

**COLLETON COUNTY,
SOUTH CAROLINA**

**BASIC FINANCIAL STATEMENTS,
REQUIRED SUPPLEMENTARY INFORMATION,
OTHER SUPPLEMENTARY FINANCIAL INFORMATION,
AND INDEPENDENT AUDITOR'S REPORTS**

YEAR ENDED JUNE 30, 2006

**COLLETON COUNTY, SOUTH CAROLINA
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2006**

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1-2
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)	
Management's Discussion and Analysis	3-11
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements	
Statement of Net Assets	12
Statement of Activities	13-14
Fund Financial Statements	
Balance Sheet - Governmental Funds.....	15
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Assets.....	16
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	17
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities	18-19
Statement of Fiduciary Net Assets – Fiduciary Funds.....	20
Notes to the Financial Statements	21-44
REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)	
Budgetary Comparison Schedule – General Fund.....	45
Notes to Budgetary Comparison Schedule – General Fund	46
OTHER SUPPLEMENTARY FINANCIAL INFORMATION	
Combining Financial Statements	
Nonmajor Governmental Funds	
Combining Balance Sheet – Nonmajor Governmental Funds	47-51
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds.....	52-56
Fiduciary Funds	
Combining Statement of Fiduciary Net Assets - Agency Funds	57
Discretely Presented Component Units	
Colleton County Fire and Rescue Commission	
Balance Sheet	58
Statement of Revenues, Expenditures, and Changes in Fund Balances	59
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	60

**COLLETON COUNTY, SOUTH CAROLINA
TABLE OF CONTENTS (CONTINUED)
YEAR ENDED JUNE 30, 2006**

	<u>Page</u>	
OTHER SUPPLEMENTARY FINANCIAL INFORMATION (CONTINUED)		
Discretely Presented Component Units (Continued)		
Colleton County Memorial Library		
Balance Sheet	61	
Statement of Revenues, Expenditures, and Changes in Fund Balances	62	
Budgetary Comparison Schedule – General Fund	63	
 OTHER FINANCIAL INFORMATION		
Schedule of Court Fines, Assessments and Surcharges	64	
Schedule of Expenditures of Federal Awards.....	65-66	
Note to Schedule of Expenditures of Federal Awards.....	67	
 GOVERNMENT AUDITING STANDARDS AND SINGLE AUDIT REPORTS		
Independent Auditor's Report on Internal Control Over		
Financial Reporting and on Compliance and Other		
Matters Based on an Audit of Basic Financial Statements		
Performed in Accordance with <i>Government Auditing Standards</i>		68-69
 Independent Auditor's Report on Compliance With		
Requirements Applicable to Each Major Program and		
Internal Control Over Compliance in Accordance With		
OMB Circular A-133		70-71
 Schedule of Findings and Questioned Costs		72-73
 Summary Schedule of Prior Audit Findings.....		74



BRYAN, TRUESDALE, ADKINS & WILLIAMS, PA

Certified Public Accountants and Financial Advisors

Martha H. Bryan, CPA
James T. Truesdale, CPA
Ellen K. Adkins, CPA
Betsy M. Williams, CPA, CFP®
Charlotte E. Allen, CPA, CFE

100 South Main Street, Suite G
Post Office Box 1588
Summerville, South Carolina 29484
Tele: 843.873.4400 Fax: 843.873.7227
Toll Free: 800.551.6032
Email: btaw@btaw-cpas.com

Independent Auditor's Report

To the Members of County Council
Colleton County, South Carolina
Walterboro, South Carolina

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information, of **Colleton County, South Carolina**, as of and for the year ended June 30, 2006, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of **Colleton County, South Carolina's** management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Colleton County Commission on Alcohol and Drug Abuse, a discretely presented component unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component unit, is based on the report of other auditors.

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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of **Colleton County, South Carolina's** internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 and the report of other auditors provides a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of **Colleton County, South Carolina**, as of June 30, 2006, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 2006, on our consideration of **Colleton County, South Carolina's** internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

To the Members of County Council
Colleton County, South Carolina
Walterboro, South Carolina
Page Two

The management's discussion and analysis and the budgetary comparison information on pages 3 through 10 and 46 through 47, respectively, are not a required part of the basic financial statements but are 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 **Colleton County, South Carolina's** basic financial statements. The combining nonmajor fund, fiduciary fund and discretely presented component unit statements, listed in the table of contents under Other Supplementary Financial Information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Court Fines, Assessments and Surcharges listed in the table of contents under Other Supplementary Financial Information is presented for purposes of additional analysis as required by the State of South Carolina and is not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards listed in the table of contents under Other Supplementary Financial Information 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 **Colleton County, South Carolina**. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, the information is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

Bryan, Truesdale, Adkins & Williams, PA

October 13, 2006

**REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)**

**COLLETON COUNTY
WALTERBORO, SOUTH CAROLINA
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2006**

As management of Colleton County, South Carolina, (the County) we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of Colleton County for the fiscal year ending June 30, 2006. Please read this information in conjunction with the detailed statements and notes to the financial statements in order to achieve better understanding of the County's financial performance for the fiscal year.

