufort-Jasper Comprehensive Health	250	3	2.64	N/A		N/A
Coastal Carolina Medical Center	203	5	2.14	N/A		N/A
Ridgeland Correctional Institution	196	6	2.07	N/A		N/A
Ridgeland Nursing Center	102	9	1.08	N/A		N/A
Cleland Construction Company	100	10	1.06	N/A		N/A
J.C. Board of Disabilities & Special Needs	120	8	1.27	N/A		N/A
Thoroughbred Industries	-		-	N/A		N/A
Kwalu, Inc.	-		-	N/A		N/A
Lowcountry General Hospital	-		-	N/A		N/A
Best Western	-		-	N/A		N/A
South Carolina Highway Department	-		-	N/A		N/A
Razor Component Systems, Inc.	-		-	N/A		N/A
Days Inn	-		-	N/A		N/A
Total	2,138		22.58 %	-		- %

Source: County Economic Development Department

Schedule 16

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

	FISCAL YEAR									
FUNCTION/PROGRAM	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
County Council	N/A	5	5	5	5	5	5	5	6	6
Administrator	N/A	3	4	4	4	4	4	4	3	3
Administrative Services	N/A	11	11	11	11	17	18	24	22	19
Development Services	N/A	3	3	3	3	6	11	14	10	5
Emergency Services	N/A	53	54	56	76 a	90 a	94	82	7	6
Engineering Services	N/A	45	45	45	46	49	43	48	45	40
Treasurer	N/A	3	3	3	2	3	3	3	3	3
Auditor	N/A	4	4	4	4	4	4	5	5	4
Probate Judge	N/A	3	3	3	3	3	3	3	3	2
Clerk of Court	N/A	7	7	7	7	8	8	8	10	8
Sheriff	N/A	34	32	30	29	35	37	34	38	39
Magistrate	N/A	11	11	11	12	10	8	9	11	11
Veterans Affairs	N/A	1	1	2	2	2	2	2	2	2
Election Commission	N/A	2	2	2	2	3	3	3	2	2
Coroner	N/A	1	1	1	1	1	1	1	2	3
Recreation	N/A	4	2	2	2	2	2	2	6	5
Fire & Rescue	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	42	39
Emergency Telecommunications	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	13	12
Information Technology	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1	1
Detention	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	41	39
County Attorney	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	2	2
Total	N/A	190	188	189	209	242	246	247	274	251

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.

Schedule 17

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

	FISCAL YEAR									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
REGISTER OF DEEDS										
Documents Recorded	N/A	N/A	N/A	N/A	N/A	* 3,841	7,728	6,882	5,606	5,429
SOLID WASTE										
Tons of Solid Waste Handled	N/A	N/A	N/A	N/A	N/A	8,631	11,153	9,866	9,866	9,956
BUILDING DEPARTMENT										
Residential Permits Issued	63	73	79	63	111	562	495	303	224	169
Value of Residential Permits	$ 6,590,611	$ 7,721,642	$ 16,011,284	$ 6,033,664	$ 11,199,465	$ 26,751,560	$ 32,189,775	$ 17,545,771	$ 9,505,205	$ 5,495,999
Commercial Permits Issued	31	25	33	39	33	77	78	61	127	44
Value of Commercial Permits	$ 16,403,272	$ 10,719,526	$ 15,438,632	$ 13,617,564	$ 11,875,439	$ 46,995,504	$ 11,198,793	$ 41,595,921	$ 8,058,570	$ 11,800,549
Mobile Home Permits Issued	N/A	N/A	N/A	N/A	N/A	219	228	132	116	92
PARKS & RECREATION										
Park Attendance	N/A	N/A	N/A	N/A	N/A	36,206	46,987	49,054	63,323	65,372
DETENTION CENTER										
Confinements	N/A	N/A	N/A	N/A	N/A	2,039	2,373	2,655	2,578	2,283
BUSINESS LICENSES & BILLBOARDS										
Business Licenses Issued	N/A	N/A	N/A	N/A	N/A	673	N/A	642	977	849
Gross Sales Within County	$ 376,177,328	$ 392,864,533	$ 425,507,974	$ 725,954,671	$ 1,184,771,836	$ 886,051,537	$ 923,657,760	$ 939,769,745	$ 845,973,337	$ 750,636,025
EMERGENCY SERVICES										
Calls Dispatched	N/A	N/A	N/A	N/A	N/A	23,660	22,446	21,877	40,061	47,359

N/A Information is not available.
* Department opened in November 2005.
Source: Various County Departments

