

AUDITED FINANCIAL STATEMENTS
NEWBERRY COUNTY, SOUTH CAROLINA
Newberry, South Carolina

June 30, 2006

CONTENTS

Audited Financial Statements	
Independent Auditors' Report	Page 4 - 5
Management's Discussion and Analysis	7 - 21
Audited Financial Statements – Primary Government	
Statement of Net Assets	23
Statement of Activities	24
Balance Sheet – Governmental Funds	25
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds to the Statement of Activities	26
Statement of Revenue, Expenditures, and Changes in Fund Balances Governmental Funds	27
Statement of Revenue, Expenditures and Changes in Fund Balance – General Fund Budget and Actual.....	28
Statement of Net Assets – Proprietary Funds.....	29
Statement of Revenue, Expenses and Changes in Net Assets – Proprietary Fund – J. F. Hawkins Nursing Home	30
Statement of Cash Flows – Proprietary Fund – J. F. Hawkins Nursing Home.....	31 - 32
Statement of Fiduciary Net Assets – Fiduciary Funds	33
Notes to Financial Statements	34 - 50
Supplemental Information	
General Fund	
Schedule of Revenues and Expenditures – Budget and Actual	52 - 79
Special Revenue Fund	
Combining Balance Sheet	80
Combining Statement of Revenue, Expenditures and Changes in Fund Balance	81
Debt Service Fund	
Statement of Revenue, Expenditures and Changes in Fund Balance	82

CONTENTS - CONTINUED

Capital Projects Fund	
Statement of Revenue, Expenditures, and Changes in Fund Balance.....	83
Trust and Agency Fund	
Combining Balance Sheet.....	84
Single Audit Section	
Auditors' Report on Compliance with Requirements Applicable to Each Major Program and on its Internal Control over Compliance in Accordance with OMB Circular A-133	86 - 87
Schedule of Expenditures of Federal Awards	88
Notes to the Schedule of Expenditures of Federal Awards	89
Schedule of Findings and Questioned Costs	90 - 92
Auditors' Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	93
State Treasurer's Reports	
Statement of Fines, Assessments and Surcharges	94
Review of Accounting Controls over the Collection, Reporting and Distribution Of Fines and Assessments Collected	95

INDEPENDENT AUDITORS' REPORT

Honorable Chairman and Members of the County
Council for Newberry County, South Carolina
Newberry, South Carolina

We have audited the accompanying primary government financial statements of the governmental activities, the business-type activities and each major fund of Newberry County, South Carolina, as of and for the year ended June 30, 2006. These financial statements are the responsibility of Newberry County, South Carolina's management. Our responsibility is to express an opinion 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 opinion.

A primary government is a legal entity or body politic and includes all funds, organizations, institutions, agencies, departments, and offices that are not legally separate. Such legally separate entities are referred to as component units. In our opinion, the primary government financial statements and cash flows, where applicable, present fairly, in all material respects, the financial position of the primary government of Newberry County, South Carolina, as of June 30, 2006 for the year then ended in conformity with generally accepted accounting principles.

However, the primary government financial statements, because they do not include the financial data of component units of Newberry County, South Carolina, do not purport to, and do not, present fairly the financial position of Newberry County, South Carolina, as of June 30, 2006 and for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Nursing Home will continue as a going concern. As discussed in Note Q, the Nursing Home has suffered recurring operating losses and its total liabilities exceeds its total assets. This raises substantial doubt about the Nursing Home's ability to continue as a going concern.

The Management's Discussion and Analysis is not a required part of the basic financial statements but it is supplementary information required by GASB No. 34. We have applied certain limited procedures, which consist primarily on inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 23, 2006 on our consideration of Newberry County, South Carolina's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be read in conjunction with the report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the financial statements of Newberry County. The accompanying schedule of expenditures of federal awards (as required by the US Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*) along with the accompanying supplemental information is presented for purposes of additional analysis and is not a required part of the primary government's financial statements. Such information has been subjected to the auditing procedures applied in the audit of the primary government financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Risk and Emphasis

Lexington, South Carolina
October 23, 2006

MANAGEMENT'S DISCUSSION AND ANALYSIS

**NEWBERRY COUNTY, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2006**

INTRODUCTION

This narrative overview gives an analysis of the financial activities of the County for the fiscal year ended June 30, 2006. Our purpose is to inform our citizens of the effect of our County's operations and to present our financial position. The readers should also review the detail statements and the notes to the financial statements to enhance their understanding of the County's financial performance.

