

JASPER COUNTY, SOUTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2008

COUNTY COUNCIL

GEORGE HOOD, CHAIRMAN

FRED TUTEN
LEROY BLACKSHEAR

GLADYS JONES
HUBERT TYLER

COUNTY ADMINISTRATOR
ANDREW P. FULGHUM

DEPUTY ADMINISTRATOR/FINANCE
RONNIE MALPHRUS

PREPARED BY:
DEPARTMENT OF FINANCE

Jasper County, South Carolina
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2008

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Jasper County, South Carolina Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2008

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INTRODUCTORY SECTION



Jasper County Council

651 GRAYS HWY. • RIDGELAND, SC 29936
P.O. BOX 1149 • RIDGELAND, SC 29936

DR. GEORGE HOOD
Chairman

FRED TUTEN
Vice Chairman

HURBERT TYLER
Councilman

GLADYS N. JONES
Councilwoman

ANDREW P. FULGHUM
Administrator

LEROY BLACKSHEAR
Councilman

November 10, 2008

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, 2008.

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, 2008 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, 2008 are fairly presented in conformity with GAAP. The independent auditors report is presented as the first component of the financial section of this report.

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

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

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

Profile of the Government

The County founded in 1912 is located in the Southeastern part of South Carolina, just north of Savannah, Georgia. The County currently occupies a land area of 662 square miles and serves a population of 21,809. The County is empowered to levy a property tax on both real and personal properties located within its boundaries.

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

The County provides a full range of services including: police and fire protection, the maintenance of highways, streets, and other infrastructure, recreational activities, and cultural events, sanitation services, emergency medical services, E-911 and courts service. The County underwent a salary and staffing study that redefined the functional areas of certain department heads. These recommendations were adopted by the County to allow for greater accountability. The financial statements were reorganized to comply with these changes. As a result information prior to fiscal year 2002 was not available for the statistical section.

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

Factors Affecting Financial Condition

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

Local Economy

The County's fiscal year 2009 assessable base is \$112,955,457, up 11% from the assessable base of \$101,422,193 in fiscal year 2008. The County's private sector average weekly wage increased 2.5% from the previous year and is currently \$643. Jasper County's median family income is currently \$45,900. 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 2007 population estimate for Jasper County is 21,953. The 2000 census places 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 will 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.

As a result of the financial and economic problems that have negatively impacted the United States, between 2005 and 2007 growth has slowed in the area, although not to the extent that it has in some other parts of the country. The impact of a construction slowdown in Jasper County is hard felt as over 35% of all private sector jobs in the County are construction related. Presently, there are 2,810 construction jobs reported in the County with an annual construction payroll of \$103,021,154. This represents 39% of the County's total private sector payroll. While construction related jobs are prevalent in Jasper County, a majority of the actual construction work for the workforce has traditionally been in neighboring counties. This year; however, statistics show that a majority of the permitted construction work in the region is proposed to occur within Jasper County.

Of the four regional counties of Beaufort, Colleton, Hampton and Jasper, Jasper was the only County to see an increase in building permitting across the board for single-family, multi-family and commercial and industrial permitting in 2007. In Fiscal Year 2008, Jasper County and the municipalities of Ridgeland and Hardeeville issued 873 building permits County-wide with over \$1,117,000 collected in building permit fees. Commercial and industrial permits issued in Jasper County increased by 163% from the previous year with 30 being issued in 2006 and 79 being issued in 2007.

Active residential growth is evidenced by increased individual home construction. Proposed residential and commercial growth is evidenced by the approval of many large residential, mixed-use development projects. Approximately 30,000 acres of large tract, mixed –use development projects have been approved. Over the past four years, approximately 60,000 new dwelling units have been authorized by Jasper County, the City of Hardeeville, and the Town of Ridgeland. The County is also currently tracking over 4,000 acres of proposed commercial development projects to support the residential development. A basic breakdown of the proposed development by planning area follows:

<u>Planning Area</u>	<u>Residential Dwelling Units</u>	<u>Commercial Acreage</u>
Jasper County	4,247	125
Southern Jasper/Hardeeville	51,617	3,935
Central Jasper/Ridgeland	<u>2,022</u>	-
<i>Totals</i>	<u>57,886</u>	<u>4,060</u>

Light industrial, commercial, and construction related businesses continue to locate and expand in Jasper County to support the new residential growth. Privately owned business parks- New River Business Park off of US 278 and Riverwalk Business Park off of SC 170 continue to expand. The County owns and operates one business/industrial park in Ridgeland named the Cypress Ridge

Business/Industrial Park. The County continues to receive interest from businesses desiring to locate in the park and is actively working to assist three private businesses that have purchased property in the park in developing new buildings. Additionally, the County is currently working to develop its third speculative building in the park.

The University of South Carolina (USCB) has constructed a four-year university campus in Jasper and Beaufort counties along US 278. The Technical College of the Lowcountry (TCL) has also constructed a "New River Campus" along US 278.

The auto mall facility located in this area maintains Jaguar, Nissan, Dodge, Jeep/Chrysler, Hyundai, Infiniti, Mazda, Land Rover and Porsche dealerships. A Ford/Lincoln/Mercury dealership, purported to be the largest of its kind in the nation, is now fully operational in this area as well. The permitting of up to three additional auto dealerships is in progress.

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 this year and have established a bi-state, joint project office to oversee the development of the new port. The new terminal 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 marine terminal will produce 450 direct jobs and as many as 98,000 new jobs in the region.

Long-term Financial Planning

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

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

With most of the planned residential and commercial development, Jasper County and the municipalities of Hardeeville and Ridgeland have been involved in jointly negotiating 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 & recreation infrastructure and services. 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 has 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 that has defined what "affordable housing" is in Jasper County, provided information about our rental inventory, made determinations as to what our unmet needs are with regard to the type and variety of existing housing, identified barriers that exist in attracting affordable housing and set out recommendations as to how to develop a coordinated affordable housing program for the County.

The County is also currently constructing a new County administrative building known as the Jasper County Annex Building on the courthouse campus in the Town of Ridgeland. Construction is

scheduled to be complete in January 2009 with anticipated occupation in February 2009. The County is currently bidding a complete renovation project for its existing, historical courthouse. Construction of the annex building and renovation of the existing courthouse is estimated to cost approximately \$12 million.

Cash Management

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

Risk Management

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

Pension and Other Postemployment Benefits.

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

The County also provides postretirement health benefits for retirees and their dependents that meet certain service requirements. As of the end of the current fiscal year, there were 27 retired employees receiving these benefits, which are financed on a pay-as-you-go basis. GAAP do not require governments to report a liability in the financial statements in connection with an employer's obligation to provide these benefits. The requirement will change in the next fiscal year when Jasper County is expected to report a liability of \$4.5 million and begin funding this liability.

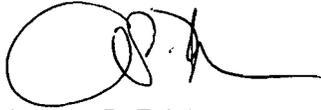
Awards and Acknowledgments

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, 2007. This was the eleventh 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,

A handwritten signature in black ink, consisting of a large, stylized 'A' followed by a horizontal line extending to the right.

Andrew P. Fulghum
County Administrator

A handwritten signature in black ink, written in a cursive style that reads 'Ronnie K. Malphrus'.

Ronnie Malphrus
Deputy Administrator-Finance

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Jasper County
South Carolina

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2007

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



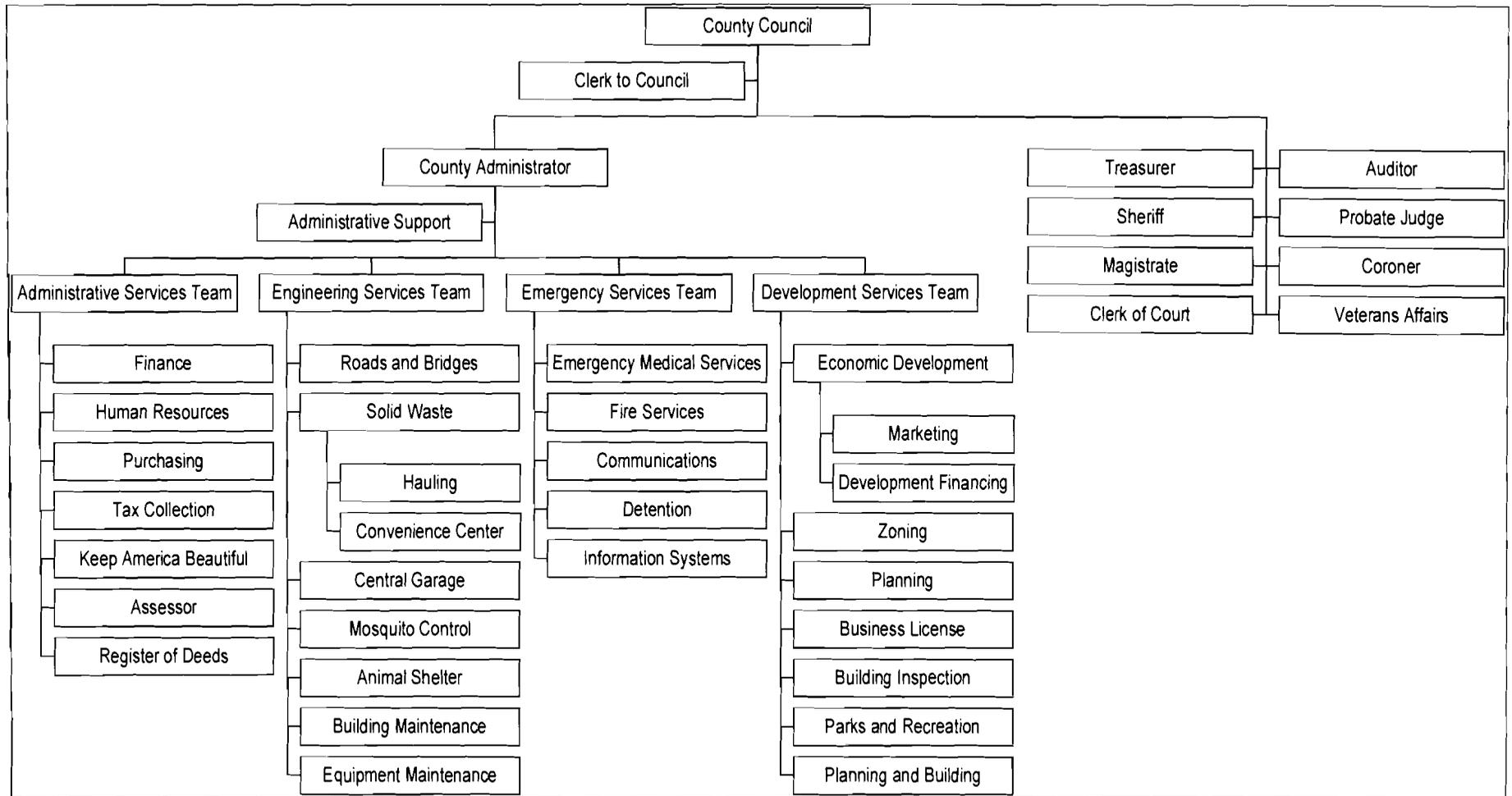
Charles S. Cox

President

Jeffrey R. Emer

Executive Director

JASPER COUNTY, SOUTH CAROLINA
 ORGANIZATIONAL CHART



**JASPER COUNTY, SOUTH CAROLINA
LIST OF PRINCIPAL OFFICIALS
JUNE 30, 2008**

TITLE	NAME
Chairman – County Council.....	George Hood
Vice Chairman – County Council.....	Gladys Jones
Council Member.....	Hubert Tyler
Council Member.....	Fred Tuten
Council Member.....	Leroy Blackshear
Administrator.....	Andrew P. Fulghum
Deputy Administrator/Finance.....	Ronnie Malphrus
Deputy Administrator/Planning & Development.....	Open
Deputy Administrator/Public Works.....	Dale Terry
Deputy Administrator/Emergency Services.....	Wilbur Daley
Treasurer.....	Verna Garvin
Sheriff.....	Gregory Jenkins

FINANCIAL SECTION

Baird & Company CPAs, LLC

CERTIFIED PUBLIC ACCOUNTANTS & FINANCIAL ADVISORS
Augusta, Georgia Office

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

Thomson, Georgia Office

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

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, each major fund and aggregate remaining fund information of Jasper County, South Carolina, as of and for the year ended June 30, 2008, 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, 2008, and the respective changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 3, 2008, on our consideration of Jasper County, South Carolina's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

To the County Council
Jasper County, South Carolina
Page -2-

The management's discussion and analysis, as listed in the table of contents, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise 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

December 3, 2008
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, 2008. 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 \$29,540,174 (net assets). Of this amount, \$9,336,633 (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 \$926,169.
- As of the close of the current fiscal year the County's governmental funds reported combined ending fund balance of \$15,162,502, a decrease of \$4,771,784. This decrease is mostly attributable to the cash carryforward of \$3,529,552 in the general fund which caused a decrease of \$1,800,767 and the expenditure of \$2,684,600 for the annex building in the capital projects fund.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$6,116,693 or 26 percent of the total fund expenditures.
- The County had \$11,331,682 in notes and leases outstanding versus \$11,195,332 last year, an increase of 1.2 percent. This increase was the result of renewing the bond anticipation debt for the construction of an office building and a lease of \$809,726 for heavy equipment.