Financial Highlights

- The County's total general fund assets were \$21,017,599 as of June 30, 2006, compared to \$19,673,279 at the end of the previous year. The largest part of this increase is related to the current taxes receivable due at June 30, 2006.
- The County's total general fund liabilities at June 30, 2006 were \$14,677,480 compared to \$12,464,780 at the end of the previous year. The largest part of this increase is related to the deferred revenue for current tax receivable.
- As of the close of the current fiscal year, Colleton County Governmental Funds reported combined ending fund balances of \$19,110,717. This amount represents a total increase of 26.31% over the prior year fund balances. The composition of fund balances is as follows:

General Fund		
Unreserved and available for governmental operations	\$ 5,680,983	29.73%
Reserved for capital lease acquisitions	337,465	1.76%
Reserved for prepaid expenses	253,666	1.33%
Special Revenue Funds		
Designated for future landfill post closure	220,844	1.16%
Undesignated	3,449,184	18.04%
Designated for the grant matching funds related to the future Highway 17 widening project with Beaufort County, Colleton County and the South Carolina Department of Transportation Commission	200,000	1.05%
Capital Projects Funds		
Reserved for future capital expenditures	7,163,695	37.48%
Undesignated	242,120	1.27%
Debt Service funds available for future General Obligation Bond payments	1,119,054	5.85%
Reserved for encumbrances in various funds	443,706	2.33%
	\$ 19,110,717	100.00%

- Colleton County's long-term debt position increased 20.26% in total during fiscal year ending June 30, 2006. The principal debt retirement related to Capital Lease purchases totaling \$948,916, which represents a decrease of 31.89% combined with the issuance of additional debt in the amount of \$660,000 (22.18%), for a combined total net decrease of 9.71% related to Capital Lease purchases. General Obligation Bond (GOB) debt increased 100.25% in total with the issuance of additional debt in the amount of \$6,500,000 (114.32%) combined with an \$800,084 (14.07%) decrease related to the retirement of outstanding debt. Special Source Revenue Bond (SSRB) debt decreased 10.51% and Notes Payable debt related to the VA Nursing Home decreased 53.32% all related to the principal debt retirement during fiscal year ending June 30, 2006. The Compensated Absence liability of the County increased in total 20.16% for the fiscal year.
- Colleton County's Component Unit, Fire & Rescue Commission long-term debt position increased 22.88% in total related to General Obligation Bonds issued during the fiscal year ending June 30, 2006. The total increase is comprised of additional debt issuances in the amount of \$2,400,000 representing a 34.73% increase and an 11.85% decrease related to the retirement of the principal portion of outstanding debt. The long-term debt related to Compensated Absences for the Fire & Rescue Commission increased 18.20% for the fiscal year.

**COLLETON COUNTY
WALTERBORO, SOUTH CAROLINA
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
YEAR ENDED JUNE 30, 2006**

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Colleton County's basic financial statements which are comprised of three components:

- Government-wide financial statements
- Fund financial statements
- Notes to the financial statements

Government-wide Financial Statements - Government-wide financial statements are designed to provide readers with a broad overview of the financial position of Colleton County and are similar to financial statements issued in the private sector. They include a Statement of Net Assets and a Statement of Activities. These statements appear on pages 12 to 14 of this report.

Component Units, which are other governmental units over which the County (the Council, acting as a group) can exercise influence and/or may be obligated to provide financial subsidy, are presented as a separate column in the government-wide statements and as combining statements of net assets and of activities in the fund financial statements. The focus of the statements is clearly on the Primary Government and the presentation allows the reader to address the relative relationship with the Component Units to the primary government. The Component Units to the primary government are the Colleton County Alcohol and Drug Commission, Colleton County Memorial Library, and Colleton County Fire and Rescue Commission.

The Statement of Net Assets shows the County's assets less its liabilities at June 30, 2006. The difference between these assets and liabilities is reported as net assets. Changes in net assets over time may be helpful in indicating an improving or deteriorating financial position.

The Statement of Activities follows the statement of net assets and presents information showing how the net assets changed during the fiscal year. The statement presents all underlying events which give rise to the change, regardless of the timing of related cash flows. Some included items, such as accounts payable or earned but unused vacation leave, will produce changes in cash in a future fiscal period. This report includes all major and non-major funds of the County.

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

Governmental activities reported in the statements include general government, judicial, public safety, streets and highways, sanitation, recreation and culture, health and human services, intergovernmental, and economic development.

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. Like other state and local governments, Colleton County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All funds of Colleton County Government can be divided into three categories: governmental, proprietary and fiduciary.

Governmental Funds - Governmental funds, presented on pages 15 to 19, essentially account for the same functions as those reported under the government-wide statement of net assets and statement of activities. However, this set of financial statements focuses on events that produce near-term inflows and outflows of available resources as well as on the balance of available resources at the end of the fiscal year and is a narrower focus than the government-wide financial statements. Such information may be useful in evaluating Colleton County's near-term financing requirements and available resources.

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

**COLLETON COUNTY
WALTERBORO, SOUTH CAROLINA
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
YEAR ENDED JUNE 30, 2006**

Governmental funds individually presented in Colleton County Government's statements include two major funds, the Colleton County General Fund and the Colleton County 2005 Bond Fund. Although there are many smaller funds in the Colleton County government reporting system, they have been presented in a total column termed as "Other Governmental Funds". Combining statements for these other governmental funds have been presented on pages 47 to 56 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 Colleton County's own programs. The basic fiduciary fund financial statements can be found on page 20 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 both the government-wide and fund financial statements. Notes are presented on pages 21 to 44 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. The government-wide statements encompass all the funds of the county, not just the general operational fund. In the case of Colleton County, total assets exceeded liabilities by \$30,440,833 at the close of the June 30, 2006 fiscal year, as compared to \$27,383,371 at June 30, 2005.