FINANCIAL HIGHLIGHTS

Key financial aspects were as follows:

- **Net Assets:** The County's Total Net Assets as of June 30, 2006, were \$19,899,493, which represented a decrease of \$1,708,267 from the prior year end. The net assets of the governmental activities totaled \$21,380,509. The net deficit of the business-type activities was \$1,481,016.
- **Revenues and Expenditures:** Revenues and Other Financing Sources totaled \$49,028,211 and Expenditures and Other Uses totaled \$33,980,511 for all Governmental Funds at the fund level. Accordingly, revenues and other financing sources exceeded total expenditures and other uses by \$15,047,700. The general fund incurred a decrease in fund balance of \$3,186,929, due mainly to uses of the fund balance to balance the current year's budgeted expenditures. The debt service fund balance increased \$3,737,565 for collections to the new Sales Tax Bond. The capital projects fund balance increased \$14,619,484 for the issuance of the Sales Tax Bond and Special Source Revenue Bond for future capital needs.
- **Lease Purchase:** The County received lease purchase proceeds of \$2,146,816 in the fiscal year ended June 30, 2006. The County used these proceeds to upgrade fire service equipment and vehicles.
- **Capital Assets:** The County had capital asset additions in the governmental activities of \$9,492,956 consisting of additional land purchases for a new industrial park and fire service equipment.
- **Business Type Activities:** J. F. Hawkins Nursing Home is an Enterprise Fund that operates as a business enterprise. The total net deficit for the Nursing Home totaled \$1,481,016 at year-end. Charges for services totaled \$8,095,656, general revenues totaled \$30,753, and total expenses were \$8,112,922. The revenues and expenses resulted in a increase in net assets of \$138,284.
- **General Fund/Fund Balance:** Our principal operating fund, the General Fund, had \$18,415,844 in fiscal year 2006 Revenues and Other Financing Sources (Uses), which primarily consisted of property taxes, intergovernmental sources, lease purchase proceeds and \$21,602,773 in expenditures leaving a deficit for the year of \$3,186,929.

**NEWBERRY COUNTY, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) -
CONTINUED
YEAR ENDED JUNE 30, 2006**

- **Debt Service:** The County retired \$485,000 in principal for governmental activities bonds outstanding. The Debt Service Fund Balance increased from \$714,796 to \$4,452,361. Bonds payable are \$27,250,000 at June 30, 2006 in governmental activities. Business type activities outstanding debt at June 30, 2006 was \$11,220,125. Principal payments of \$246,328 were made during the year.

OVERVIEW OF 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 (General, Special Revenue, Debt Service, Capital, Fiduciary, Proprietary), and; (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. A description of these statements and some related definitions follow:

Government-wide Financial Statements: The government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private sector business. These statements outline functions of the County that are principally supported by property taxes and intergovernmental revenues (governmental activities). The governmental activities of the County include legislative, finance, election and registration, public safety, public works, social services, education and cultural, and public health expenditures.

Statement of Net Assets: 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 or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

Statement of Activities: The statement of activities presents information showing how the County'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 compensated absences).

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 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental, proprietary and fiduciary.

**NEWBERRY COUNTY, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) -
CONTINUED
YEAR ENDED JUNE 30, 2006**

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 of spend-able resources, as well as on balances of spend-able resources available at the end of the fiscal year. Such information may be useful in evaluating the County'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 governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the County'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 its accounting records in conformity with the Governmental Accounting Standards. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General, Special Revenue, Debt Service and Capital Projects Funds, all of which are considered to be major funds.

Proprietary Funds: Proprietary (Enterprise) funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the stated intent is that of monitoring the cost of such programs for public policy.

Fiduciary Funds: Fiduciary funds are used to account for resources held for the benefit of county residents and are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accrual basis of accounting is used for fiduciary funds. The primary funds are held for fire service protection and regional rescue squads

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.

Other Supplemental Information: In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the County's budget process. The County adopts an annual expenditure budget for the general fund. A budgetary comparison statement has been provided for the General Fund as required supplementary information.

**NEWBERRY COUNTY, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) -
CONTINUED
YEAR ENDED JUNE 30, 2006**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$19,899,493 as of June 30, 2006.

The largest portion of the County's net assets (44 percent) reflects its investment in capital assets (e.g., land, buildings and improvements, vehicles, furniture and equipment and construction in progress), less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to its residents; consequently, these assets are not available for future spending.

The County's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

The following table presents a summary of the County's net assets for the fiscal year ended June 30, 2006.