Overview of the Financial Statements

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

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

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

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

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

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

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governments for which similar information is presented for the governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

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

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

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

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

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

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

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

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Jasper County assets exceeded liabilities by \$29,540,174 at the close of the most recent fiscal year. The following table reflects the condensed governmental-wide statement of net assets.

JASPER COUNTY, SOUTH CAROLINA NET ASSETS		
	Governmental Activities	
	2008	2007
Current and Other Assets		
Cash and Other Assets	\$ 19,518,858	\$ 22,010,224
Capital Assets	<u>25,560,789</u>	<u>21,601,015</u>
Total Assets	<u>45,079,647</u>	<u>43,611,239</u>
Long-term Liabilities Outstanding	11,884,501	11,775,400
Other Liabilities	<u>3,654,972</u>	<u>1,529,496</u>
Total Liabilities	<u>15,539,473</u>	<u>13,304,896</u>
Net Assets		
Investment in Capital Assets, Net of Related Debt	19,517,800	18,575,683
Restricted	685,741	-
Unrestricted	<u>9,336,633</u>	<u>11,890,660</u>
Total Net Assets	<u>\$ 29,540,174</u>	<u>\$ 30,466,343</u>

Beginning net assets were adjusted for a prior period adjustment of \$340,425 that was related to the bond issuance and capitalized bond interest costs. These amounts were adjusted to the appropriate asset and expenditure accounts in the comparative totals for year 2007. See note 17 in the notes to the financial statements.

By far the largest portion of the County's net assets \$19,517,800 (66 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 these liabilities.

The restricted portion of net assets of \$685,741 represents the balance of net assets that have restricted resources and are not available to fund other commitments.

The remaining balance of unrestricted net assets (31.6 percent) may be used to meet the County's ongoing obligations to citizen's and creditors.

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

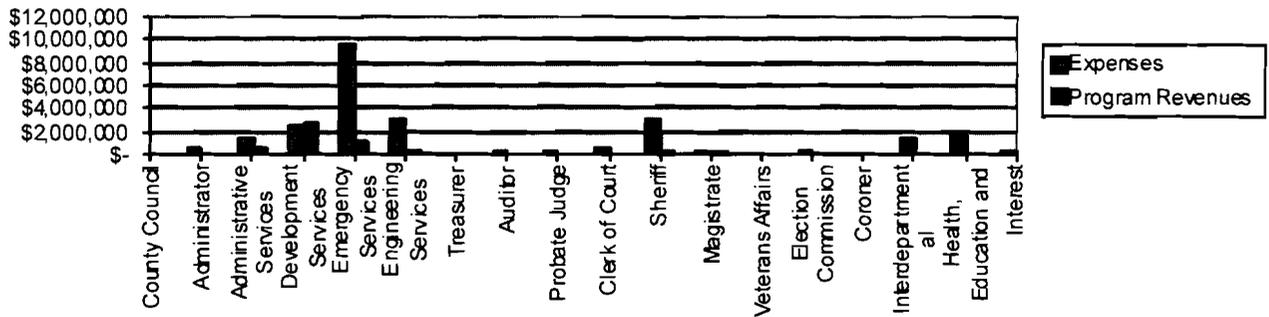
Governmental activities. The County's total net assets decreased by \$926,169 in 2008 compared to an increase of \$80,876 in 2007. Key elements of this increase are as shown in the following table.

JASPER COUNTY, SOUTH CAROLINA CHANGE IN NET ASSETS		
	Governmental Activities	
	2008	2007
Revenues:		
Program Revenues:		
Charges for Services	\$ 3,584,338	\$ 3,165,475
Operating Grants and Contributions	658,006	292,110
Capital Grants and Contributions	787,331	802,986
General Revenues:		
Property Taxes	12,895,064	12,307,706
Other Taxes	3,333,737	3,294,073
Grants and Contributions not restricted to specific programs	1,174,418	1,077,754
Other	848,815	792,476
Total Revenues	23,281,709	21,732,580
Expenses		
County Council	186,952	134,382
Administrator	459,140	339,998
Administrative Services	1,363,203	1,001,209
Development Services	1,994,679	1,762,212
Emergency Services	9,575,753	8,084,096
Engineering Services	2,650,295	2,615,436
Treasurer	158,188	114,184
Auditor	225,344	154,042
Probate Judge	182,278	166,147
Clerk of Court	470,086	461,035
Sheriff	2,929,037	2,661,891
Magistrate	453,478	449,539
Veterans Affairs	111,421	107,730
Election Commission	238,603	183,191
Coroner	102,863	86,037
Interdepartmental	1,396,108	1,323,023
Health, Education and Welfare	1,566,812	1,524,959
Interest Expense	143,638	142,168
Total expenses	24,207,878	21,311,279
Change in net assets	(926,169)	421,301
Net assets – beginning	30,466,343	30,045,042
Net assets – ending	\$ 29,540,174	\$ 30,466,343

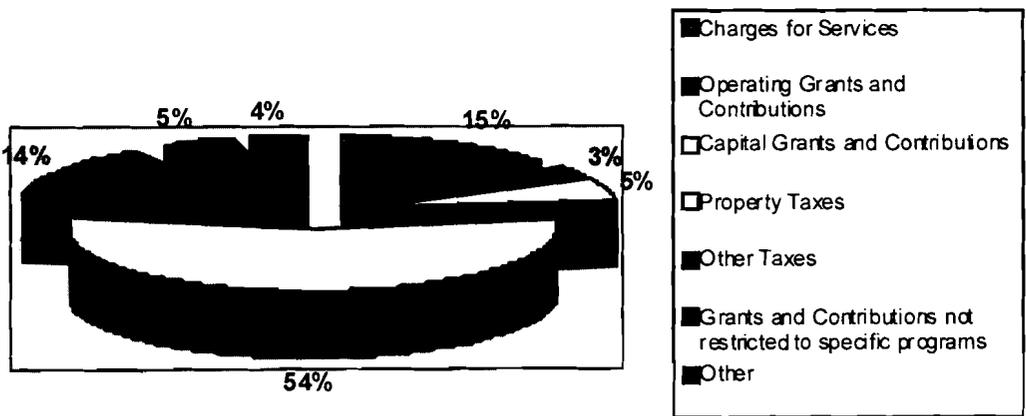
Beginning net assets were adjusted for a prior period adjustment of \$340,425 that was related to the bond issuance and capitalized bond interest costs. These amounts were adjusted to the appropriate asset and expenditure accounts in the comparative totals for year 2007. See note 17 in the notes to the financial statements.

The major cause of the deficit was the budgeted cash carryforward of \$3,529,552 which was offset by a \$882,789 positive revenue variance and a \$1,673,844 positive expenditure variance.

Expenses and Program Revenues – Governmental Activities



Revenues by Source – Governmental Activities



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

Financial Analysis of the Government's Funds

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

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

At the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$15,162,502, a decrease of \$4,771,784 in comparison with the prior year. This decrease is mostly attributable to the cash carryforward shown on page 15 plus the expenditure of \$2,684,600 for the annex building and \$474,216 for Cypress Ridge Roads. The fund balance is reserved to indicate that it is not available for new spending because it represents noncurrent assets of \$2,104,340 in the economic development fund and \$4,972,735 is held for the construction of a courthouse annex building in the capital projects fund.

The general fund is the chief operating fund of Jasper County. At the end of the current fiscal year, the unreserved fund balance of the general fund was \$6,116,693. As a measure of the general fund's liquidity, it may be useful to compare the unreserved fund balance to total fund expenditures. Unreserved fund balance represents 26 percent of total general fund expenditures.

The fund balance of the County's general fund decreased by \$1,800,767 during the current fiscal year. Key factor of this increase are as follows:

- The planned deficit of \$3,529,552 cash carryforward in the budget was overcome by a \$1,673,844 positive expenditures variance.

The economic development fund has a total fund balance of \$2,905,128. The net decrease in fund balance during the current year of \$303,608 was due to the following factor:

- Expenditures of \$474,126 for roads and improvements in Cypress Ridge.

The capital projects fund has a total fund balance of \$5,454,940 of which \$4,972,735 is designated for the construction of the County annex building. The decrease of \$2,588,256 is largely attributable to the construction in progress on the office building.

General Fund Budgetary Highlights

During the budget year, the County Administrator can exercise his authority to transfer budgets up to \$5,000 between departments as long as the total budget of the County remains intact. County Council has the authority to amend the budget as required. Differences between the original budget and the final amended budget in the fiscal year ending June 30, 2008, can be briefly summarized as follows:

SUPPLEMENTAL APPROPRIATIONS

New office for attorney	\$	143,495
Gas, oil and grease		70,000
Food service contract		75,000
Inmate housing		100,000
Workers compensation		125,000
Total Supplemental Appropriations	\$	<u>513,495</u>

Capital Assets and Debt Administration

Capital Assets. The County's investment in capital assets for its governmental type activities as of June 30, 2008 amounts to \$25,560,789 (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 annex, farmers market, council on aging & attorney offices	\$	3,963,639
Vehicles including Dodge Charger and Trailblazer		42,766
Cypress Ridge Roads		671,426
Lighting at Airport		138,748
Land on Third Avenue		116,242
Stretchers, software, radios, motorgraders, backhoes, bulldozers		934,917
Total capital outlay	\$	<u>5,867,738</u>

JASPER COUNTY, SOUTH CAROLINA CAPITAL ASSETS - NET OF DEPRECIATION

	<u>Governmental Activities</u>	
	<u>2008</u>	<u>2007</u>
Land and Improvements	\$ 2,534,470	\$ 2,561,561
Construction in progress	4,711,713	208,421
Buildings and Improvements	10,425,592	10,794,463
Machinery and Equipment	2,315,769	1,884,819
Vehicles	2,313,131	2,767,803
Infrastructure	<u>3,260,114</u>	<u>3,215,903</u>
Total	\$ <u>25,560,789</u>	\$ <u>21,432,970</u>

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

Long-term debt. At the end of the current fiscal year, the County had total debt outstanding of \$11,331,682. The County's total debt increased by \$136,350 (1.2 percent) during the current fiscal year. \$9,314,726 was borrowed to refinance the bond anticipation note on the office building and for various heavy duty equipment and \$9,178,376 of debt was retired. Changes in outstanding debt are summarized below:

JASPER COUNTY, SOUTH CAROLINA OUTSTANDING DEBT

	Governmental Activities	
	2008	2007
Bank loans	\$ 820,647	\$ 932,866
Bond anticipation note	8,505,000	8,170,000
Capital leases	2,006,035	2,092,466
Total	<u>\$ 11,331,682</u>	<u>\$ 11,195,332</u>

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 \$9,604,702. 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

- Employment growth remained positive despite a recent national downturn in the economy.
- Unemployment now stands at 5.7 percent versus 5.1 percent a year ago. In comparison, the state's unemployment rate is 6.1 percent and the national rate is 5.7 percent.
- Inflationary trends in the region compare favorably to national indexes.
- The assessed valuation for the 2007 tax year increased from \$117,132,072 to \$120,058,778 due to growth and reassessment.

All of these factors were considered in preparing the County's budget for the 2008 fiscal year.

During the current fiscal year, unreserved fund balance in the general fund decreased to \$6,116,693. The County has appropriated \$4,183,640 of this amount for spending in the 2009 fiscal year budget. The County set millage for the 2009 budget year at 119, which is an increase of 4 mills. Budgeted expenditures for 2009 are projected to rise 12 percent to \$27,430,637 from \$24,463,607 in 2009.