\$19,878,746 (65.45%) of net assets represents investment in capital assets (e.g. land, buildings, machinery and equipment), less any related debt used to acquire those assets that is still outstanding at June 30, 2006, as compared to \$15,571,192 (56.86%) at June 30, 2005 for Governmental Activities.

Although the County's investment in 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 those liabilities. At June 30, 2006 the County has net assets restricted for debt service in the total amount of \$1,039,308 (3.42%) of the total net assets.

At June 30, 2006, additional net assets are restricted for capital improvements in the amount of \$5,468,153 (17.96%), as compared to \$825,612 (3.02%) at June 30, 2005. In addition \$196,045 (.64%) is restricted under state law for public safety functions, and \$105,706 (3.5%) is restricted for roads and bridges by council enabling legislation. The remaining balance of unrestricted net assets \$3,752,875 (12.33%) may be used to meet the government's ongoing obligation to citizens and creditors at June 30, 2006, as compared to \$10,986,567 (40.12%) at June 30, 2005.

**Colleton County's Net Assets
June 30, 2006 and 2005**

	Governmental Activities	
	2006	2005
Current and other assets	\$ 36,286,625	\$ 29,669,112
Capital assets	30,613,132	28,195,548
Total Assets	66,899,757	57,864,660
Long-term liabilities outstanding	19,960,046	16,573,612
Other Liabilities	16,498,878	13,907,677
Total Liabilities	36,458,924	30,481,289
Net Assets:		
Invest in capital assets, net of related debt	19,878,746	15,571,192
Restricted:		
Debt service	1,039,308	-
Capital improvements	5,468,153	825,612
Public safety	196,045	-
Roads and bridges	105,706	-
Unrestricted	3,752,875	10,986,567
Total net assets	\$ 30,440,833	\$ 27,383,371

**COLLETON COUNTY
WALTERBORO, SOUTH CAROLINA
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
YEAR ENDED JUNE 30, 2006**

At June 30, 2006, \$4,604,994 is being held by the County as restricted cash and investments to be used for the planned purchase/construction of additional capital assets to provide services to citizens; consequently, these assets are not available for future spending, as compared to \$4,645,276 at June 30, 2005.

At the end of the current fiscal year, Colleton County is able to report positive balances in all categories of net assets, both for the government as a whole, as well as for the separate governmental component units.

**Colleton County, South Carolina
Changes in Net Assets (Recapped)
For the Fiscal Year Ended June 30, 2006 and 2005**

	Governmental Activities	
	2006	2005
Revenues:		
Program Revenues		
Charges for services	\$ 2,791,840	\$ 2,487,862
Operating grants and contributions	1,780,045	1,574,556
Capital Grants and contributions	1,665,398	496,416
General Revenues		
Property Taxes	12,361,450	11,823,872
Other Taxes	7,213,172	7,197,824
Grants and contributions not restricted to specific programs	1,874,599	1,795,135
Unrestricted revenue	491,442	212,826
Sale of capital assets	89,815	26,394
Miscellaneous/other income	57,399	46,952
Special Item		
Intergovernmental revenue received as a result of negotiated settlement	1,511,903	-
Total Revenue	29,837,063	25,661,837
Expenses:		
General government	5,832,259	5,340,259
Judicial	1,694,343	1,609,223
Public safety	8,897,438	8,355,260
Streets and highways	2,157,486	1,923,415
Sanitation	1,864,575	1,794,280
Recreation and culture	1,029,961	976,080
Health and human services	1,083,368	964,771
Economic development	420,369	704,122
Intergovernmental	2,909,748	862,515
Interest and fiscal charges	890,054	844,149
Total Expenses	26,779,601	23,374,074
Increase in net assets before transfers	3,057,462	2,287,763
Transfers to component unit	-	(424,146)
Increase in Net Assets	3,057,462	1,863,617
Net assets Beginning of Year	27,383,371	25,519,754
Net Assets End of Year	\$ 30,440,833	\$ 27,383,371

**COLLETON COUNTY
WALTERBORO, SOUTH CAROLINA
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
YEAR ENDED JUNE 30, 2006**

Additional Notes on Governmental Activities: The County levies a vehicle user fee annually through tax appropriations, which is reflected in the General Revenues section at the bottom of the Statement of Activities on page 14. This vehicle user fee is designated to the Roads and Bridges Special Revenue Fund for operations. The General Government contributed a total of \$730,860 for operations in the Roads and Bridges Fund to offset the total cost of operations and capital equipment costs not funded through the vehicle user fee for fiscal year ended June 30, 2006, as compared to \$659,193 for June 30, 2005.

The County received \$1,665,398 in Contributed Capital from the Colleton County Transportation Committee during fiscal year ended June 30, 2006. This contribution is related to the paving of county-maintained roads by the Transportation Commission. The amount is reflected under Governmental activities Capital Grants and Contributions for Streets and Highways on the Statement of Activities, page 13 for the fiscal year ended June 30, 2006. The Colleton County Transportation Committee is regulated by the State Delegation Office and not the Colleton County Council and is listed as an Agency Fund on page 57.