Current assets	\$ 27,985,306
Non-current assets	37,670,331
Total assets	<u>65,655,637</u>
Current liabilities	(7,868,858)
Non-current liabilities	(37,887,286)
Total liabilities	<u>(45,756,144)</u>
Net assets	<u>\$ 19,899,493</u>
Net assets -	
Invested in capital assets,	
net of related debt	\$ 8,847,343
Restricted	6,399,191
Unrestricted	<u>4,652,959</u>
Total net assets	<u>\$ 19,899,493</u>

**NEWBERRY COUNTY, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) -
CONTINUED
YEAR ENDED JUNE 30, 2006**

The following are significant current year transactions that have had an impact on the Statement of Net Assets:

- Intergovernmental capital outlays of \$3,507,116.
- The operating loss of the General Fund totaling \$3,186,929 resulting mainly from the use of the fund balance accumulated in prior years to balance the current year budget.
- Increases in the Debt Service Fund totaling \$3,737,565, due to collections of sales tax for the new bond issued during the year.

Changes in net assets: The County's combined governmental and business-type revenues for the fiscal year ended June 30, 2006, were \$31,362,546. The total cost of all programs and services was \$32,917,594. The following table presents a summary of the activity that resulted in changes to total net assets for the fiscal year ended June 30, 2006.

REVENUES:	Amount
Program revenues:	
Charges for services	\$ 9,035,889
Operating grants and contributions	1,109,818
General revenues:	
Property taxes	11,742,999
Intergovernmental sources	2,237,919
Fines and assessments	1,543,744
Sales tax	3,754,749
Miscellaneous	<u>1,937,428</u>
Total revenues	<u>31,362,546</u>

**NEWBERRY COUNTY, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) -
CONTINUED
YEAR ENDED JUNE 30, 2006**

EXPENSES:

Governmental - current	(20,527,286)
Intergovernmental - capital	
Construction & improvements	(3,507,116)
Debt service	(923,489)
J. F. Hawkins Nursing Home	(8,112,922)
Total expenses	<u>(32,917,594)</u>
Decrease in net assets	<u>\$ (1,708,267)</u>

Governmental activities: The following table presents the cost of the four major functional activities: current, capital outlays, debt service, and J. F. Hawkins Nursing Home. The table also shows each function's net cost (total cost less charges for services generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden that was placed on the County's taxpayers by each of these functions.

	Total Expenses	Net Revenue (Expense)
Governmental - Current	\$ 20,527,286	\$(18,477,235)
Intergovernmental - capital		
Construction & improvements	3,507,116	(3,507,116)
Debt Service - interest	923,489	(923,489)
J. F. Hawkins Nursing Home	<u>8,112,922</u>	<u>(17,266)</u>
Total expenses	<u>\$ 33,070,813</u>	<u>\$(22,907,840)</u>

- The cost of all governmental activities this year was \$24,957,891.
- Net cost of governmental activities (\$18,477,235) was financed by general revenues, which are made up of primarily property taxes (\$11,742,999), intergovernmental sources (\$2,237,919), fines and assessments (\$1,543,744), sales tax (\$3,754,749), and other revenue (\$1,937,428).

**NEWBERRY COUNTY, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) -
CONTINUED
YEAR ENDED JUNE 30, 2006**

FINANCIAL ANALYSIS OF THE COUNTY'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 the County's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the County's net resources available for spending at the end of the fiscal year.

The financial performance of the County as a whole is reflected in its governmental funds. As the County completed the year, its governmental funds reported a combined fund balance of \$24,485,438 an increase of \$15,047,700 since June 30, 2005. A fund balance of \$4,410,234 or 19.0 percent of total governmental fund revenues constitutes unreserved and undesignated, which is available for spending at the County's discretion.

The remaining fund balance is reserved or designated to indicate that it is not available for spending because it has already been committed as follows:

- \$ 13,756,414 for future capital projects
- \$ 4,452,361 for debt service
- \$ 413,790 for special revenue
- \$ 1,452,639 for notes receivable – due from J. F. Hawkins Nursing Home

The General Fund is the principal operating fund of the County. The decrease in fund balance in the General Fund for the fiscal year was \$3,186,929 was the result of using prior year fund balance to balance the budget instead of increasing property taxes. The Debt Service Fund balance showed a increase of \$3,737,565 from the prior year due to the collection of sales tax for the Sales Tax Capital Projects Bond. The Capital Projects Funds showed a fund balance of \$15,128,652, which is an increase of \$14,619,484.