Requests for Information

This financial report is designed to provide a general overview of Jasper County's finances for all those with an 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, 2008**

		<u>GOVERNMENTAL ACTIVITIES</u>
ASSETS		
Cash	\$	8,698,998
Receivables		3,014,777
Restricted Cash		5,384,785
Notes Receivable		400,000
Property Held for Resale		1,704,340
Bond Issue Costs		315,958
Capital Assets not being depreciated		
Land		2,534,470
Construction in Progress		4,711,713
Capital Assets being depreciated		
Buildings and Improvements		10,425,592
Machinery and Equipment		2,315,769
Vehicles		2,313,131
Infrastructure		3,260,114
Total Assets		<u>45,079,647</u>
LIABILITIES		
Accounts Payable		2,106,357
Salaries and Benefits Payable		807,809
Unearned Revenue		355,434
Accrued Interest		385,372
Noncurrent Liabilities		
Due within one year		9,247,798
Due in more than one year		2,636,703
Total Liabilities		<u>15,539,473</u>
NET ASSETS		
Invested in Capital Assets, net of related debt		19,517,800
Restricted for:		
Other Purposes		685,741
Unrestricted		9,336,633
Total Net Assets	\$	<u>29,540,174</u>

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, 2008**

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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	\$ 186,952	\$ -	\$ -	\$ -	\$ (186,952)
Administrator	459,140	-	-	-	(459,140)
Administrative Services	1,363,203	457,316	-	-	(905,887)
Development Services	1,994,679	1,375,058	480,744	371,917	233,040
Emergency Services	9,575,753	994,600	25,835	70,450	(8,484,868)
Engineering Services	2,650,295	76,815	10,239	293,775	(2,269,466)
Treasurer	158,188	-	1,575	-	(156,613)
Auditor	225,344	-	1,575	-	(223,769)
Probate Judge	182,278	48,889	1,575	-	(131,814)
Clerk of Court	470,086	136,947	26,719	-	(306,420)
Sheriff	2,929,037	97,973	72,045	51,189	(2,707,830)
Magistrate	453,478	390,708	-	-	(62,770)
Veterans Affairs	111,421	-	6,379	-	(105,042)
Election Commission	238,603	-	31,320	-	(207,283)
Coroner	102,863	-	-	-	(102,863)
Interdepartmental	1,396,108	-	-	-	(1,396,108)
Health, Education and Welfare	1,566,812	6,032	-	-	(1,560,780)
Interest	143,638	-	-	-	(143,638)
Total Governmental Activities	<u>\$ 24,207,878</u>	<u>\$ 3,584,338</u>	<u>\$ 658,006</u>	<u>\$ 787,331</u>	<u>(19,178,203)</u>
General Revenues					
Property Taxes					12,895,064
Local Option Sales Taxes					2,828,803
Franchise Taxes					38,596
Accommodation Taxes					466,338
Grants and contributions not restricted to specific programs					1,174,418
Earnings on investments					556,872
Miscellaneous					209,663
Loss on Disposal of Capital Assets					82,280
Total General Revenues, Special Items and Transfers					<u>18,252,034</u>
Change in net assets					(926,169)
Net assets, beginning					30,125,918
Prior Period Adjustment					340,425
Net assets, ending					<u>\$ 29,540,174</u>

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

**JASPER COUNTY, SOUTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2008**

	<u>GENERAL</u>	<u>ECONOMIC DEVELOPMENT</u>	<u>CAPITAL PROJECTS</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
ASSETS					
Cash	\$ 6,327,962	\$ 1,544,089	\$ 5,871,732	\$ 340,000	\$ 14,083,783
Receivables - net	2,398,931	14,910	-	600,936	3,014,777
Notes Receivable	-	400,000	-	-	400,000
Property Held for Resale	-	1,704,340	-	-	1,704,340
Total Assets	<u>\$ 8,726,893</u>	<u>\$ 3,663,339</u>	<u>\$ 5,871,732</u>	<u>\$ 940,936</u>	<u>\$ 19,202,900</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 1,031,593	\$ 417,268	\$ 416,792	\$ 240,704	\$ 2,106,357
Salaries and Benefits Payable	807,809	-	-	-	807,809
Deferred Revenue	770,798	340,943	-	14,491	1,126,232
Total Liabilities	<u>2,610,200</u>	<u>758,211</u>	<u>416,792</u>	<u>255,195</u>	<u>4,040,398</u>
Fund Balances					
Reserved					
Noncurrent Assets	-	2,104,340	-	-	2,104,340
Bond Proceeds held for office building	-	-	4,972,735	-	4,972,735
Unreserved					
Undesignated	1,933,053	745,308	482,205	-	3,160,566
Designated	4,183,640	55,480	-	-	4,239,120
Unreserved, reported in nonmajor					
Special Revenue Funds	-	-	-	685,741	685,741
Total Fund Balances	<u>6,116,693</u>	<u>2,905,128</u>	<u>5,454,940</u>	<u>685,741</u>	<u>15,162,502</u>
Total Liabilities and Fund Balances	<u>\$ 8,726,893</u>	<u>\$ 3,663,339</u>	<u>\$ 5,871,732</u>	<u>\$ 940,936</u>	<u>\$ 19,202,900</u>

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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, 2008**

Total net assets reported for governmental activities in the statement of net assets is different because:

Total fund balances for governmental funds	\$ 15,162,502
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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	4,711,713	
Buildings and Improvements, net of \$2,707,941 accumulated depreciation	10,425,592	
Machinery and Equipment, net of \$1,842,836 accumulated depreciation	2,315,769	
Vehicles, net of \$2,548,221 accumulated depreciation	2,313,131	
Infrastructure, net of \$629,275 accumulated depreciation	<u>3,260,114</u>	
Total Capital Assets		25,560,789

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.	770,798
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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.	315,958
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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, 2008 are:

Accrued Interest Payable	(385,372)	
Bonds, Notes and Leases Payable	(11,331,682)	
Compensated Absences	<u>(552,819)</u>	
Total Long-Term Liabilities		<u>(12,269,873)</u>

Total net assets of governmental activities	<u><u>\$ 29,540,174</u></u>
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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, 2008

	<u>GENERAL</u>	<u>ECONOMIC DEVELOPMENT</u>	<u>CAPITAL PROJECTS</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
REVENUES					
Taxes	\$ 15,895,113	\$ -	\$ -	\$ 313,850	\$ 16,208,963
Fines, Fees and Licenses	3,117,093	92,568	-	244,203	3,453,864
Intergovernmental	1,457,473	-	-	1,140,981	2,598,454
Miscellaneous	873,660	424,850	256,061	47,005	1,601,576
Total Revenue	<u>21,343,339</u>	<u>517,418</u>	<u>256,061</u>	<u>1,746,039</u>	<u>23,862,857</u>
EXPENDITURES					
Current:					
County Council	173,655	-	-	-	173,655
Administrator	462,763	-	-	-	462,763
Administrative Services	1,278,477	-	-	-	1,278,477
Development Services	930,139	495,205	-	526,502	1,951,846
Emergency Services	9,215,559	-	32,094	30,450	9,278,103
Engineering Services	2,256,828	-	143,578	116,929	2,517,335
Treasurer	152,909	-	-	-	152,909
Auditor	222,501	-	-	-	222,501
Probate Judge	181,721	-	-	-	181,721
Clerk of Court	466,021	-	-	-	466,021
Sheriff	2,587,202	-	-	126,028	2,713,230
Magistrate	455,827	-	-	-	455,827
Veterans Affairs	111,219	-	-	-	111,219
Election Commission	212,003	-	-	-	212,003
Coroner	102,863	-	-	-	102,863
Interdepartmental	1,096,383	-	-	-	1,096,383
Health, Education and Welfare	1,565,675	-	-	-	1,565,675
Debt Service:					
Principal	1,008,376	-	8,170,000	-	9,178,376
Interest	115,165	-	173,000	-	288,165
Capital Outlay:					
Development Services	18,970	-	-	-	18,970
Emergency Services	41,196	-	29,803	40,000	110,999
Engineering Services	14,192	464,555	809,726	206,871	1,495,344
Sheriff	23,796	-	-	-	23,796
Interdepartmental	299,818	-	2,800,842	790,526	3,891,186
Total Expenditures	<u>22,993,258</u>	<u>959,760</u>	<u>12,159,043</u>	<u>1,837,306</u>	<u>37,949,367</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,649,919)</u>	<u>(442,342)</u>	<u>(11,902,982)</u>	<u>(91,267)</u>	<u>(14,086,510)</u>
OTHER FINANCING SOURCES (USES)					
Issuance of Debt	-	-	9,314,726	-	9,314,726
Transfers In	267,000	138,734	-	491,780	897,514
Transfers Out	(417,848)	-	-	(479,666)	(897,514)
Total Other Financing Sources (Uses)	<u>(150,848)</u>	<u>138,734</u>	<u>9,314,726</u>	<u>12,114</u>	<u>9,314,726</u>
Net change in fund balances	(1,800,767)	(303,608)	(2,588,256)	(79,153)	(4,771,784)
Fund balances, beginning	7,917,460	3,208,736	8,043,196	764,894	19,934,286
Fund balances, ending	<u>\$ 6,116,693</u>	<u>\$ 2,905,128</u>	<u>\$ 5,454,940</u>	<u>\$ 685,741</u>	<u>\$ 15,162,502</u>

**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, 2008**

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	\$ (4,771,784)
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 (\$5,058,012) exceeded depreciation (\$1,292,536) in the current period.	3,765,476
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is a decrease in net assets.	(615,428)
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.	(8,505,000)
Repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net assets.	9,178,376
Revenues that were not reported in the statement of activities that are reported in the funds.	34,280
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	143,578
Compensated Absences	27,249
Accrued Interest	(182,916)
	(926,169)
Total change in net assets of governmental activities	\$ (926,169)

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, 2008**

	Agency Funds
ASSETS	
Cash	\$ 26,784,187
Total Assets	26,784,187
 LIABILITIES	
Due to Others	26,784,187
Total Liabilities	26,784,187
 NET ASSETS	\$ -

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

**JASPER COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

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.

**JASPER COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

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.

**JASPER COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

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.

**JASPER COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Assets, Liabilities, and Net Assets or Equity - Continued

Receivable and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables/payables".

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

The County Ordinance provides for the taxation of all real and personal property located within the County limits on the first day of January. Motor vehicle taxes are billed and collected by the County Treasurer on a monthly basis. Other personal and real property taxes are levied by the County in October of each year and become due and payable immediately upon receipt by the taxpayer. Real property taxes are delinquent after January 15th with penalties assessed of 3% if paid after January 15th, 10% if paid after January 31st, and 15% if paid after March 15th. Assessed property is subject to lien one year from the levy date if taxes remain unpaid. The property tax rate approved by ordinance for calendar year 2007 is 115 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:

<u>Assets</u>	<u>Years</u>
Buildings	50
Infrastructure	20 to 50
Vehicles and Equipment	5 to 20

**JASPER COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Assets, Liabilities, and Net Assets or Equity - Continued

Compensated Absences

Unused vacation leave liabilities are reported in the applicable governmental type activities columns in the government-wide financial statements. The County enacted a new policy regarding compensated vacation days in 1993. At that time, all unused vacation hours were "banked." Each employee is to receive appropriate vacation hours based on tenure at the beginning of the year. The only hours the employees will be allowed to carry over each calendar year are the "banked" hours until they are used up. No accumulation of paid days off will be allowed in the future. The County has no financial liability for its unused sick leave. Compensated absences are paid from the general fund. The accrued compensated absences at June 30, 2008 are \$552,819 and include 17% for employee benefits and are included in long-term liabilities.

	<u>06/30/07</u>	<u>Increases</u>	<u>Decreases</u>	<u>06/30/08</u>	<u>Due Within A Year</u>
Compensated Absences	\$ 580,068	\$ 64,985	\$ 92,234	\$ 552,819	\$ 150,000

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

Long-Term Obligations

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

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

Fund Equity

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

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

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

**JASPER COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Assets, Liabilities, and Net Assets or Equity - Continued

Fund Equity - Continued

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.

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.

**JASPER COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

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

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

Budgets are prepared at the fund, function and department level. Budgets are adopted at the fund level and are amended as necessary during the fiscal year in one of two ways. First, the administrator delegated by County Council, may make line item transfers within individual fund budgets with subsequent monthly notice to County Council. Such transfers can neither increase nor decrease the overall budget at the fund level. Secondly, the budget may be increased or decreased at the fund level as changing circumstances dictate, subject to County Council approval. During the year, the County Council adopted supplemental appropriations of \$513,495.