The County and the City of Walterboro entered into a governmental agreement during June 30, 2006 to refinance the VA Nursing Home. Intergovernmental revenue received related to this refinancing was \$1,511,903 as reflected in the Changes in Net Assets under Special Items for the fiscal year ended June 30, 2006. In exchange for this refinancing, the County surrendered a portion of the Hospitality Tax Revenues to the City of Walterboro and the City of Walterboro assumed one-half of the related outstanding debt at the time of the governmental agreement.

Required Supplementary Information – Required Supplementary Information includes the Budgetary Comparison Schedule presented on page 45 to 46 of this report. The format presented is required by the Governmental Accounting Standards Board (GASB) Statement 34 and highlights the differences between the budgetary basis of accounting for the County and Generally Accepted Accounting Standards (GAAP).

Financial Analysis of the Government's Funds

As noted earlier, Colleton 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 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.

The following is a recap of the Colleton County's governmental funds reported combined ending fund balances at June 30, 2006 as compared to June 30, 2005:

**COLLETON COUNTY
WALTERBORO, SOUTH CAROLINA
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
YEAR ENDED JUNE 30, 2006**

Colleton County, South Carolina
Governmental Fund Balances
Fiscal Year Ended June 30, 2006

	General	Economic Development and Capital Improvements	Special Grants not reported as major	Other Governmental Funds	Total Governmental Funds	%
						Total
Reserved						
Encumbrances	\$ -	\$ -	\$ -	\$ 443,706	\$ 443,706	2.32%
Prepays	253,666	-	-	-	253,666	1.32%
Capital acquisitions	337,465	-	-	-	337,465	1.76%
Capital projects	-	3,910,517	-	3,253,178	7,163,695	37.49%
Unreserved						
Designated for:						
Road projects	-	-	200,000	-	200,000	1.05%
Postclosure	-	-	-	220,844	220,844	1.16%
Undesignated, reported in:						
General Fund	5,680,983	-	-	-	5,680,983	29.73%
Special Revenue Funds	-	-	95,685	3,353,499	3,449,184	18.04%
Capital Project Funds	-	-	-	242,120	242,120	1.27%
Debt Service Funds	-	-	-	1,119,054	1,119,054	5.86%
Total Fund Balances	\$ 6,272,114	\$ 3,910,517	\$ 295,685	\$ 8,632,401	\$ 19,110,717	

Colleton County, South Carolina
Governmental Fund Balances
Fiscal Year Ended June 30, 2005

	General	Economic Development and Capital Improvements	Special Grants Reported as Major Fund	Other Governmental Funds	Total Governmental Funds	%
						Total
Reserved						
Encumbrances	\$ -	\$ -	\$ -	\$ 101,145	\$ 101,145	0.53%
Prepays	258,922	-	-	-	258,922	1.35%
Capital projects	-	3,917,909	-	660,611	4,578,520	23.96%
Unreserved						
Designated for:						
Subsequent Years						
Appropriations	100,944	-	-	-	100,944	0.53%
Postclosure	-	-	-	20,232	20,232	0.11%
Undesignated, reported in:						
General Fund	6,848,633	-	-	-	6,848,633	35.84%
Special Revenue Funds	-	-	94,840	2,343,775	2,438,615	12.76%
Capital Project Funds	-	-	-	310,367	310,367	1.62%
Debt Service Funds	-	-	-	418,872	418,872	2.19%
Total Fund Balances:	\$ 7,208,499	\$ 3,917,909	\$ 94,840	\$ 3,855,002	\$ 15,076,250	

**COLLETON COUNTY
WALTERBORO, SOUTH CAROLINA
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
YEAR ENDED JUNE 30, 2006**

Capital Fund Established – Colleton County Council established the Colleton County Capital Fund during the June 30, 2006 fiscal year. The goal of this fund is to streamline the reporting processes related to tracking assets as well as providing funding to eliminate existing outstanding debt related to lease purchase agreements. The Capital Fund was initially established with \$1,500,000 (67.32%) from the Colleton County General Fund, \$350,000 (15.71%) from the Solid Waste Special Revenue Fund and \$378,000 (16.97%) from the Roads and Bridges Special Revenue Fund, for a total of \$2,228,000 for future capital needs. At June 30, 2006, \$1,970,736 was available for appropriation by County Council in the Capital Fund with \$258,000 Reserved for Encumbrances related to the purchase of new ambulances for the County.

Compliant Fund Balance - The Colleton County Budget Ordinance directs the utilization of a compliant fund balance methodology based on the cash-flow needs of the County. The intention of this policy is to allow Colleton County to operate during the fiscal year prior to the receipt of tax revenues without having to issue Tax Anticipation Notes (TANS) to provide funding for governmental services. The issuance of Tax Anticipation Notes to operate government services increases the budget costs to the taxpayers during the fiscal year because of the related interest expense associated with the issuance of TANS. Colleton County Council's goal each fiscal year is to keep the operational costs at a minimum through sound fiscal practices, thus the Compliant Fund Balance Policy was implemented. The unreserved fund balance needed for operations is projected annually during the budget process by the County Finance Director and is monitored throughout the fiscal year by both the County Treasurer and the County Finance Director. Based on projected figures for the June 30, 2007 budget, the amount needed to sustain operations without borrowing funds is projected to be at a minimum of \$5.3 million or approximately 93% of the total June 30, 2006 General Fund Undesignated Fund Balance.

Colleton County Government prepares the annual budget for tax revenues on the cash basis of accounting and other revenue projections on the modified accrual basis of accounting with the expenditure portion of the budget presented on the modified accrual basis of accounting.