Schedule 18

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

FUNCTION/PROGRAM	FISCAL YEAR 2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
DEVELOPMENT SERVICES:										
COMMUNITY CENTERS	7	7	7	6	6	6	6	6	6	6
PARKS	10	10	10	11	11	11	11	11	11	11
PARKS ACREAGE	66	66	66	422	422	422	422	422	422	422
BOAT LANDINGS	6	6	6	6	6	6	6	6	6	6
EMERGENCY SERVICES:										
NUMBER OF FIRE STATIONS	8	8	8	9	9	9	9	9	8	8
NUMBER OF FIRE TRUCKS	N/A	N/A	N/A	N/A	N/A	19	19	19	19	19
NUMBER OF AMBULANCES	N/A	N/A	N/A	N/A	N/A	6	7	7	7	7
ENGINEERING SERVICES:										
MILES OF ROADS	N/A	N/A	N/A	N/A	N/A	124	124	124	124	124
RECYCLING CENTERS	6	6	6	6	6	6	6	6	6	6
SHERIFF:										
PATROL UNITS	15	15	15	15	15	15	18	18	18	18
HEALTH, EDUCATION & WELFARE										
COUNTY LIBRARIES	2	2	2	2	2	2	2	2	2	2

N/A Information is not available.

COMPLIANCE SECTION

JASPER COUNTY, SOUTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2010

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Expenditures
US Department of Housing & Urban Development		
Passed through the SC Department of Commerce Community Development Block Grant 4H07003	14.228	$ 192,769
US Department of Health & Human Services		
Passed through the SC Department of Social Services Child Enforcement Block Grant	93.563	111,276
US Department of Transportation		
Airport Improvements	20.106	345,132
US Department of Homeland Security		
Trama Grant	97.004	49,283
LEMPG Grant	97.042	32,880
US Department of Justice		
Justice Assistance Grant Program	16.804	27,916
Cops	16.710	57,787
US Department of Commerce		
Passed through the SC Department of Commerce Public Safety Interoperable Communication Grant	11.555	667,462
Total Federal Financial Assistance		$ 1,484,505

NOTE 1 BASIS OF PRESENTATION

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

NOTE 2 NON-CASH AWARDS

Jasper County, South Carolina, did not receive any non-cash federal awards during the year ended June 30, 2010.

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

John P. Gillion, Jr., CPA, PFS, CFS, CVA, CFP®
Brenda F. Carroll, CPA, CFE, CIA, CICA, FCPA, CSEP, PFS
Rep E. Whiddon, CPA, CVA

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

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Jasper County, South Carolina, as of and for the year ended June 30, 2010, which collectively comprise the Jasper County, South Carolina's basic financial statements and have issued our report thereon dated November 19, 2010. 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 as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Jasper County, South Carolina's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Jasper County, South Carolina's internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Jasper County, South Carolina's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do

4210 Columbia Road, Building 10, Augusta, Georgia 30907 / Telephone (706) 855-9500 / Telefax (706) 855-2900 (www.bairdcpas.com)

not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of Jasper County, South Carolina, in a separate letter dated November 19, 2010.

This report is intended solely for the information and use of management, City Council, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Baird & Company, CPAs, LLC

BAIRD & COMPANY, CPAs, LLC
Certified Public Accountants

November 19, 2010
Augusta, Georgia

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

John P. Gillion, Jr., CPA, PFS, CFS, CVA, CFP®
Brenda F. Carroll, CPA, CFE, CIA, CICA, FCPA, CSEP, PFS
Rep E. Whiddon, CPA, CVA

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

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

Compliance

We have audited the compliance of Jasper County, South Carolina, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2010. Jasper County, South Carolina's major programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Jasper County, South Carolina's management. Our responsibility is to express an opinion on Jasper County, South Carolina's compliance based on our audit.

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

In our opinion, Jasper County, South Carolina, complied, in all material aspects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2010.

4210 Columbia Road, Building 10, Augusta, Georgia 30907 / Telephone (706) 855-9500 / Telefax (706) 855-2900 (www.bairdcpas.com)

Internal Control Over Compliance

Management of Jasper County, South Carolina, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Jasper County, South Carolina's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Jasper County, South Carolina's internal control over compliance.

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

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

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

Baird & Company, CPAs, LLC

BAIRD & COMPANY, CPAs, LLC
Certified Public Accountants

November 19, 2010
Augusta, Georgia

JASPER COUNTY, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2010

Section I: Summary of Auditors' Results

Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

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

Federal Awards

Internal control over major programs:

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

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

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

Identification of Major Programs:

CFDA Number(s)	*Name of Federal Programs or Cluster*
20.106	Airport Improvements
11.555	Public Safety Interoperable Communications

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

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

Section II: Financial Statement Findings

NONE

Section III: Federal Awards Findings and Questioned Costs

NONE