NOTE 3 DEPOSITS AND INVESTMENTS

As of June 30, 2008, the County had the following cash and investments that are included in cash governmental funds of \$14,083,783 and the agency fund cash of \$26,784,187.

	<u>Maturity</u>	<u>Book Balance</u>	<u>Bank Balance</u>
<u>Investment</u>			
Repurchase Agreement			
* Pooled Cash Account	Daily	\$ 1,387,760	\$ 1,509,390
 <u>Cash</u>			
Checking Accounts		6,890,757	7,004,583
Certificates of Deposit		25,707,537	25,707,537
Money Market		4,742	4,742
US Government Securities		6,876,579	6,876,579
Change Funds		400	-
Total Deposits and Investments		<u>\$ 40,867,775</u>	<u>\$ 41,102,831</u>

* 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, 2008 is \$991,943.

**JASPER COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

NOTE 3 DEPOSITS AND INVESTMENTS -CONTINUED

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

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

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The County does not have a deposit policy for custodial credit risk. As of June 30, 2008, \$33,234,309 of the County's bank balance was exposed to custodial credit risk as follows:

Uninsured and collateral held by third party bank trust department not in the County's name	<u>\$ 33,234,309</u>
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NOTE 4 RECEIVABLES

Receivables at June 30, 2008, including the applicable allowances for uncollectible accounts, are as follows for the fund and government-wide financial statements, respectively.

Receivables	General	Economic Dev	Other Governmental Funds	Total
Property taxes and assessments	\$ 2,287,107	\$ -	\$ -	\$ 2,287,107
Fines and Fees	2,206,063	-	-	2,206,063
Intergovernmental	1,323,650	-	595,935	1,919,585
Other	30,764	14,910	5,000	50,674
Gross receivables	5,847,584	14,910	600,935	6,463,429
Allowance for uncollectible accounts	(3,448,652)	-	-	(3,448,652)
Net total receivables	\$ 2,398,932	\$ 14,910	\$ 600,935	\$ 3,014,777

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	\$ 618,516	\$ -
Emergency medical service fees	152,282	-
Grant drawdowns prior to meeting all eligibility requirements	14,491	14,491
Special purpose drawdown not yet spent	340,943	340,943
Total	\$ 1,126,232	\$ 355,434

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, 2008 is \$400,000.

**JASPER COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

NOTE 5 CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2008 was as follows:

<u>Governmental Activities</u>	<u>June 30, 2007</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2008</u>
<i>Capital assets not being depreciated</i>				
Land and improvements	\$ 2,561,561	\$ 116,242	\$ 143,333	\$ 2,534,470
Construction in progress	<u>376,466</u>	<u>4,335,247</u>	-	<u>4,711,713</u>
Total capital assets, not being depreciated	<u>2,938,027</u>	<u>4,451,489</u>	<u>143,333</u>	<u>7,246,183</u>
<i>Capital assets being depreciated</i>				
Buildings and improvements	13,291,061	299,818	457,346	13,133,533
Machinery and equipment	3,974,928	934,917	751,240	4,158,605
Vehicles	5,297,630	42,766	479,044	4,861,352
Infrastructure	<u>3,750,641</u>	<u>138,748</u>	-	<u>3,889,389</u>
Total capital assets being depreciated	<u>26,314,260</u>	<u>1,416,249</u>	<u>1,687,630</u>	<u>26,042,879</u>
Less accumulated depreciation for:				
Buildings and improvements	2,496,598	297,413	86,070	2,707,941
Machinery and equipment	2,090,109	414,001	661,274	1,842,836
Vehicles	2,524,430	486,585	462,794	2,548,221
Infrastructure	<u>534,738</u>	<u>94,537</u>	-	<u>629,275</u>
Total accumulated depreciation	<u>7,645,875</u>	<u>1,292,536</u>	<u>1,210,138</u>	<u>7,728,273</u>
Total capital assets being depreciated, net	<u>18,668,385</u>	<u>123,713</u>	<u>477,492</u>	<u>18,314,606</u>
Governmental activity capital assets, net	<u>\$ 21,606,412</u>	<u>\$ 4,575,202</u>	<u>\$ 620,825</u>	<u>\$ 25,560,789</u>

Construction in progress consists of work on the courthouse and farmers market.

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

<u>Governmental Activities</u>	
Administrator	\$ 9,228
Administrative Services	79,896
Development Services	46,320
Emergency Services	326,190
Engineering Services	260,343
Clerk of Court	2,254
Sheriff	234,933
Parks, Recreation and Tourism	6,965
Election Commission	26,682
Interdepartmental	<u>299,725</u>
Total depreciation expense - governmental activities	<u>\$ 1,292,536</u>

The beginning balance of construction in progress was increased by \$168,045 for prior period adjustment to capitalize interest. Also, vehicles costing \$46,553 with accumulated depreciation of \$41,156 which were removed last year were restored to the beginning balance.

**JASPER COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

NOTE 6 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of June 30, 2008 is as follows:

Interfund Transfers

<u>Transfer In</u>	<u>Transfer Out</u>		<u>Total</u>
	<u>General Fund</u>	<u>Nonmajor Governmental</u>	
General Fund	\$ -	\$ 267,000	\$ 267,000
Economic Development	138,734	-	138,734
Nonmajor Governmental Funds	<u>279,114</u>	<u>-</u>	<u>279,114</u>
Total transfers out	<u>\$ 417,848</u>	<u>\$ 267,000</u>	<u>\$ 684,848</u>

The transfer of \$279,114 from the general fund to the nonmajor fund was a transfer of accommodations tax receipts restricted by state law of \$121,114 and a transfer from the general fund of \$158,000 was to cover expenses of Sgt. Jasper Park. The transfer of \$267,000 from the nonmajor fund to the general fund was to reimburse expenses paid by the general fund for E-911 of \$125,000 and \$142,000 to make the payment on a note for road construction. The transfer of \$138,734 to the economic development fund included \$41,926 cash transferred from the general fund and \$96,808 from the general fund for capital expenditures.

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, 2008.

<u>Governmental Activities</u>	<u>June 30, 2007</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2008</u>	<u>Due Within A Year</u>
Bank loans	\$ 932,866	\$ -	\$ 112,219	\$ 820,647	\$ 115,637
Bond anticipation note	8,170,000	8,505,000	8,170,000	8,505,000	8,505,000
Capital leases	<u>2,092,466</u>	<u>809,726</u>	<u>896,157</u>	<u>2,006,035</u>	<u>477,161</u>
Total	<u>\$ 11,195,332</u>	<u>\$ 9,314,726</u>	<u>\$ 9,178,376</u>	<u>\$ 11,331,682</u>	<u>\$ 9,097,798</u>

**JASPER COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

NOTE 7 LONG-TERM OBLIGATIONS – CONTINUED

Long-term debt payable at June 30, 2008 is comprised of the following issues:

<u>Leases Payable</u>	<u>Balance</u>
\$281,811 lease on ambulances payable in five annual installments of \$59,697 including interest of 2.96% beginning February 2005.	\$ 58,126
\$610,000 lease on emergency equipment payable in seven annual installments of \$99,190 including interest at 3.25% beginning January 2004.	190,253
\$570,000 lease on E-911 equipment payable in seven annual installments of \$91,860 including interest at 3.25% beginning February 2004.	173,045
\$82,240 lease on slope mower payable in seven annual installments of \$13,701 including interest at 4.72% beginning February 2008.	71,827
\$809,726 lease on heavy equipment payable in five annual installments of \$111,016 including interest at 5.25% with balloon payment of \$436,000 beginning August 2007.	809,726
\$1,167,000 lease on fire truck and other equipment payable in seven annual installments of \$193,708 including interest at 4.55% beginning April 2006.	<u>703,058</u>
Total Leases Payable	<u>\$ 2,006,035</u>

<u>Bank Loans Payable</u>	<u>Balance</u>
\$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.	<u>\$ 820,647</u>

<u>Bond Anticipation Note</u>	<u>Balance</u>
\$8,505,000 for the construction of an office building due July 15, 2008.	<u>\$ 8,505,000</u>

Debt Service Requirements –All leases are payable from the general fund except for the \$570,000 lease on the E-911 equipment which is payable from the E-911 fund included in nonmajor funds. Interest expense for the year was \$143,638.

**JASPER COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

NOTE 7 LONG-TERM OBLIGATIONS - CONTINUED

Bank Loan and Bond Anticipation Note – The bond anticipation note will be paid by issuing another bond anticipation note on July 15, 2008. The bank loan for the construction of a road is paid from local accommodation tax. The annual requirements to amortize the debt as of June 30, 2008 are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 8,620,637	\$ 352,916	\$ 8,973,553
2010	119,380	21,730	141,110
2011	123,245	17,865	141,110
2012	127,234	13,876	141,110
2013	131,353	9,757	141,110
2014-2015	<u>203,798</u>	<u>7,866</u>	<u>211,664</u>
Total	<u>\$ 9,325,647</u>	<u>\$ 424,010</u>	<u>\$ 9,749,657</u>

Equipment Under Capitalized Leases – The County has entered into various lease agreements for financing the acquisition of vehicles and equipment with a historical cost of \$3,936,365 and accumulated amortization of \$1,754,540. Future minimum lease payments as of June 30, 2008 are as follows.

<u>Fiscal Year Ending June 30,</u>	
2009	\$ 569,172
2010	509,474
2011	318,425
2012	330,465
2013	560,714
2014	<u>13,701</u>
Total minimum lease payments	2,301,951
Less amount representing interest	<u>(295,916)</u>
Present value minimum lease payments	<u>\$ 2,006,035</u>

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

NOTE 8 FUND BALANCES -GOVERNMENTAL FUNDS

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

Designated

	<u>General Fund</u>	<u>Economic Development</u>
Designated for planning	\$ -	\$ 55,480
Budgeted cash carryforward in 08-09 operating budget	<u>4,183,640</u>	<u>-</u>
Total Designated Fund Balances	<u>\$ 4,183,640</u>	<u>\$ 55,480</u>

**JASPER COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

NOTE 8 FUND BALANCES -GOVERNMENTAL FUNDS – CONTINUED

Reserved

	<u>Economic Development</u>	<u>Capital Projects</u>
Bond proceeds held for office building	\$ -	\$ 4,972,735
Notes receivable	400,000	-
Property held for resale	<u>1,704,340</u>	<u>-</u>
Total	<u>\$ 2,104,340</u>	<u>\$ 4,972,735</u>

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 administered 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

<u>CONTRIBUTION INFORMATION</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Total Payroll	\$ 5,119,213	\$ 4,413,705	\$ 4,092,288
Covered Payroll	4,270,559	3,679,414	3,273,049
Retiree Payroll	152,114	121,794	207,796
Employee Contributions	287,474	247,099	227,553
Employee Contribution Rate	6.50%	6.50%	6.25%
Employer Contributions	406,770	309,114	262,804
Employer Contribution Rate	9.06%	8.40%	7.55%
Group Life Contributions	6,735	5,760	5,221
Group Life Contribution Rate	0.15%	0.15%	0.15%

POLICE OFFICERS RETIREMENT SYSTEM

<u>CONTRIBUTION INFORMATION</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Total Payroll	\$ 3,947,137	\$ 3,572,394	\$ 3,041,928
Covered Payroll	3,947,137	3,572,394	3,041,928
Retiree Payroll	47,600	65,332	52,971
Employee Contributions	259,657	236,452	201,168
Employee Contribution Rate	6.50%	6.50%	6.50%
Employer Contributions	411,458	374,685	318,775
Employer Contribution Rate	10.30%	10.30%	10.30%
Group Life Contributions	7,990	7,336	12,380
Group Life Contribution Rate	0.20%	0.20%	0.40%

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.

**JASPER COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

NOTE 10 EMPLOYEE BENEFIT PLANS

401(K) Plan

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

NOTE 11 POST-RETIREMENT BENEFITS

For retirees with a minimum of ten years of service, the County will pay the cost of health insurance/Medicare supplement. The retiree is required to pay a small portion in addition to the coverage of spouses. Surviving spouses are entitled to one year of free coverage. Currently, the County has 27 retirees and surviving spouses on the plan. The cost to the County is approximately \$180,000 per year and is included in the medical insurance expenditures.