**NEWBERRY COUNTY, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) -
CONTINUED
YEAR ENDED JUNE 30, 2006**

Proprietary Fund: Proprietary Funds are used to account for operations that are financial and operated in a manner similar to private business enterprises. The J. F. Hawkins Nursing Home is the only Proprietary Fund. This Fund had net income of \$138,284. Total net deficit was \$1,481,016 with unrestricted net assets totaling \$585,944 as of June 30, 2006. The Nursing Home refinanced its notes payable and is trying to manage expenses while providing quality care to the residents of Newberry County to improve the finances.

BUDGETARY HIGHLIGHTS

A schedule showing the original and final budget amounts compared to the County's actual financial activity for the General Fund is provided in this report as required supplementary information.

The County originally budgeted \$19,059,509 in General Fund Revenue with actual revenue totaling \$16,505,393 for a difference of \$2,554,116. The original budget for expenditures was estimated to be \$19,059,509 with the actual expenditures being \$21,602,773 for a difference of \$2,543,264. The results from revenue, expenditures and transfers caused the fund balance to decrease by \$3,186,929, an unfavorable budget variance of \$3,186,929. The County Council voted to increase capital outlays during the fiscal year and to use a portion of unreserved fund balance to finance these expenditures.

**NEWBERRY COUNTY, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) -
CONTINUED
YEAR ENDED JUNE 30, 2006**

CAPITAL ASSETS AND DEBT ADMINISTRATION

As of June 30, 2006, the County had invested \$36,022,983 in capital assets, net of accumulated depreciation, including buildings and facilities, fire service and rescue squad vehicles, other vehicles, and other equipment. Total depreciation expense for the year was \$1,148,840 for governmental activities and \$609,302 for business-type activities.

The following schedule presents capital asset balances for the fiscal year ended June 30, 2006.

	Amount
Land	\$ 7,221,065
Buildings and improvements	31,399,044
Furniture and equipment	13,770,464
Other improvements	<u>2,277,111</u>
Total	<u>\$ 54,667,684</u>

Additional information on the County's capital assets can be found in Note P of this report.

Debt Administration: The following table presents a summary of the County's outstanding long-term debt for the fiscal year ended June 30, 2006.

	Amount
General obligation bonds	\$ 27,250,000
Lease purchase	2,381,528
Notes payable – business-type act	11,220,125
Accrued compensated absences	<u>360,524</u>
Total	<u>\$ 41,212,177</u>

State statutes currently limit the amount of general obligation debt a County may issue to 8 percent of its total assessed valuation. The current debt limitation for the County is \$7,079,866. Additional information on the County's long-term debt can be found in Note G of this report.

**NEWBERRY COUNTY, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) -
CONTINUED
YEAR ENDED JUNE 30, 2006**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Newberry County is one of the oldest counties in the State of South Carolina, having been created by the old Ninety-Six District in 1785. The county is located in the central piedmont portion of the state and encompasses a land area of 630 square miles. Approximately 54,000 acres located within the northeastern portion of Newberry County are within the Sumter National Forest.

Agriculture and manufacturing are important sources of employment for the residents of the County. Some of Newberry County's major taxpayers are Louis Rich, Renfro Corporation, Georgia Pacific Corporation and International Paper.

Numerous factors will be considered by County Council during the process of developing the fiscal year 2006 - 2007 budget. Some of County Council's main goals are to enhance the tax base and job opportunities for Newberry County. This will be done by continuing the refinement of the County's economic development plan. This plan will consist of industrial, commercial and tourism elements. A portion of this plan includes the development of a new industrial park. County staff is currently developing a plan to implement GIS and also developing a plan to enhance the Newberry County Airport. Further, we are studying alternative sources for revenue.

Another goal established by Newberry County Council is to continue to improve the quality and efficiency of services to all our citizens. This will be accomplished by the proper alignment of resources with professional service priorities as established by County Council.

**NEWBERRY COUNTY, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) -
CONTINUED
YEAR ENDED JUNE 30, 2006**

CURRENT AND PRIOR YEAR FINANCIAL ANALYSIS

Table I - Current vs. Prior - Statement of Net Assets - Governmental Activities - Current assets increased \$15,394,858 due to increases in cash (\$12,780,737) and investments (\$1,992,680) for future County and intergovernmental capital construction. Total liabilities increased \$25,585,525 from the issuance of new bonds payable and lease purchase activity. Table II - Current vs Prior - Statement of Net Assets - Business-type activities - Total assets decreased \$81,955. Total liabilities decreased \$220,279 primarily because of principal payments. Table III - Current vs. Prior - Statement of Net Assets - Government-Wide Activities - Total net assets decreased \$1,708,267 due mainly to the governmental activities change in net assets, a decrease \$1,846,551. Table IV - Current vs. Prior - Statement of Activities - Governmental Activities - Total Revenues increased \$3,039,033 because of increases in operating grants and the new sales tax being collected to pay for the Sales Tax Bond. Total Expenses increased \$1,989,787 due to higher intergovernmental capital construction and improvements from the use of the Sales Tax Bond, 2005 GO Bond and the Special Source Revenue Bond. Table V - Current vs. Prior - Statement of Activities - Business-type activities - Total revenues increased \$550,896 due to higher charges for services, mainly increases in per diem rates from insurance providers. Expenses increased \$69,609 due to higher personnel and employee benefit costs and lower interest expense.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the resources it receives. If you have questions about this report or need additional information, contact the Division of Financial Services, Newberry County, 1309 College Street, Newberry, South Carolina 29108. (Telephone # 803-321-2100).