General Fund Budgetary Highlights

Approximately 6% of the County's prior year unreserved fund balance, for a total of \$414,645, including a supplemental appropriation, was appropriated by County Council for General Fund operating expenditures during fiscal year 2006. The County actually did not utilize this fund balance appropriation due to the implementation of a spending freeze mid-year by the County Administrator and the County Finance Director. This spending freeze was implemented based on projected shortfalls in the property tax revenues resulting from the reassessment calculation methods as governed under State of South Carolina Law. This spending freeze included the delay of various projects throughout the County as well as not advertising vacant positions in County Departments if they were not related to public health and safety. The reduction in projected deficit of the Colleton County General Fund Balance at June 30, 2006 attributable to the spending freeze implementation was approximately \$226,150 for the fiscal year.

Capital Asset and Debt Administration

Capital Assets – Colleton County's investment in capital assets as of June 30, 2006, amounts to \$30,613,132 (net of accumulated depreciation) as compared to \$28,195,548 at June 30, 2005. This investment in capital assets, both purchased and donated, includes land, buildings and improvements, machinery and equipment, roads, bridges, and easements.

Major capital asset events during the June 30, 2006 fiscal year include some of the following projects:

- Colleton County Courthouse Renovations
- New Fire Stations & Renovations to existing Fire Stations
- Purchase of New Fire Vehicles and Equipment
- Donated Assets - Paved Roads
- Construction in Progress - I-95 Colleton County Commerce Center Project

**COLLETON COUNTY
WALTERBORO, SOUTH CAROLINA
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
YEAR ENDED JUNE 30, 2006**

Additional information on the County's capital assets can be found on pages 25 to 26 in the notes to the financial statements.

Debt Administration – At fiscal year ending June 30, 2006, Colleton County had total debt outstanding of \$19,288,516 compared to fiscal year ending June 30, 2005 outstanding debt totaling \$16,039,603, which represents an increase of (20.26%) over the prior fiscal year. This increase is related to the issuance of new debt for General Obligation Bonds and Capital Lease Purchases, combined with the decrease related to the retirement of debt through the payment of the principal portion on the outstanding debt during the fiscal year June 30, 2006. Of the \$19,288,516 outstanding balance at June 30, 2006, \$11,385,442 (59.03%) is related to General Obligation Bond (GOB) Debt, \$1,619,413 (8.40%) is related to lease purchase agreements for capital equipment and \$1,067,104 (5.53%) is related to the Capital Lease for the Edisto Beach Civic Center, \$1,511,903 (7.83%) is related to the Notes Payable for the Veteran's Affairs Nursing Home and \$3,704,654 (19.21%) is related to the Special Source Revenue Bond (SSRB) issued to develop the Colleton County Commerce Center off Interstate I-95 in Colleton County.

In accordance with State Law, the amount of General Obligation Bonds (GOB) a government entity may issue without referendum is equal to eight percent of its total assessed value. The current General Obligation Bond debt limitation for Colleton County based on information received from the County Auditor related to the 2005 Tax Assessments is \$12,537,079 for fiscal year ending June 30, 2006, which represents a (32.5%) increase from the prior year capacity of \$9,462,919 at June 30, 2005. This increase in debt capacity is related to the property tax reassessment implemented for the 2005 Property Tax Year and during the June 30, 2006 fiscal year, as property taxes are paid in arrears.

The Colleton County Fire and Rescue Commission had total debt outstanding of \$8,491,554 at June 30, 2006 related to the construction of new fire stations and acquisition of capital assets for continued improvements related to Fire Services and the Insurance Service Office (ISO) fire ratings in order to continue and expand the reductions related to property insurance premiums. The total outstanding debt for the Colleton County Fire and Rescue Commission at June 30, 2006 represents a 22.88% increase over the prior fiscal year ended June 30, 2005 outstanding debt of \$6,910,484.

Colleton County currently maintains a Baa1 rating from Moody's and a BBB+ rating from Standard and Poor's based on the latest ratings in November 2005. Both Moody's and Standard and Poor's rated the County high in the area of financial management, with the off-setting factor for improved ratings being the limited growth in the tax base. The rating agencies tied future improved ratings for the County to the ability to manage and plan for economic growth and development.

Economic Factors and Next Years Budget

The County continues to see stable growth in the vehicle digest, i.e. the appraised value of vehicles in the county. This growth continues to help reduce the effect of the vehicle draw-down, a state law which imposes assessment rate drops from 10.5% to 6% of appraised values.

Colleton County Sales Tax Revenues were \$711,289 for June 30, 2006 as compared to June 30, 2005 revenues of \$711,465, which could indicate stability in the local economy. Recording Document Fee revenue continued to rise during June 30, 2006 with an increase of 16.3% over the prior year revenues, which could indicate stability in the housing markets and the refinancing of existing mortgages. In addition, the Colleton County Planning Office has reported stability in the number of residential housing and commercial permits issued for the past two years, accompanied with a 33.48% increase in the total residential housing values related to the permits issued.

The County's tax base has grown modestly over the past five years averaging around 2.9% growth annually in total assessed property values. The County implemented reassessment during fiscal year ended June 30, 2006 and for the first time in over eight years, increased the total assessed value by approximately 33%.

**COLLETON COUNTY
WALTERBORO, SOUTH CAROLINA
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
YEAR ENDED JUNE 30, 2006**

Colleton County, in conjunction with the State of South Carolina and the Federal Government, entered into a joint project to develop a Veteran's Affairs Nursing Home in Colleton County. The new VA Nursing Home was officially opened in November 2006 and brings approximately 250 new jobs to the area.