NOTE 12 LANDFILL

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

NOTE 13 SUMMARY DISCLOSURE OF SIGNIFICANT COMMITMENTS AND CONTINGENCIES

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

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

Pursuant to Section 4-29-140 of the South Carolina Code of Laws, the County entered into an agreement with a developer whereby the County issued a \$7,000,000 bond in 2001 and a \$6,000,000 bond in 2003 to further economic development within the County. The bonds are to be paid by the County Treasurer paying the bondholders 40 percent of the fee-in-lieu tax received from the businesses in the park. The County has no financial liability beyond this amount. At June 30, 2008, \$6,675,000 and \$5,775,000 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, 2008, \$9,675,000 was outstanding.

**JASPER COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

NOTE 13 SUMMARY DISCLOSURE OF SIGNIFICANT COMMITMENTS AND CONTINGENCIES CONTINUED

The County has committed to pay the City of Hardeeville \$79,000 per year for five years to help pay for a \$650,000 fire truck purchased by the City of Hardeeville.

The County has committed to build a new office building and to renovate the courthouse. Preliminary estimates of the cost are \$11.4 million. At June 30, 2008, \$2,882,000 has been paid on the project and \$4,968,000 is available in the Capital Projects Fund.

The County has designated \$4,183,640 of the fund balance for expenditures in the fiscal year 2008-2009 budget.

The County will implement the requirements of GASB Statement No. 45 for fiscal year 2008-2009 regarding post employment benefits. It is expected that the County will book a liability of approximately \$4.5 million.

NOTE 14 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).

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.

**JASPER COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

NOTE 15 PROPERTY HELD FOR RESALE

The detail on property held for resale is as follows:

	<u>June 30, 2007</u>	<u>Additions</u>	<u>Cost of Land Sold</u>	<u>June 30, 2008</u>
Cypress Ridge Land	\$ 946,720	\$ -	\$ 276,080	\$ 670,640
Ridgeland Industrial Park	40,240	-	-	40,240
Sergeant Jasper Park	69,300	-	-	69,300
Cypress Ridge Spec Bldg 1	300,000	20,000	-	320,000
Cypress Ridge Spec Bldg 2	576,160	28,000	-	604,160
Total	<u>\$ 1,932,420</u>	<u>\$ 48,000</u>	<u>\$ 276,080</u>	<u>\$ 1,704,340</u>

NOTE 16 CAPITAL ASSETS NET

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

Capital Assets	\$ 25,560,789
Bond Issue Costs	315,958
Debt on Capital Assets:	
Bond Anticipation Note	(3,532,265)
Notes Payable	(820,647)
Capital Leases	<u>(2,006,035)</u>
Invested in Capital Assets, net of related debt	<u>\$ 19,517,800</u>

The portion of the bond anticipation note that is in cash being held for office building construction and is therefore not financing capital assets is \$4,972,735.

Bond Anticipation Note	\$ 8,505,000
Less Bond Reserved Balance	<u>(4,972,735)</u>
Bond Anticipation Note Used on Capital Assets	<u>\$ 3,532,265</u>

NOTE 17 PRIOR PERIOD ADJUSTMENT

The prior period adjustment on the government wide statement of net assets was to add \$172,380 of bond issue costs and \$168,045 of capitalized interest for the bond anticipation note that was borrowed to construct the annex building.

**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, 2008

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>(NEGATIVE)</u>
REVENUES				
Taxes	\$ 15,754,882	\$ 15,754,882	\$ 15,895,113	\$ 140,231
Fines, Fees and Licenses	3,200,300	3,200,300	3,117,093	(83,207)
Intergovernmental	1,314,925	1,314,925	1,457,473	142,548
Miscellaneous	3,206,800	3,719,995	873,660	(2,846,335)
Total Revenues	<u>23,476,907</u>	<u>23,990,102</u>	<u>21,343,339</u>	<u>(2,646,763)</u>
EXPENDITURES				
County Council				
Council	<u>159,500</u>	<u>162,800</u>	<u>173,655</u>	<u>(10,855)</u>
Administrator				
Administrator	<u>338,200</u>	<u>453,933</u>	<u>462,763</u>	<u>(8,830)</u>
Administrative Services				
Tax Collector	114,000	117,679	152,255	(34,576)
Assessor	582,100	602,930	499,325	103,605
Finance Department	461,950	479,958	439,080	40,878
Register of Deeds	156,381	159,395	150,526	8,869
Keep America Beautiful	52,950	57,769	56,553	1,216
Total Administrative Services	<u>1,367,381</u>	<u>1,417,731</u>	<u>1,297,739</u>	<u>119,992</u>
Development Services				
Economic Development Department	254,450	260,514	197,214	63,300
Business Licenses	59,300	61,902	62,185	(283)
Planning Commission	33,000	33,000	21,549	11,451
Recreation Department	363,250	372,657	357,966	14,691
Building Permits	444,500	453,473	337,424	116,049
Capital Improvements	142,000	142,000	141,880	120
Total Development Services	<u>1,296,500</u>	<u>1,323,546</u>	<u>1,118,218</u>	<u>205,328</u>
Emergency Services				
Emergency Management	65,550	55,550	22,381	33,169
Emergency Telecommunications	1,051,500	1,084,800	946,861	137,939
Fire and Rescue	-	-	152,828	(152,828)
Information Technology	119,600	119,950	104,719	15,231
Emergency Services Department	5,664,175	5,845,338	5,403,530	441,808
Detention Center	2,807,575	3,045,470	2,817,366	228,104
Cherry Point Fire Station	330,700	366,200	367,121	(921)
Capital Improvements	150,000	150,000	152,323	(2,323)
Total Emergency Services	<u>10,189,100</u>	<u>10,667,308</u>	<u>9,967,129</u>	<u>700,179</u>

JASPER COUNTY, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2008

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
Engineering Services				
Administrative	\$ 282,200	\$ 308,746	\$ 277,700	\$ 31,046
Central Garage	170,300	178,236	172,233	6,003
Mosquito Control	34,700	33,200	23,835	9,365
Litter Control	56,900	60,025	58,998	1,027
Roads and Bridges	631,450	679,167	653,358	25,809
Building Maintenance	522,600	516,081	385,310	130,771
Solid Waste	729,800	792,053	796,001	(3,948)
Total Engineering Services	<u>2,427,950</u>	<u>2,567,508</u>	<u>2,367,435</u>	<u>200,073</u>
Treasurer				
Treasurer	<u>133,800</u>	<u>160,457</u>	<u>152,909</u>	<u>7,548</u>
Auditor				
Auditor	<u>208,200</u>	<u>222,849</u>	<u>222,501</u>	<u>348</u>
Probate Judge				
Probate Judge	<u>184,300</u>	<u>187,028</u>	<u>181,721</u>	<u>5,307</u>
Clerk of Court				
Clerk of Court	492,100	507,078	460,433	46,645
Clerk of Court Incentive	-	-	5,588	(5,588)
Total Clerk of Court	<u>492,100</u>	<u>507,078</u>	<u>466,021</u>	<u>41,057</u>
Sheriff				
Sheriff	2,482,500	2,651,162	2,708,587	(57,425)
Victims Witness Program	97,050	100,997	100,070	927
Sheriff Child Support	-	-	45	(45)
Total Sheriff	<u>2,579,550</u>	<u>2,752,159</u>	<u>2,808,702</u>	<u>(56,543)</u>
Magistrate				
Central Traffic	184,700	204,442	168,223	36,219
Magistrate Lynah	115,500	110,262	60,164	50,098
Hardeeville	116,950	118,505	67,171	51,334
Central Bond	103,800	95,364	81,583	13,781
Magistrate McDonald	63,800	77,000	73,834	3,166
Magistrate Matthews	37,600	37,600	4,852	32,748
Total Magistrate	<u>622,350</u>	<u>643,173</u>	<u>455,827</u>	<u>187,346</u>
Veterans Affairs				
Veterans Affairs	<u>108,495</u>	<u>112,422</u>	<u>111,219</u>	<u>1,203</u>
Election Commission				
Voters Registration	<u>193,075</u>	<u>203,915</u>	<u>212,003</u>	<u>(8,088)</u>

JASPER COUNTY, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2008

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>(NEGATIVE)</u>
Coroner				
Coroner	103,750	106,750	102,863	3,887
Interdepartmental				
Interdepartmental	\$ 1,708,000	\$ 1,216,589	\$ 993,497	\$ 223,092
Data Processing	285,000	285,000	279,504	5,496
Capital Improvements	113,000	87,700	53,877	33,823
Total Interdepartmental	<u>2,106,000</u>	<u>1,589,289</u>	<u>1,326,878</u>	<u>262,411</u>
Health, Education and Welfare				
Agency Appropriations	1,410,541	1,410,541	1,400,535	10,006
County Libraries	31,865	31,865	21,551	10,314
Health Department	24,600	24,600	22,851	1,749
Department of Social Services	30,700	31,200	34,458	(3,258)
Miscellaneous County Accounts	145,950	90,950	86,280	4,670
Total Health, Education and Welfare	<u>1,643,656</u>	<u>1,589,156</u>	<u>1,565,675</u>	<u>23,481</u>
Total Expenditures	<u>24,153,907</u>	<u>24,667,102</u>	<u>22,993,258</u>	<u>1,673,844</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(677,000)</u>	<u>(677,000)</u>	<u>(1,649,919)</u>	<u>(972,919)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	797,000	797,000	267,000	(530,000)
Transfers Out	<u>(120,000)</u>	<u>(120,000)</u>	<u>(417,848)</u>	<u>(297,848)</u>
Total Other Financing Sources (Uses)	<u>677,000</u>	<u>677,000</u>	<u>(150,848)</u>	<u>(827,848)</u>
Net change in fund balance	-	-	(1,800,767)	(1,800,767)
Fund balances, beginning	<u>7,917,460</u>	<u>7,917,460</u>	<u>7,917,460</u>	<u>-</u>
Fund balances, ending	<u>\$ 7,917,460</u>	<u>\$ 7,917,460</u>	<u>\$ 6,116,693</u>	<u>\$ (1,800,767)</u>

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION:

The basis of budgeting is the same as generally accepted accounting principles. The County adopts annual budgets for the General Fund using the modified accrual basis. An annual budget for the Special Revenue Fund is not adopted as sufficient budgetary control is achieved through restrictions included in the various grant agreements. An annual operating budget for the Capital Projects Fund is not adopted as its revenues and expenditures are adopted on a project basis. Appropriations lapse at the end of the budget year.

SUPPLEMENTARY INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

Accommodations Tax Fund	This fund is used to account for the County's share of accommodations taxes that are legally restricted for expenditures that promote parks, recreation and tourism within the County.
Waste Tire Fund	This fund is used to account for the revenues received from the state for the removal of waste tires.
Sheriff Fund	This fund is used to account for the drug funds the sheriff derives from search and seizure.
E911 Fund	This fund is used to account for the telecommunications carrier fees that are restricted for expenditures related to emergency dispatch services.
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, 2008

SPECIAL REVENUE

	<u>ACCOM TAX</u>	<u>WASTE TIRE</u>	<u>SHERIFF DRUG</u>	<u>E911</u>	<u>GRANTS</u>	<u>SGT JASPER PARK</u>	<u>TOTAL NONMAJOR GOVERNMENTAL FUNDS</u>
ASSETS							
Cash	\$ 553,403	\$ (29,094)	\$ 47,250	\$ 121,257	\$ (347,558)	\$ (5,258)	\$ 340,000
Receivables	-	2,734	-	5,161	588,041	5,000	600,936
Total Assets	<u>\$ 553,403</u>	<u>\$ (26,360)</u>	<u>\$ 47,250</u>	<u>\$ 126,418</u>	<u>\$ 240,483</u>	<u>\$ (258)</u>	<u>\$ 940,936</u>
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts Payable	\$ 9,351	\$ 1,160	\$ -	\$ -	\$ 225,991	\$ 4,202	\$ 240,704
Deferred Revenue	-	-	-	-	14,491	-	14,491
Total Liabilities	<u>9,351</u>	<u>1,160</u>	<u>-</u>	<u>-</u>	<u>240,482</u>	<u>4,202</u>	<u>255,195</u>
Fund Balances							
Unreserved							
Net Assets	544,052	(27,520)	47,250	126,418	1	(4,460)	685,741
Total Fund Balances	<u>544,052</u>	<u>(27,520)</u>	<u>47,250</u>	<u>126,418</u>	<u>1</u>	<u>(4,460)</u>	<u>685,741</u>
Total Liabilities and Fund Balances	<u>\$ 553,403</u>	<u>\$ (26,360)</u>	<u>\$ 47,250</u>	<u>\$ 126,418</u>	<u>\$ 240,483</u>	<u>\$ (258)</u>	<u>\$ 940,936</u>