NEWBERRY COUNTY, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - Continued
YEAR ENDED JUNE 30, 2006

Table I - Current vs. Prior - Statements of Net Assets - Governmental Activities

	Governmental Activities		
	2006	2005	Variance
Assets			
Total Current Assets	\$ 26,607,887	\$ 11,213,029	\$ 15,394,858
Capital Assets, net of accumulated depreciation	<u>26,869,818</u>	<u>18,525,702</u>	<u>8,344,116</u>
Total Assets	<u>\$ 53,477,705</u>	<u>\$ 29,738,731</u>	<u>\$ 23,738,974</u>
Liabilities			
Total Current Liabilities	\$ 5,134,434	\$ 2,120,614	\$ 3,013,820
Non-Current Liabilities	<u>26,962,762</u>	<u>4,391,057</u>	<u>22,571,705</u>
Total Liabilities	<u>\$ 32,097,196</u>	<u>\$ 6,511,671</u>	<u>\$ 25,585,525</u>
Net Assets			
Invested in capital assets, net of related debt	\$ 10,914,303	\$ 13,604,892	\$ (2,690,589)
Restricted	6,399,191	3,109,322	3,289,869
Unrestricted/(deficit)	<u>4,067,015</u>	<u>6,512,846</u>	<u>(2,445,831)</u>
Total Net Assets	<u>\$ 21,380,509</u>	<u>\$ 23,227,060</u>	<u>\$ (1,846,551)</u>

Table II - Current vs. Prior - Statements of Net Assets - Business-Type Activities

	Business-Type Activities		
	2006	2005	Variance
Assets			
Total Current Assets	\$ 1,377,419	\$ 1,032,594	\$ 344,825
Other Non-current Assets	1,647,348	1,519,201	128,147
Capital Assets, net of accumulated depreciation	<u>9,153,165</u>	<u>9,708,132</u>	<u>(554,967)</u>
Total Assets	<u>\$ 12,177,932</u>	<u>\$ 12,259,927</u>	<u>\$ (81,995)</u>
Liabilities			
Total Current Liabilities	\$ 2,734,424	\$ 2,669,227	\$ 65,197
Non-Current Liabilities	<u>10,924,524</u>	<u>11,210,000</u>	<u>(285,476)</u>
Total Liabilities	<u>\$ 13,658,948</u>	<u>\$ 13,879,227</u>	<u>\$ (220,279)</u>
Net Assets			
Invested in capital assets, net of related debt	\$ (2,066,960)	\$ (1,746,868)	\$ (320,092)
Unrestricted/(deficit)	<u>585,944</u>	<u>127,568</u>	<u>458,376</u>
Total Net Assets	<u>\$ (1,481,016)</u>	<u>\$ (1,619,300)</u>	<u>\$ 138,284</u>

NEWBERRY COUNTY, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - Continued
YEAR ENDED JUNE 30, 2006

**Table III - Current vs. Prior - Statements of Net Assets - Total
Government-Wide Activities**

	Total Government-Wide Activities		
	2006	2005	Variance
Assets			
Total Current Assets	\$ 27,985,306	\$ 12,245,623	\$ 15,739,683
Other Non-current Assets	1,647,348	1,519,201	128,147
Capital Assets, net of accumulated depreciation	<u>36,022,983</u>	<u>28,233,834</u>	<u>7,789,149</u>
Total Assets	<u>\$ 65,655,637</u>	<u>\$ 41,998,658</u>	<u>\$ 23,656,979</u>
Liabilities			
Total Current Liabilities	\$ 7,868,858	\$ 4,789,841	\$ 3,079,017
Non-Current Liabilities	<u>37,887,286</u>	<u>15,601,057</u>	<u>22,286,229</u>
Total Liabilities	<u>\$ 45,756,144</u>	<u>\$ 20,390,898</u>	<u>\$ 25,365,246</u>
Net Assets			
Invested in capital assets, net of related debt	\$ 8,847,343	\$ 11,858,024	\$ (3,010,681)
Restricted	6,399,191	3,109,322	3,289,869
Unrestricted/(deficit)	<u>4,652,959</u>	<u>6,640,414</u>	<u>(1,987,455)</u>
Total Net Assets	<u>\$ 19,899,493</u>	<u>\$ 21,607,760</u>	<u>\$ (1,708,267)</u>