The Colleton County Economic Alliance, Inc. reported in the Annual Report for June 30, 2006, three capital project announcements which collectively represent 112 new jobs (40 being part-time) along with 58,000 square feet of new or renovated building space being completed for a total of \$3.2 million in new investments to our area. The new projects are the expansion of Colleton Software Associates, Architectural Stone Castings development of a new manufacturing plant, and renovations/purchase of facilities at the Low Country Regional Airport by Jaxco Industries, which operates a fund-raising product business. In addition, the Alliance reports \$76,300 in contributions from the private business sector and also reported Colleton County as being a finalist in a \$1.2 billion project in South Carolina for fiscal year ended June 30, 2006.

The budget for the upcoming fiscal year proves to be challenging for both the County and the Colleton County Fire District due to annexations by The City of Walterboro. The City annexed commercial properties at both I-95 interstate exits. These annexations resulted in the loss of State Accommodations Tax Revenues to the County totaling \$35,000 per year. In addition, the annexations by the City have negatively impacted the Fire millage rate by 2.37 mills (\$2.37 per \$100 assessed valuation) or approximately \$206,200 loss in tax revenues. Under State Law, the City is required to reimburse the County for improvements within the district paid from the Colleton County Fire District Debt Service tax levy and this reimbursement has yet to be settled between the City and the County.

The County also granted a five-year tax abatement to one of the top-ten tax payers to prevent closure and loss of jobs in the County. This tax abatement impacted the County millage rate by 3.46 mills or approximately \$500,000 loss in tax revenues. Even though these factors have negatively impacted the budget, the County has reduced operational costs by approximately \$215,000 overall at the request of County Council, and Council only funded cost of living increases to County employees for one-half of the year to help off-set tax increases. Millage increases related to the School District alone total over 13.6 mills related to the EIA state maintenance of effort requirement and full-year funding related to pay increases for School District employees. The overall increase to the taxpayers is 5.1 mills (\$5.10 per \$100 assessed valuation), and is a result of annexations, abatements, and a balanced budget, rather than using a fund balance appropriation to balance the budget as has been the practice in prior years.

Requests for Information - This financial report is designed to provide a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. Any questions about this report or request for information may be addressed to Colleton County Finance Director, P.O. Box 157, Walterboro, SC 29488.

BASIC FINANCIAL STATEMENTS

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

	Primary			
	Government	Component Units		
	Governmental Activities	Memorial Library	Fire and Rescue Commission	Commission on Alcohol and Drug Abuse
Assets				
Cash and investments	\$ 16,055,974	\$ 35,293	\$ 457,439	\$ 274,454
Receivables, net of allowances				
Property taxes	13,314,790	-	2,717,316	-
Accounts	157,763	-	762,330	47,847
Other	27,484	61	-	44,701
Due from component units	71,105	-	-	-
Due from primary government	-	-	20,205	-
Due from other governments	1,599,800	773	7,469	-
Prepays and deposits	417,533	4,895	67,686	-
Bond issuance costs	37,182	-	24,508	-
Temporarily restricted assets				
Cash and investments	4,604,994	-	1,782,065	-
Capital assets				
Nondepreciable	8,274,174	-	1,031,658	-
Depreciable, net of accumulated depreciation	22,338,958	393,980	5,760,264	18,913
Total assets	66,899,757	435,002	12,630,940	385,915
Liabilities				
Accounts payable	2,885,588	-	223	20,601
Accrued liabilities	282,496	-	-	-
Due to primary government	-	8,425	62,680	-
Due to component unit	20,205	-	-	-
Due to other governments	370,174	-	-	-
Unearned revenues	12,673,818	8,757	2,499,495	-
Accrued interest	266,597	-	106,951	-
Noncurrent liabilities				
Due within one year	2,588,524	2,486	929,426	5,495
Due in more than one year	17,371,522	12,865	7,680,941	6,944
Total liabilities	36,458,924	32,533	11,279,716	33,040
Net assets				
Invested in capital assets, net of related debt	19,878,746	393,980	627,624	18,913
Restricted for				
Debt Service	1,039,308	-	452,026	-
Capital improvements	5,468,153	-	-	50,000
Public safety	196,045	-	-	-
Roads and bridges	105,706	-	-	-
Unrestricted	3,752,875	8,489	271,574	283,962
Total net assets	\$ 30,440,833	\$ 402,469	\$ 1,351,224	\$ 352,875

The accompanying notes are an integral part of this financial statement.

**COLLETON COUNTY, SOUTH CAROLINA
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2006**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities				
General government	\$ 5,832,259	\$ 420,290	\$ 161,418	\$ -
Judicial	1,694,343	585,178	270,152	-
Public safety	8,897,438	1,289,323	813,325	-
Streets and highways	2,157,486	-	-	1,665,398
Sanitation	1,864,575	452,989	83,336	-
Recreation and culture	1,029,961	44,060	17,902	-
Health and human services	1,083,368	-	433,912	-
Economic development	420,369	-	-	-
Intergovernmental	2,909,748	-	-	-
Interest and fiscal charges	890,054	-	-	-
Total primary government	<u>\$ 26,779,601</u>	<u>\$ 2,791,840</u>	<u>\$ 1,780,045</u>	<u>\$ 1,665,398</u>
Component Units				
Memorial Library	\$ 625,354	\$ 24,040	\$ 103,870	\$ 56,548
Fire and Rescue Commission	6,151,819	1,103,660	197,547	-
Commission on Alcohol and Drug Abuse	849,487	120,698	646,812	-
Total component units	<u>\$ 7,626,660</u>	<u>\$ 1,248,398</u>	<u>\$ 948,229</u>	<u>\$ 56,548</u>