**JASPER COUNTY, SOUTH CAROLINA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2008**

SPECIAL REVENUE

	ACCOM TAX	WASTE TIRE	SHERIFF DRUG	E911	GRANTS	SGT JASPER PARK	TOTAL NONMAJOR GOVERNMENTAL FUNDS
REVENUES							
Taxes	\$ 313,850	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 313,850
Fines, Fees and Licenses	-	-	34,687	179,479	-	30,037	244,203
Intergovernmental	-	9,478	-	-	1,131,503	-	1,140,981
Miscellaneous	-	-	47,005	-	-	-	47,005
Total Revenue	<u>313,850</u>	<u>9,478</u>	<u>81,692</u>	<u>179,479</u>	<u>1,131,503</u>	<u>30,037</u>	<u>1,746,039</u>
EXPENDITURES							
Current:							
Development Services	197,963	-	-	-	928,755	190,310	1,317,028
Emergency Services	-	-	-	-	70,450	-	70,450
Engineering Services	-	30,026	-	-	293,774	-	323,800
Sheriff	-	-	74,838	-	51,190	-	126,028
Total Expenditures	<u>197,963</u>	<u>30,026</u>	<u>74,838</u>	<u>-</u>	<u>1,344,169</u>	<u>190,310</u>	<u>1,837,306</u>
Excess (deficiency) of revenues over (under) expenditures	<u>115,887</u>	<u>(20,548)</u>	<u>6,854</u>	<u>179,479</u>	<u>(212,666)</u>	<u>(160,273)</u>	<u>(91,267)</u>
OTHER FINANCING SOURCES (USES)							
Transfers In	121,114	-	-	-	212,666	158,000	491,780
Transfers Out	(354,666)	-	-	(125,000)	-	-	(479,666)
Total Other Financing Sources (Uses)	<u>(233,552)</u>	<u>-</u>	<u>-</u>	<u>(125,000)</u>	<u>212,666</u>	<u>158,000</u>	<u>12,114</u>
Net change in fund balances	(117,665)	(20,548)	6,854	54,479	-	(2,273)	(79,153)
Fund balances, beginning	661,717	(6,972)	40,396	71,939	1	(2,187)	764,894
Fund balances, ending	<u>\$ 544,052</u>	<u>\$ (27,520)</u>	<u>\$ 47,250</u>	<u>\$ 126,418</u>	<u>\$ 1</u>	<u>\$ (4,460)</u>	<u>\$ 685,741</u>

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 FIDUCIARY ASSETS AND LIABILITIES
 AGENCY FUNDS
 JUNE 30, 2008**

	Agency Funds									Total	
	School	Clerk of Court	Delinquent Tax Collector	1% Fire Fund	Nickle Plate Road Dev	Treasurers Tax Account	Town of Ridgeland	Magistrate Court	Register of Deeds		City of Hardeeville
ASSETS											
Cash	\$ 14,189,636	\$ 11,755,253	\$ 500,025	\$ 131,228	\$ 39,612	\$ 39,629	\$ 1,836	\$ 79,731	\$ 40,386	\$ 6,851	\$ 26,784,187
Total Assets	<u>\$ 14,189,636</u>	<u>\$ 11,755,253</u>	<u>\$ 500,025</u>	<u>\$ 131,228</u>	<u>\$ 39,612</u>	<u>\$ 39,629</u>	<u>\$ 1,836</u>	<u>\$ 79,731</u>	<u>\$ 40,386</u>	<u>\$ 6,851</u>	<u>\$ 26,784,187</u>
LIABILITIES											
Due to Others	\$ 14,189,636	\$ 11,755,253	\$ 500,025	\$ 131,228	\$ 39,612	\$ 39,629	\$ 1,836	\$ 79,731	\$ 40,386	\$ 6,851	\$ 26,784,187
Total Liabilities	<u>\$ 14,189,636</u>	<u>\$ 11,755,253</u>	<u>\$ 500,025</u>	<u>\$ 131,228</u>	<u>\$ 39,612</u>	<u>\$ 39,629</u>	<u>\$ 1,836</u>	<u>\$ 79,731</u>	<u>\$ 40,386</u>	<u>\$ 6,851</u>	<u>\$ 26,784,187</u>

**JASPER COUNTY, SOUTH CAROLINA
SCHEDULE OF FINES, ASSESSMENTS, AND SURCHARGES
FOR YEAR ENDED JUNE 30, 2008**

Court Fines:	
Court Fines Collected	\$ 692,410
Court Fines Retained by County	<u>(351,686)</u>
Court Fines Remitted to the State Treasurer	<u>340,724</u>
Court Assessments:	
Court Assessments Collected	315,131
Court Assessments Retained by County	<u>(124,608)</u>
Court Assessments Remitted to State Treasurer	<u>190,523</u>
Court Assessments/Surcharges/Pullout	
Court Assessments/Surcharges/Pullout Collected	176,792
Court Assessments/Surcharges/Pullout Collected Retained by County	<u>-</u>
Court Assessments/Surcharges/Pullout Remitted to State Treasurer	<u>176,792</u>
Victims Services:	
Court Assessments Allocated to Victim Services	46,098
Court Surcharges Allocated to Victim Services	<u>14,136</u>
Total Funds Allocated to Victim Services	60,234
Victims Services Expenditures	<u>(98,164)</u>
Fund Available for Carryforward	(37,930)
Beginning of Year	<u>78,210</u>
End of Year	<u><u>\$ 40,280</u></u>

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, 2008 AND 2007**

	2008	2007
GOVERNMENTAL FUNDS CAPITAL ASSETS:		
Land and Improvements	\$ 2,534,470	\$ 2,561,561
Construction in Progress	4,711,713	376,466
Buildings and Improvements	13,133,533	13,291,061
Machinery and Equipment	4,158,605	3,974,928
Vehicles	4,861,352	5,251,077
Infrastructure	3,889,389	3,750,641
Total Governmental Funds Capital Assets	\$ 33,289,062	\$ 29,205,734
 INVESTMENT IN GOVERNMENTAL FUNDS CAPITAL ASSETS BY SOURCE		
Governmental Revenues	\$ 21,095,079	\$ 19,926,797
Notes and Leases	6,108,423	3,193,377
Special Purpose Tax	5,363,171	5,363,171
Donations	722,389	722,389
Total Governmental Funds Capital Assets	\$ 33,289,062	\$ 29,205,734

JASPER COUNTY, SOUTH CAROLINA
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENT FUNDS
SCHEDULE BY FUNCTION
JUNE 30, 2008

<u>FUNCTION</u>	<u>LAND AND IMPROVEMENTS</u>	<u>CONSTRUCTION IN PROGRESS</u>	<u>BUILDINGS AND IMPROVEMENTS</u>	<u>MACHINERY AND EQUIPMENT</u>	<u>VEHICLES</u>	<u>INFRASTRUCTURE</u>	<u>TOTAL</u>
Administrator	\$ -	\$ -	\$ -	\$ 66,602	\$ 86,686	\$ -	\$ 153,288
Administrative Services	-	-	-	368,697	45,108	-	413,805
Development Services	-	-	-	52,431	64,758	838,713	955,902
Emergency Services	-	-	-	1,365,951	3,004,042	-	4,369,993
Engineering Services	714,400	671,426	-	1,814,434	638,746	2,911,928	6,750,934
Treasurer	-	-	-	10,000	-	-	10,000
Clerk of Court	-	-	-	51,684	-	-	51,684
Sheriff	-	-	-	137,343	979,496	-	1,116,839
Parks, Recreation, and Tourism	-	-	-	9,906	42,516	-	52,422
Veterans Affairs	-	-	-	5,914	-	-	5,914
Election Commission	-	-	-	275,643	-	-	275,643
Interdepartmental	1,820,070	4,040,287	13,133,533	-	-	138,748	19,132,638
Total	\$ 2,534,470	\$ 4,711,713	\$ 13,133,533	\$ 4,158,605	\$ 4,861,352	\$ 3,889,389	\$ 33,289,062

**JASPER COUNTY, SOUTH CAROLINA
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION
FOR THE YEAR ENDED JUNE 30, 2008**

<u>FUNCTION</u>	<u>JULY 1, 2007</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>TRANSFERS</u>	<u>TOTAL</u>
Administrator	\$ 229,173	\$ -	\$ 75,885	\$ -	\$ 153,288
Administrative Services	482,506	-	68,701	-	413,805
Development Services	997,685	-	41,783	-	955,902
Emergency Services	4,491,831	110,999	232,837	-	4,369,993
Engineering Services	5,826,725	1,495,344	571,135	-	6,750,934
Treasurer	30,127	-	20,127	-	10,000
Clerk of Court	51,684	-	-	-	51,684
Sheriff	1,300,129	23,796	207,086	-	1,116,839
Parks, Recreation, and Tourism	33,452	18,970	-	-	52,422
Magistrate	12,730	-	12,730	-	-
Veterans Affairs	5,914	-	-	-	5,914
Election Commission	275,643	-	-	-	275,643
Interdepartmental	15,514,688	4,218,629	600,679	-	19,132,638
Total	\$ 29,252,287	\$ 5,867,738	\$ 1,830,963	\$ -	\$ 33,289,062

STATISTICAL SECTION

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

Schedule 1

	FISCAL YEAR						
	2002	2003	2004	2005	2006	2007	2008
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
Restricted	6,236,002	6,785,581	-	-	-	-	685,741
Unrestricted	7,006,827	8,453,306	8,523,876	8,682,699	12,011,585	11,890,660	9,336,633
Total Governmental Activities Net Assets	<u>\$ 22,691,050</u>	<u>\$ 26,418,038</u>	<u>\$ 25,274,661</u>	<u>\$ 26,390,332</u>	<u>\$ 30,045,042</u>	<u>\$ 30,466,343</u>	<u>\$ 29,540,174</u>

Source: County Audit Reports

County implemented GASB Statement No. 34 in year 2002.

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

Schedule 2

	FISCAL YEAR						
	2002	2003	2004	2005	2006	2007	2008
Expenses							
Governmental Activities:							
County Council	\$ 102,520	\$ 114,081	\$ 128,310	\$ 114,582	\$ 118,761	\$ 134,382	\$ 186,952
Administrator	334,615	385,883	324,993	277,686	289,214	339,998	459,140
Administrative Services	569,860	587,985	604,881	627,279	817,788	1,001,209	1,363,203
Development Services	1,673,482	2,231,784	1,465,253	1,372,668	1,526,043	1,762,212	1,994,679
Emergency Services	3,472,295	3,877,208	4,665,458	6,276,143	6,677,353	8,084,096	9,575,753
Engineering Services	1,876,261	2,184,588	2,254,202	1,901,778	2,615,122	2,615,436	2,650,295
Treasurer	79,643	90,056	90,493	93,102	107,206	114,184	158,188
Auditor	107,872	113,671	144,620	120,062	156,905	154,042	225,344
Probate Judge	112,901	124,673	140,293	142,204	147,803	166,147	182,278
Clerk of Court	395,932	395,991	476,808	408,538	463,747	461,035	470,086
Sheriff	1,675,138	1,891,437	2,055,863	2,107,222	2,515,271	2,661,891	2,929,037
Magistrate	266,499	296,582	416,747	398,272	409,063	449,539	453,478
Veterans Affairs	82,914	67,959	73,656	78,624	92,216	107,730	111,421
Election Commission	84,683	136,557	153,737	123,269	223,951	183,191	238,603
Coroner	44,125	58,150	76,462	76,358	94,537	86,037	102,863
Interdepartmental	974,663	899,748	652,423	1,048,190	1,525,679	1,323,023	1,396,108
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
Interest Expense	22,098	69,468	67,353	100,908	166,443	142,168	143,638
Total Expenses	<u>12,928,322</u>	<u>14,598,501</u>	<u>14,958,966</u>	<u>16,508,227</u>	<u>19,579,623</u>	<u>21,311,279</u>	<u>24,207,878</u>
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	3,584,338
Operating Grants and Contributions	177,024	148,545	187,478	181,931	533,441	292,110	658,006
Capital Grants and Contributions	1,158,128	1,145,586	2,491,393	900,060	1,630,037	802,986	787,331
General Revenues							
Taxes	10,957,449	11,050,142	10,306,794	12,723,096	16,719,860	15,601,779	12,895,064
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
Earnings on investments	242,086	169,073	37,037	133,513	277,933	514,250	1,174,418
Other	87,100	17,346	31,708	137,123	225,271	278,226	848,815
Total Revenues	<u>16,072,450</u>	<u>15,775,847</u>	<u>16,365,231</u>	<u>17,651,602</u>	<u>23,206,627</u>	<u>21,732,580</u>	<u>23,281,709</u>
Increase in Net Assets	3,144,128	1,177,346	1,406,265	1,143,375	3,627,004	421,301	(926,169)
Net Assets-Beginning	19,546,922	22,691,050	23,868,396	25,274,661	26,418,038	30,045,042	30,466,343
Net Assets-Ending	<u>\$ 22,691,050</u>	<u>\$ 23,868,396</u>	<u>\$ 25,274,661</u>	<u>\$ 26,418,036</u>	<u>\$ 30,045,042</u>	<u>\$ 30,466,343</u>	<u>\$ 29,540,174</u>