NEWBERRY COUNTY, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - Continued
YEAR ENDED JUNE 30, 2006

Table IV - Current vs Prior - Statement of Activities - Governmental Activities

	Governmental Activities		
	2006	2005	Variance
Revenues			
Program Revenues:			
Charges for Services	\$ 940,233	\$ 938,475	\$ 1,758
Operating Grants	1,109,818	718,060	391,758
Capital Grants	-	-	-
General Revenue:			
Property Taxes	11,742,999	11,529,131	213,868
Intergovernmental Sources	2,237,919	2,388,003	(150,084)
Fines and Assessments	1,543,744	1,470,348	73,396
Sales Tax - Debt Service	3,754,749	2,185,684	1,569,065
Other	<u>1,906,675</u>	<u>967,403</u>	<u>939,272</u>
Total Revenues	<u>\$ 23,236,137</u>	<u>\$ 20,197,104</u>	<u>\$ 3,039,033</u>
Expenses			
Current	\$ 20,527,286	\$ 19,653,821	\$ 873,465
Capital Construction & Improvements - Intergovernmental	3,507,116	2,766,452	740,664
Interest and Fees	<u>923,489</u>	<u>547,831</u>	<u>375,658</u>
Total Expenses	<u>\$ 24,957,891</u>	<u>\$ 22,968,104</u>	<u>\$ 1,989,787</u>

Table V - Current vs Prior - Statement of Activities - Business-Type Activities

	Business-Type Activities		
	2006	2005	Variance
Revenues			
Program Revenues:			
Charges for Services	\$ 8,095,656	\$ 7,574,952	\$ 520,704
Other	<u>30,753</u>	<u>561</u>	<u>30,192</u>
Total Revenues	<u>\$ 8,126,409</u>	<u>\$ 7,575,513</u>	<u>\$ 550,896</u>
Expenses			
J. F. Hawkins Nursing Home	<u>8,112,922</u>	<u>8,043,313</u>	<u>69,609</u>

NEWBERRY COUNTY, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - Continued
YEAR ENDED JUNE 30, 2006

Table VI - Current vs Prior - Statement of Activities - Total Government-Wide Activities

	Total Government-Wide Activities		
	2006	2005	Variance
Revenues			
Program Revenues:			
Charges for Services	\$ 9,035,889	\$ 8,513,427	\$ 30,192
Operating Grants	1,109,818	718,060	391,758
Capital Grants	-	-	-
General Revenue:			
Property Taxes	11,742,999	11,529,131	213,868
Intergovernmental Sources	2,237,919	2,388,003	(150,084)
Fines and Assessments	1,543,744	1,470,348	73,396
Sales Tax - Debt Service	3,754,749	2,185,684	1,569,065
Other	<u>1,937,428</u>	<u>967,964</u>	<u>969,464</u>
Total Revenues	<u>\$ 31,362,546</u>	<u>\$ 27,772,617</u>	<u>\$ 3,589,929</u>
Expenses			
Current	\$ 20,527,286	\$ 19,653,821	\$ 873,465
Capital Construction & Improvements - Intergovernmental	3,507,116	2,766,452	740,664
Interest and Fees	923,489	547,831	375,658
J. F. Hawkins Nursing Home	<u>8,112,922</u>	<u>8,043,313</u>	<u>69,609</u>
Total Expenses	<u>\$ 33,070,813</u>	<u>\$ 31,011,417</u>	<u>\$ 2,059,396</u>