General revenues:

Taxes:

- Property
- Manufacturers
- Homestead
- Motor carrier
- Delinquent
- Local option sales tax
- Fees in-lieu of taxes
- Local accommodations
- Hospitality
- Vehicle user fees
- Sales tax
- Franchise fees

Grants and contributions not restricted to specific programs

Unrestricted revenue from use of money and property

Gain on sale of assets

Miscellaneous

Special item

Intergovernmental revenue received as a result
of negotiated settlement

Total general revenues and special items

Change in net assets

Net assets

Beginning of year

End of year

The accompanying notes are an integral part of this financial statement.

Primary Governmental Activities	Component Units		
	Memorial Library	Fire and Rescue Commission	Commission on Alcohol and Drug Abuse
\$ (5,250,551)			
(839,013)			
(6,794,790)			
(492,088)			
(1,328,250)			
(967,999)			
(649,456)			
(420,369)			
(2,909,748)			
(890,054)			
<u>(20,542,318)</u>			
	\$ (440,896)		
		\$ (4,850,612)	
			\$ (81,977)
	<u>(440,896)</u>	<u>(4,850,612)</u>	<u>(81,977)</u>
12,361,450	-	2,510,702	-
64,821	-	21,063	-
637,849	-	164,636	-
160,818	-	22,697	-
964,952	-	184,607	-
2,012,012	-	-	-
916,283	-	289,092	-
453,885	-	-	-
351,314	-	-	-
853,552	-	-	-
711,289	-	-	-
86,397	-	-	-
1,874,599	481,358	2,107,610	-
491,442	527	56,757	6,538
89,815	-	11,133	-
57,399	-	13,737	1,547
<u>1,511,903</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>23,599,780</u>	<u>481,885</u>	<u>5,382,034</u>	<u>8,085</u>
3,057,462	40,989	531,422	(73,892)
<u>27,383,371</u>	<u>361,481</u>	<u>819,802</u>	<u>426,767</u>
<u>\$ 30,440,833</u>	<u>\$ 402,470</u>	<u>\$ 1,351,224</u>	<u>\$ 352,875</u>

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

	General	2005 Bond Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and investments	\$ 5,784,932	\$ -	\$ 10,271,042	\$ 16,055,974
Receivables, net of allowances				
Property taxes	12,005,261	-	1,309,529	13,314,790
Accounts	35,581	-	122,182	157,763
Other	27,257	-	227	27,484
Due from other funds	1,496,219	-	32,223	1,528,442
Due from component units	62,487	-	8,618	71,105
Due from other governments	1,012,950	-	586,850	1,599,800
Prepays and deposits	253,666	-	-	253,666
Temporarily restricted				
Cash and investments	339,246	4,259,256	6,492	4,604,994
Total assets	\$ 21,017,599	\$ 4,259,256	\$ 12,337,163	\$ 37,614,018
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 2,440,929	\$ 56,033	\$ 388,626	\$ 2,885,588
Accrued liabilities	282,496	-	-	282,496
Due to other funds	22,126	292,706	1,213,610	1,528,442
Due to component units	20,205	-	-	20,205
Due to other governments	122,082	-	248,092	370,174
Deferred revenues	11,857,647	-	1,558,749	13,416,396
Total liabilities	14,745,485	348,739	3,409,077	18,503,301
Fund Balances				
Reserved for				
Encumbrances	-	-	443,706	443,706
Prepays	253,666	-	-	253,666
Capital lease acquisitions	337,465	-	-	337,465
Capital projects	-	3,910,517	3,253,178	7,163,695
Unreserved				
Designated for				
Landfill postclosure	-	-	220,844	220,844
Road projects	-	-	200,000	200,000
Undesignated, reported in				
General fund	5,680,983	-	-	5,680,983
Special revenue funds	-	-	3,449,184	3,449,184
Capital projects funds	-	-	242,120	242,120
Debt service funds	-	-	1,119,054	1,119,054
Total fund balances	6,272,114	3,910,517	8,928,086	19,110,717
Total liabilities and fund balances	\$ 21,017,599	\$ 4,259,256	\$ 12,337,163	\$ 37,614,018

The accompanying notes are an integral part of this financial statement.