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

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

Schedule 3

	FISCAL YEAR						
	2002	2003	2004	2005	2006	2007	2008
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
Total General Fund	<u>\$ 4,719,361</u>	<u>\$ 4,389,521</u>	<u>\$ 3,841,621</u>	<u>\$ 4,586,817</u>	<u>\$ 7,172,865</u>	<u>\$ 7,917,460</u>	<u>\$ 6,116,693</u>
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
Unreserved	1,028,081	729,562	521,129	1,192,869	941,712	1,126,316	800,788
Total Economic Development Fund	<u>\$ 2,866,143</u>	<u>\$ 2,374,624</u>	<u>\$ 2,127,071</u>	<u>\$ 2,749,129</u>	<u>\$ 3,049,132</u>	<u>\$ 3,208,736</u>	<u>\$ 2,905,128</u>
CAPITAL PROJECTS FUND							
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,144,590	\$ 4,972,735
Unreserved	4,425,327	4,467,114	1,150,703	1,118,657	1,702,205	898,606	482,205
Total Capital Projects Fund	<u>\$ 4,425,327</u>	<u>\$ 4,467,114</u>	<u>\$ 1,150,703</u>	<u>\$ 1,118,657</u>	<u>\$ 1,702,205</u>	<u>\$ 8,043,196</u>	<u>\$ 5,454,940</u>
ALL OTHER GOVERNMENTAL FUNDS							
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	817,189	879,757	564,062	640,846	763,803	764,894	685,741
Total All Other Governmental Funds	<u>\$ 817,189</u>	<u>\$ 879,757</u>	<u>\$ 564,062</u>	<u>\$ 640,846</u>	<u>\$ 763,803</u>	<u>\$ 764,894</u>	<u>\$ 685,741</u>

Source: County Audit Reports

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

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

Schedule 4

	FISCAL YEAR						
	2002	2003	2004	2005	2006	2007	2008
Revenues							
Taxes	\$ 10,952,410	\$ 10,958,175	\$ 10,335,317	\$ 12,671,321	\$ 16,112,621	\$ 16,310,981	\$ 16,208,963
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
Intergovernmental	1,799,967	2,126,568	2,442,814	2,041,227	2,331,937	2,046,598	2,598,454
Miscellaneous	988,317	577,845	1,107,295	828,800	1,343,091	940,811	1,601,576
Total Revenues	<u>15,864,548</u>	<u>15,753,388</u>	<u>16,172,321</u>	<u>18,010,218</u>	<u>22,667,370</u>	<u>22,374,940</u>	<u>23,862,857</u>
Expenditures							
Current:							
County Council	70,271	114,081	128,310	114,582	118,761	134,382	173,655
Administrator	333,253	386,742	322,947	293,589	304,841	349,197	462,763
Administrative Services	546,540	571,057	573,985	603,499	809,461	996,441	1,278,477
Development Services	1,959,003	2,290,165	3,724,718	1,619,090	1,734,568	2,157,475	1,951,846
Emergency Services	4,108,155	6,977,362	7,746,270	7,637,030	7,223,206	8,998,374	9,278,103
Engineering Services	1,917,068	2,157,140	2,237,176	2,732,589	2,932,579	3,564,388	2,517,335
Treasurer	79,066	90,056	90,493	92,642	105,162	113,751	152,909
Auditor	108,325	113,671	144,620	120,624	151,384	152,328	222,501
Probate Judge	113,028	124,673	140,293	140,653	142,995	158,338	181,721
Clerk of Court	370,945	372,094	445,236	402,076	454,520	452,632	466,021
Sheriff	1,683,589	1,900,346	2,062,659	2,174,036	2,865,387	2,776,339	2,713,230
Magistrate	267,412	296,582	416,747	398,330	401,231	447,801	455,827
Veterans Affairs	53,462	68,190	73,520	78,046	89,650	105,931	111,219
Election Commission	85,001	325,636	150,397	146,863	452,178	163,790	212,003
Coroner	44,125	58,150	76,462	76,358	94,537	86,037	102,863
Interdepartmental	974,663	1,044,658	1,074,373	993,635	1,721,788	1,199,832	1,096,383
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
Debt Service							9,466,541
Capital Outlay							5,540,295
Total Expenditures	<u>13,754,217</u>	<u>17,932,816</u>	<u>20,703,201</u>	<u>18,865,037</u>	<u>21,232,814</u>	<u>23,380,899</u>	<u>37,949,367</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,110,331</u>	<u>(2,179,428)</u>	<u>(4,530,880)</u>	<u>(854,819)</u>	<u>1,434,556</u>	<u>(1,005,959)</u>	<u>(14,086,510)</u>
Other Financing Sources (Uses)							
Issuance of Debt	-	1,462,424	103,326	2,266,811	2,158,000	8,252,240	9,314,726
Transfers In	332,123	630,253	379,648	555,001	574,706	723,620	897,514
Transfers Out	<u>(332,123)</u>	<u>(630,253)</u>	<u>(379,648)</u>	<u>(555,001)</u>	<u>(574,706)</u>	<u>(723,620)</u>	<u>(897,514)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>1,462,424</u>	<u>103,326</u>	<u>2,266,811</u>	<u>2,158,000</u>	<u>8,252,240</u>	<u>9,314,726</u>
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)
Fund Balances, Beginning	10,717,689	12,828,020	12,111,011	7,683,457	9,095,449	12,688,005	19,934,286
Fund Balances, Ending	<u>\$ 12,828,020</u>	<u>\$ 12,111,016</u>	<u>\$ 7,683,457</u>	<u>\$ 9,095,449</u>	<u>\$ 12,688,005</u>	<u>\$ 19,934,286</u>	<u>\$ 15,162,502</u>
Debt service as a percentage of noncapital expenditures	N/A	N/A	N/A	N/A	6.3%	4.7%	4.6%

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 not available for prior years.

N/A Information is not available.

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

Schedule 5

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

* Reassessment Year.

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

Data Source: County Auditor

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

Schedule 6

FISCAL YEAR ENDED JUNE 30,	COUNTY	OVERLAPPING RATES				
	DIRECT RATES	SCHOOL OPERATIONS	SCHOOL DEBT SERVICE	CHERRY POINT FIRE DISTRICT	TOWN OF RIDGELAND	CITY OF HARDEEVILLE
	BASIC RATE					
1999	142.54	108.76	17.70	-	90.00	128.00
2000	153.33	113.92	16.00	-	90.00	128.00
2001	156.60	108.87	17.53	-	85.00	147.00
2002	131.00	109.50	22.50	-	85.00	147.00
2003	133.00	118.30	22.30	30.00	85.00	147.00
2004	138.50	127.00	4.50	30.00	85.00	147.00
2005	163.00	129.00	7.00	35.00	85.00	147.00
2006	155.00	133.50	7.50	35.00	110.00	147.00
2007	109.50	112.50	-	31.00	110.00	153.00
2008	115.00	118.00	-	31.00	114.20	153.00

Source: County Finance Office

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

Schedule 7

TAXPAYER	2008			1999		
	TAXABLE ASSESSED VALUE	RANK	PERCENTAGE OF TOTAL COUNTY TAXABLE ASSESSED VALUE	TAXABLE ASSESSED VALUE	RANK	PERCENTAGE OF TOTAL COUNTY TAXABLE ASSESSED VALUE
South Carolina Electric & Gas	\$ 21,351,860	1	18.23 %	\$ 1,878,710	1	4.62 %
Malphrus Construction	2,915,170	2	2.49	-		-
Palmetto Electric	2,699,530	3	2.30	-		-
Georgia DOT	2,260,350	4	1.93	973,960	2	2.39
Carolina Gas Transmission Corporation	1,347,990	5	1.15	-		-
OC Welch III	921,570	6	0.79	-		-
CSX Transportation	899,026	7	0.77	597,630	4	1.47
Okeetee Club	720,950	8	0.62	654,780	3	1.61
Toll SC III LP	705,500	9	0.60	-		-
Walmart Real Estate Business	686,390	10	0.59	-		-
Southern Natural Gas	-		-	561,230	5	1.38
Westvaco	-		-	415,830	6	1.02
Hargray Telephone	-		-	295,830	7	0.73
Waste Management of South Carolina	-		-	290,830	8	0.71
United Telephone	-		-	257,870	9	0.63
Cypress Woods	-		-	254,040	10	0.62
Total	\$ 34,508,336		29.81 %	\$ 6,180,710		15.18 %

Source: Jasper County Auditor

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

Schedule 8

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
1999	\$ 4,311,302	\$ 3,683,340	85.4 %	\$ 536,643	\$ 4,219,983	97.9 %
2000	4,886,813	4,160,527	85.2	654,775	4,815,302	98.5
2001	5,121,835	4,483,836	87.5	553,900	5,037,736	98.4
2002	5,908,528	5,016,674	84.9	789,475	5,806,149	98.3
2003	5,946,114	4,914,106	82.6	914,642	5,828,748	98.0
2004	6,748,721	5,766,554	85.5	856,351	6,622,905	98.1
2005	8,744,021	7,551,518	87.0	983,058	8,534,576	97.6
2006	12,265,278	10,866,037	89.0	890,711	11,756,748	95.9
2007	11,783,083	9,923,276	84.2	666,139	10,589,415	89.9
2008	13,483,864	10,934,911	81.1	-	10,934,911	81.1

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**

Schedule 9

FISCAL YEAR ENDED JUNE 30,	<u>GOVERNMENTAL ACTIVITIES</u>			TOTAL PRIMARY GOVERNMENT	PERCENTAGE OF PERSONAL INCOME	PER CAPITA
	NOTES PAYABLE	LEASES PAYABLE	BOND ANTICIPATION			
1999	\$ 288,232	\$ 497,305	\$ -	\$ 785,537	2.33 %	\$ 47.57
2000	174,985	681,235	-	856,220	2.54	48.39
2001	101,588	954,947	-	1,056,535	2.79	58.28
2002	25,411	662,141	-	687,552	1.75	36.55
2003	-	1,927,227	-	1,927,227	4.54	95.17
2004	-	1,646,911	-	1,646,911	3.55	75.43
2005	1,146,778	1,531,076	785,000	3,462,854	6.83	146.14
2006	1,041,580	2,876,969	785,000	4,703,549	8.31	179.20
2007	932,866	2,092,466	8,170,000	11,195,332	N/A	N/A
2008	820,647	2,006,035	8,505,000	11,331,682	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.