**BASIC FINANCIAL STATEMENTS
PRIMARY GOVERNMENT**

STATEMENT OF NET ASSETS
NEWBERRY COUNTY, SOUTH CAROLINA

June 30, 2006

	PRIMARY GOVERNMENT		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets			
Cash - Notes B & C			
Investments - Note C	\$ 15,260,049	\$ 413,211	\$ 15,673,260
Receivables	7,432,699	-	7,432,699
Property taxes - delinquent - Note E			
Fines and fees	561,918	-	561,918
Patient receivables, less allowance for doubtful accounts	57,703	-	57,703
Other	-	964,208	964,208
Due from other governments	43,316	-	43,316
State shared revenue			
Sales tax	515,139	-	515,139
Grant revenue	838,645	-	838,645
Due from business-type activities - Note D	349,898	-	349,898
	1,548,520	-	1,548,520
Total Current Assets	26,607,887	1,377,419	27,985,306
Restricted cash - Note F	-	1,096,058	1,096,058
Bond issuance cost, less \$9,943 amortization	-	551,290	551,290
Capital Assets - Note P			
Land			
Buildings	7,003,529	217,536	7,221,065
Improvements other than buildings	20,569,549	10,829,495	31,399,044
Equipment	-	2,277,111	2,277,111
Accumulated depreciation	11,614,775	2,155,689	13,770,464
	(12,318,035)	(6,326,666)	(18,644,701)
TOTAL ASSETS	\$ 53,477,705	\$ 12,177,932	\$ 65,655,637
LIABILITIES AND NET ASSETS			
LIABILITIES			
Current Liabilities			
Accounts payable	-	\$ 310,964	\$ 310,964
Accrued expenses	610,069	316,838	926,907
Escrowed funds	-	26,192	26,192
Deferred revenue			
Advance billings	-	236,309	236,309
Grant revenue	30,755	-	30,755
Due to other taxing units and others	1,163,714	-	1,163,714
Due to governmental activities	-	1,548,520	1,548,520
Accrued interest	300,606	-	300,606
Lease payable, current portion	559,290	-	559,290
Bonds payable, current portion	2,470,000	295,601	2,765,601
Total Current Liabilities	5,134,434	2,734,424	7,868,858
Bonds payable	24,780,000	10,924,524	35,704,524
Compensated absences	360,524	-	360,524
Lease purchase	1,822,238	-	1,822,238
TOTAL LIABILITIES	32,097,196	13,658,948	45,756,144
NET ASSETS			
Invested in capital assets, net of related debt	10,914,303	(2,066,960)	8,847,343
Restricted for:			
notes receivable	1,452,639	-	1,452,639
special projects	413,790	-	413,790
debt service	4,452,361	-	4,452,361
capital projects, net of related debt	80,401	-	80,401
Unrestricted	4,067,015	585,944	4,652,959
TOTAL NET ASSETS	21,380,509	(1,481,016)	19,899,493
TOTAL LIABILITIES AND NET ASSETS	\$ 53,477,705	\$ 12,177,932	\$ 65,655,637

The accompanying notes are an integral part of this statement.

STATEMENT OF ACTIVITIES
NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2006

	Program Revenues			Net Revenue & Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants	Capital Grants	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
Current							
Capital construction & improvements - intergovernmental	\$ 20,527,286	\$ 940,233	\$ 1,109,818	\$ -	\$ (18,477,235)	\$ -	\$ (18,477,235)
Debt service	3,507,116	-	-	-	(3,507,116)	-	(3,507,116)
Interest & other bond costs	923,489	-	-	-	(923,489)	-	(923,489)
Total Governmental Activities	24,957,891	940,233	1,109,818	-	(22,907,840)	-	(22,907,840)
Business-Type Activities							
J. F. Hawkins Nursing Home	8,112,922	8,095,656	-	-	-	(17,266)	(17,266)
TOTAL	33,070,813	9,035,889	1,109,818	-	(22,907,840)	(17,266)	(22,925,106)
		General Revenues					
		Property Taxes Levied For:					
		General Purposes			10,802,002	-	10,802,002
		Debt Service			940,997	-	940,997
		Intergovernmental sources			2,237,919	-	2,237,919
		Fines and assessments			1,543,744	-	1,543,744
		Sales tax - debt service			3,754,749	-	3,754,749
		Other			1,906,675	30,753	1,937,428
		Transfers			(124,797)	124,797	-
		Total General Revenues and Transfers			21,061,289	155,550	21,216,839
		Change in Net Assets			(1,846,551)	138,284	(1,708,267)
		Net Assets, Beginning of Year			23,227,060	(1,619,300)	21,607,760
		NET ASSETS, END OF YEAR			\$ 21,380,509	\$ (1,481,016)	\$ 19,899,493