**COLLETON COUNTY, SOUTH CAROLINA
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2006**

Total governmental fund balances		\$ 19,110,717																											
<p>Amounts reported for governmental activities in the statement of net assets are different because of the following:</p>																													
<p>Capital assets used for governmental activities are not financial resources and therefore are not reported in governmental funds. The cost of assets is \$41,824,902 and the accumulated depreciation is \$11,211,770.</p>		30,613,132																											
<p>Other long-term assets are not available to pay for current period expenditures and therefore are not reported or are deferred in the funds:</p> <table style="width: 100%; margin-left: 40px;"> <tr> <td style="width: 60%;">Property taxes</td> <td style="width: 10%; text-align: right;">\$ 702,808</td> <td style="width: 30%;"></td> </tr> <tr> <td>Other</td> <td style="text-align: right;">39,770</td> <td></td> </tr> <tr> <td></td> <td style="border-top: 1px solid black; text-align: right;"></td> <td style="text-align: right; vertical-align: bottom;">742,578</td> </tr> </table>	Property taxes	\$ 702,808		Other	39,770				742,578		742,578																		
Property taxes	\$ 702,808																												
Other	39,770																												
		742,578																											
<p>Disbursements for insurance coverage reflected in the funds cover periods extending beyond year-end.</p>		163,867																											
<p>Costs associated with the issuance of long-term debt are deferred and amortized over the term of the debt.</p>		37,182																											
<p>Long-term liabilities, including bonds payable and accrued interest, are not due and payable in the current period and therefore are not reported in the funds.</p> <table style="width: 100%; margin-left: 40px;"> <tr> <td style="width: 60%;">General obligation bonds</td> <td style="width: 10%; text-align: right;">\$ (11,385,442)</td> <td style="width: 30%;"></td> </tr> <tr> <td>Note payable</td> <td style="text-align: right;">(1,511,903)</td> <td></td> </tr> <tr> <td>Special source revenue bonds</td> <td style="text-align: right;">(3,704,654)</td> <td></td> </tr> <tr> <td>Capital leases</td> <td style="text-align: right;">(2,686,517)</td> <td></td> </tr> <tr> <td>Compensated absences</td> <td style="text-align: right;">(377,430)</td> <td></td> </tr> <tr> <td>Landfill closure and postclosure cost</td> <td style="text-align: right;">(227,100)</td> <td></td> </tr> <tr> <td>Claims and judgements</td> <td style="text-align: right;">(67,000)</td> <td></td> </tr> <tr> <td>Accrued interest</td> <td style="text-align: right;">(266,597)</td> <td></td> </tr> <tr> <td></td> <td style="border-top: 1px solid black; text-align: right;"></td> <td style="text-align: right; vertical-align: bottom;">(20,226,643)</td> </tr> </table>	General obligation bonds	\$ (11,385,442)		Note payable	(1,511,903)		Special source revenue bonds	(3,704,654)		Capital leases	(2,686,517)		Compensated absences	(377,430)		Landfill closure and postclosure cost	(227,100)		Claims and judgements	(67,000)		Accrued interest	(266,597)				(20,226,643)		(20,226,643)
General obligation bonds	\$ (11,385,442)																												
Note payable	(1,511,903)																												
Special source revenue bonds	(3,704,654)																												
Capital leases	(2,686,517)																												
Compensated absences	(377,430)																												
Landfill closure and postclosure cost	(227,100)																												
Claims and judgements	(67,000)																												
Accrued interest	(266,597)																												
		(20,226,643)																											
Net assets of governmental activities		\$ 30,440,833																											

The accompanying notes are an integral part of this financial statement.

COLLETON COUNTY, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2006

	General	2005 Bond Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Taxes	\$ 15,792,299	\$ -	\$ 4,115,290	\$ 19,907,589
Licenses and permits	142,560	-	-	142,560
Intergovernmental revenues	2,149,532	-	1,457,403	3,606,935
Fines, fees and service charges	1,467,607	-	891,169	2,358,776
Interest income	211,217	116,194	165,215	492,626
Other income	34,758	-	121,922	156,680
Total revenues	19,797,973	116,194	6,750,999	26,665,166
Expenditures				
Current				
General government	5,575,367	2,655	79,254	5,657,276
Judicial	1,214,665	71,469	387,965	1,674,099
Public safety	7,696,512	-	908,242	8,604,754
Streets and highways	66,003	-	1,590,802	1,656,805
Sanitation	-	-	1,789,779	1,789,779
Recreation and culture	809,367	-	205,172	1,014,539
Health and human services	521,863	-	467,488	989,351
Economic development	247,000	-	164,278	411,278
Intergovernmental	205,100	1,986,223	718,425	2,909,748
Capital outlay	-	608,148	1,193,408	1,801,556
Debt service				
Bond issuance costs	-	37,182	-	37,182
Principal retirement	884,504	-	1,514,680	2,399,184
Interest and fiscal charges	63,712	-	876,224	939,936
Total expenditures	17,284,093	2,705,677	9,895,717	29,885,487
Excess (deficiency) of revenues over (under) expenditures	2,513,880	(2,589,483)	(3,144,718)	(3,220,321)
Other financing sources (uses)				
Sale of capital assets	94,788	-	-	94,788
General obligation debt issued	-	6,500,000	-	6,500,000
Refunding debt issued	-	-	1,511,903	1,511,903
Payment to refund debt	-	-	(3,023,806)	(3,023,806)
Capital lease proceeds	660,000	-	-	660,000
Transfers in	5,400	-	5,686,406	5,691,806
Transfers out	(4,210,453)	-	(1,481,353)	(5,691,806)
Total other financing sources (uses)	(3,450,265)	6,500,000	2,693,150	5,742,885
Excess (deficiency) before special item	(936,385)	3,910,517	(451,568)	2,522,564
Special item				
Intergovernmental revenue received as a result of negotiated settlement	-	-	1,511,903	1,511,903
Net change in fund balance	(936,385)	3,910,517	1,060,335	4,034,467
Fund balances				
Beginning of year	7,208,499	-	7,867,751	15,076,250
End of year	\$ 6,272,114	\$ 3,910,517	\$ 8,928,086	\$ 19,110,717

The accompanying notes are an integral part of this financial statement.