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, 2008**

Schedule 11

<u>GOVERNMENTAL UNIT</u>	<u>DEBT OUTSTANDING</u>	<u>ESTIMATED PERCENTAGE APPLICABLE</u>	<u>ESTIMATED SHARE OF OVERLAPPING DEBT</u>
Debt repaid with property taxes			
Jasper County School District	\$ 39,560,000	100.00%	\$ 39,560,000
City of Hardeeville	4,543,666	8.00%	363,493
Town of Ridgeland	-	0.00%	-
Subtotal overlapping debt	<u>44,103,666</u>		<u>39,923,493</u>
County direct debt	<u>11,331,682</u>	100.00%	<u>11,331,682</u>
Total direct and overlapping debt	<u><u>\$ 55,435,348</u></u>		<u><u>\$ 51,255,175</u></u>

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

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

Schedule 12

Legal Debt Margin Calculation for Fiscal Year 2008

Assessed Value	\$ 120,058,778
Debt limit (8% of assessed value)	9,604,702
Debt applicable to limit:	
None	-
Total net debt applicable to limit	-
Legal Debt Margin	<u>\$ 9,604,702</u>

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Debt Limit	\$ 3,329,256	\$ 3,604,614	\$ 3,775,410	\$ 4,972,263	\$ 5,034,560	\$ 5,161,827	\$ 5,553,865	\$ 7,800,971	\$ 9,370,565	\$ 9,604,702
Total net debt applicable to limit	<u>(226,745)</u>	<u>(155,432)</u>	<u>(93,017)</u>	<u>(25,411)</u>	-	-	-	-	-	-
Legal debt margin	<u>\$ 3,102,511</u>	<u>\$ 3,449,182</u>	<u>\$ 3,682,393</u>	<u>\$ 4,946,852</u>	<u>\$ 5,034,560</u>	<u>\$ 5,161,827</u>	<u>\$ 5,553,865</u>	<u>\$ 7,800,971</u>	<u>\$ 9,370,565</u>	<u>\$ 9,604,702</u>
Total net debt applicable to the limit as a percentage of debt limit	<u>6.81 %</u>	<u>4.31 %</u>	<u>2.46 %</u>	<u>0.51 %</u>	-	-	-	-	-	-

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

Source: County Audit Report

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

Schedule 13

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
1998	16,995	\$ 322,234	\$ 16,080	33.7	4,176	3.30 %
1999	17,232	337,618	16,512	34.4	N/A	3.20
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	507,301	23,696	34.8	3,905	5.00
2006	21,809	566,085	26,247	33.8	4,005	5.10
2007	21,953	N/A	N/A	33.8	3,960	5.70

89

Data Source:

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

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

Schedule 15

<u>EMPLOYER</u>	<u>2008</u>			<u>1999</u>		
	<u>EMPLOYEES</u>	<u>RANK</u>	<u>PERCENTAGE OF TOTAL COUNTY EMPLOYMENT</u>	<u>EMPLOYEES</u>	<u>RANK</u>	<u>PERCENTAGE OF TOTAL COUNTY EMPLOYMENT</u>
Malphrus Construction	558	1	5.91 %	-		- %
Jasper County School District	450	2	4.77	450	1	5.91
Wal-Mart	320	3	3.39	-		-
Jasper County	260	4	2.75	168	3	2.20
Beaufort-Jasper Comprehensive Health	250	5	2.65	-		-
Ridgeland Correctional Institution	190	6	2.01	377	2	4.94
Coastal Carolina Medical Center	145	7	1.54	-		-
J.C. Board of Disabilities & Special Needs	120	8	1.27	-		-
Razor Component Systems, Inc.	101	9	1.07	85	9	1.15
Ridgeland Nursing Center	99	10	1.05			
Thoroughbred Industries	-		-	100	4	1.31
Kwalu, Inc.	-		-	100	4	1.31
Lowcountry General Hospital	-		-	95	6	1.24
Best Western	-		-	88	7	1.15
South Carolina Highway Department	-		-	86	8	1.15
Days Inn	-		-	78	10	1.02
Total	2,493		26.41 %	1,627		21.38 %

Source: County Economic Development Department

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

Schedule 16

FUNCTION/PROGRAM	FISCAL YEAR									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
County Council	N/A	N/A	N/A	5	5	5	5	5	5	5
Administrator	N/A	N/A	N/A	3	4	4	4	4	4	4
Administrative Services	N/A	N/A	N/A	11	11	11	11	17	18	24
Development Services	N/A	N/A	N/A	3	3	3	3	6	11	14
Emergency Services	N/A	N/A	N/A	53	54	56	76 a	90 a	94	82
Engineering Services	N/A	N/A	N/A	45	45	45	46	49	43	48
Treasurer	N/A	N/A	N/A	3	3	3	2	3	3	3
Auditor	N/A	N/A	N/A	4	4	4	4	4	4	5
Probate Judge	N/A	N/A	N/A	3	3	3	3	3	3	3
Clerk of Court	N/A	N/A	N/A	7	7	7	7	8	8	8
Sheriff	N/A	N/A	N/A	34	32	30	29	35	37	34
Magistrate	N/A	N/A	N/A	11	11	11	12	10	8	9
Veterans Affairs	N/A	N/A	N/A	1	1	2	2	2	2	2
Election Commission	N/A	N/A	N/A	2	2	2	2	3	3	3
Coroner	N/A	N/A	N/A	1	1	1	1	1	1	1
Interdepartmental	N/A	N/A	N/A	-	-	-	-	-	-	-
Health, Education, and Welfare	N/A	N/A	N/A	4	2	2	2	2	2	2
Total	N/A	N/A	N/A	<u>190</u>	<u>188</u>	<u>189</u>	<u>209</u>	<u>242</u>	<u>246</u>	<u>247</u>

Source: County Human Resources

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

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

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

Schedule 17

	FISCAL YEAR									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
REGISTER OF DEEDS										
Documents Recorded	N/A	N/A	N/A	N/A	N/A	N/A	N/A *	3,841	7,728	6,882
SOLID WASTE										
Tons of Solid Waste Handled	N/A	8,631	11,153	9,866						
BUILDING DEPARTMENT										
Residential Permits Issued	70	65	63	73	79	63	111	562	495	303
Value of Residential Permits	\$ 8,045,768	\$ 6,451,978	\$ 6,590,611	\$ 7,721,642	\$ 16,011,284	\$ 6,033,664	\$ 11,199,465	\$ 26,751,560	\$ 32,189,775	\$ 17,545,771
Commercial Permits Issued	19	20	31	25	33	39	33	77	78	61
Value of Commercial Permits	\$ 3,100,288	\$ 9,279,110	\$ 16,403,272	\$ 10,719,526	\$ 15,438,632	\$ 13,617,564	\$ 11,875,439	\$ 46,995,504	\$ 11,198,793	\$ 41,595,921
Mobile Home Permits Issued	N/A	219	228	132						
PARKS & RECREATION										
Park Attendance	N/A	36,206	46,987	49,054						
DETENTION CENTER										
Confinements	N/A	2,039	2,373	2,655						
BUSINESS LICENSES & BILLBOARDS										
Business Licenses Issued	N/A	673	N/A	642						
Gross Sales Within County	\$ 296,212,708	\$ 307,993,662	\$ 376,177,328	\$ 392,864,533	\$ 425,507,974	\$ 725,954,671	\$ 1,184,771,836	\$ 886,051,537	\$ 923,657,760	N/A
EMERGENCY SERVICES										
Calls Dispatched	N/A	23,660	22,446							

N/A Information is not available.

* Department opened in November 2005.

Source: Various County Departments

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

Schedule 18

<u>FUNCTION/PROGRAM</u>	<u>FISCAL YEAR</u>									
	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
DEVELOPMENT SERVICES:										
COMMUNITY CENTERS	7	7	7	7	7	6	6	6	6	6
PARKS	10	10	10	10	10	11	11	11	11	11
PARKS ACREAGE	66	66	66	66	66	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	8	8	9	9	9	9	8
NUMBER OF FIRE TRUCKS	N/A	N/A	N/A	N/A	N/A	N/A	N/A	19	19	19
NUMBER OF AMBULANCES	N/A	N/A	N/A	N/A	N/A	N/A	N/A	6	7	7
ENGINEERING SERVICES:										
MILES OF ROADS	N/A	N/A	N/A	N/A	N/A	N/A	N/A	124	124	124
RECYCLING CENTERS	N/A	6	6	6	6	6	6	6	6	6
SHERIFF:										
PATROL UNITS	15	15	15	15	15	15	15	15	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
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2008**

<u>Federal Grantor/Pass-Through Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>
<u><i>US Department of Agriculture</i></u>		
Rural Business Enterprise Grant	10.769	\$ 121,000
<u><i>US Department of Housing & Urban Development</i></u>		
Community Development Block Grant 4H07003	14.228	6,000
<u><i>US Department of Health & Human Services</i></u>		
Child Enforcement Block Grant	93.563	76,245
DSS Administrative	93.560	19,369
<u><i>US Department of Transportation</i></u>		
Airport Improvements	20.106	268,674
<u><i>US Department of Homeland Security</i></u>		
Citizens Corps	97.004	7,240
Pandemic Influenza	97.004	5,000
Trauma Grant	97.004	40,000
<u><i>US Department of Justice</i></u>		
COPS Technology Grant	16.710	44,380
Justice Assistance Grant Program	16.738	<u>6,809</u>
Total Federal Financial Assistance		<u>\$ 594,717</u>

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, 2008.

Baird & Company CPAs, LLC

CERTIFIED PUBLIC ACCOUNTANTS & FINANCIAL ADVISORS

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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, each major fund, and the aggregate remaining fund information of Jasper County, South Carolina, as of and for the year ended June 30, 2008, which collectively comprise Jasper County's basic financial statements and have issued our report thereon dated December 3, 2008. We conducted our audits 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 Jasper County, South Carolina's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Jasper County, South Carolina's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of Jasper County, South Carolina's financial statements that is more than inconsequential will not be prevented or detected by Jasper County, South Carolina's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting as items 2008-01.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Jasper County, South Carolina's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Jasper County, South Carolina's financial statements are free of material misstatements, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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 December 3, 2008.

Jasper County's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Jasper County's response and, accordingly, we express no opinion on it.

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

Baird & Company, CPAs, LLC

BAIRD & COMPANY, CPAs, LLC
Certified Public Accountants

December 3, 2008
Augusta, Georgia

Baird & Company CPAs, LLC

CERTIFIED PUBLIC ACCOUNTANTS & FINANCIAL ADVISORS

Augusta, Georgia Office

Thomson, Georgia Office

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W. Lee Hammond, CPA

REPORT ON 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, 2008. 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, 2008. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and question costs as item 2008 – 1.

Internal Control Over Compliance

The 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, 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 *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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.

Jasper County, South Carolina's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Jasper County's response and, accordingly, we express no opinion on it.

This report is intended 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

December 3, 2008
Augusta, Georgia

**JASPER COUNTY, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2008**

I. Summary of Auditors' Results

- A. An unqualified opinion was issued on the financial statements of Jasper County, South Carolina.
- B. One significant deficiency disclosed during the audit of the financial statements is reported in the 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*.
- C. Our audit of the financial statements disclosed no instances of noncompliance that are material to the financial statements.
- D. Our audit of compliance with requirements applicable to the County's major programs disclosed no significant deficiencies in internal controls over compliance.
- E. An unqualified opinion was issued on Jasper County, South Carolina's compliance with the types of compliance requirements applicable to its major federal programs.
- F. Our audit disclosed no audit findings which relate to the federal awards which are required to be reported under section 510(a) of OMB Circular A-133.
- G. Major federal programs for Jasper County, South Carolina for the fiscal year ended June 30, 2008 are:

<u>Program Name</u>	<u>CFDA#</u>
Rural Business Enterprise Grant	10.769
Airport Improvement Program	20.106

- H. The threshold for determining Type A programs for Jasper County, South Carolina is \$300,000.
- I. Jasper County, South Carolina did not qualify as a low risk auditee.

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

2008-01 Magistrate's Office

Condition: While conducting audit field work in the Magistrate's Court office, we found that the internal controls were not adequate.

Criteria: The Magistrate Court should have adequate internal controls to prevent the override of the process for recording tickets and safe guarding cash to prevent abuse, misuse and misappropriation of Court assets.

JASPER COUNTY, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2008

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

Cause: There was a "Super User" over-ride of procedures and documentation relating to tickets and fines in the Magistrate's Court.

Effect: Abuse, misuse or misappropriation of County assets.

Auditor's Recommendation: Management should establish policies and procedures, including additional supervision, review and oversight to mitigate the risk of override by the "Super User".

Management's Response: Management agrees with the auditors' findings and has taken steps to correct this finding. Under the new procedures set forth for the Magistrates Office, a case can be deleted; however, an explanation why the case/ticket was deleted and the correct ticket number must be provided on the deleted case report that is run daily. There is no "Super User" in Magistrate Court at this time. The Information Technology department has been acting as "Super User" under the new procedures set forth.

III. Findings and Questioned Costs Related to the Audit of Federal Awards.

There were no findings noted for the year ended June 30, 2008 which are required to be reported under OMB Circular A-133 criteria.