BALANCE SHEET
GOVERNMENTAL FUNDS
NEWBERRY COUNTY, SOUTH CAROLINA

June 30, 2006

	General	Special Revenue	Debt Service	Capital Projects	Totals
ASSETS					
Cash - Notes B & C	\$ 1,754,471	\$ 524,776	\$ 22,548	\$ 12,958,254	\$ 15,260,049
Investments - Note C	3,695,305	-	3,548,949	188,445	7,432,699
Receivables					
Property taxes - delinquent - Note E	1,122,242	-	42,219	-	1,164,461
Fines and fees	57,703	-	-	-	57,703
Other	43,316	-	-	-	43,316
Due from other governments					
State shared revenue	515,139	-	-	-	515,139
Sales tax	-	-	838,645	-	838,645
Grant revenue	75,261	274,637	-	-	349,898
Due from other funds - Note D	450,749	10,268	-	1,981,953	2,442,970
	<u>7,714,186</u>	<u>809,681</u>	<u>4,452,361</u>	<u>15,128,652</u>	<u>28,104,880</u>
TOTAL ASSETS	\$ 7,714,186	\$ 809,681	\$ 4,452,361	\$ 15,128,652	\$ 28,104,880
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accrued expenses	\$ 610,069	\$ -	\$ -	\$ -	\$ 610,069
Deferred revenue					
Property taxes	920,454	-	-	-	920,454
Grant revenue	-	30,755	-	-	30,755
Due to taxing units and others	1,163,714	-	-	-	1,163,714
Due to other funds - Note D	529,314	365,136	-	-	894,450
	<u>3,223,551</u>	<u>395,891</u>	<u>-</u>	<u>-</u>	<u>3,619,442</u>
TOTAL LIABILITIES	3,223,551	395,891	-	-	3,619,442
FUND BALANCES					
Reserved:					
Reserved for notes receivable	-	-	-	1,452,639	1,452,639
Reserved for capital projects	80,401	-	-	13,676,013	13,756,414
Reserved for debt service	-	-	4,452,361	-	4,452,361
Reserved for special revenue	-	413,790	-	-	413,790
Unreserved:					
Undesignated	4,410,234	-	-	-	4,410,234
	<u>4,490,635</u>	<u>413,790</u>	<u>4,452,361</u>	<u>15,128,652</u>	<u>24,485,438</u>
TOTAL FUND BALANCES	4,490,635	413,790	4,452,361	15,128,652	24,485,438
TOTAL LIABILITIES AND FUND BALANCES	\$ 7,714,186	\$ 809,681	\$ 4,452,361	\$ 15,128,652	\$ 28,104,880

Reconciliation of governmental fund balances to statement of net assets:

Total Fund Balances - Governmental Funds	\$ 24,485,438
Capital assets, net of accumulated depreciation	26,869,818
Bonds payable	(27,250,000)
Leases payable	(2,381,528)
Compensated absences	(360,524)
Accrued interest	(300,606)
Recognition of deferred taxes	<u>317,911</u>
Total Net Assets - Governmental Activities	<u>\$ 21,380,509</u>

The accompanying notes are an integral part of this statement.

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES

NEWBERRY COUNTY, SOUTH CAROLINA

YEAR ENDED JUNE 30, 2006

Net change in fund balances - total governmental funds \$ 15,047,700

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net assets and allocated over the estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which capital outlays exceed depreciation in the period.

Capital outlays	9,492,956	
Depreciation expense	<u>(1,148,840)</u>	8,344,116

Repayment/(Issuance) of bond principal is an expenditure/(other financing source) in the governmental funds, but it reduces/(increases) long-term liabilities in the statement of net assets and does not affect the statement of activities

	(23,560,000)	
	<u>485,000</u>	(23,075,000)

In the statement of activities, compensated absences are measured by the amounts expended during the year. In governmental funds, expenditures for this item are measured by the amount of financial resources used.

(153,219)

Repayment/(Issuance) of lease purchase/(lease purchase proceeds) is an expenditure/(other financing source) in the governmental funds, but it reduces/(increases) long-term liabilities in the statement of net assets and does not affect the statement of activities.

Proceeds from lease purchase	(2,152,777)	
Repayment of principal	<u>517,059</u>	(1,635,718)

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, interest expense is recognized as it accrues, regardless of the due date.

Interest on bonds and lease purchase increased by: (190,979)

Some property taxes will not be collected for several months after the County's fiscal year ends, they are not considered as "available" revenues in the governmental funds, and are instead recorded as deferred tax revenues. In the statement of activities, property taxes are recorded as revenue in the year levied.

(183,451)

Change in net assets - governmental activities

\$ (1,846,551)

STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
NEWBERRY COUNTY, SOUTH CAROLINA
Year Ended June 30, 2006

	General	Special Revenue	Debt Service	Capital Projects	Totals
REVENUE					
Property taxes	\$ 10,985,453	\$ -	\$ 940,997	\$ -	\$ 11,926,450
Intergovernmental	2,107,274	1,240,463	-	-	3,347,737
Fines and fees	2,088,117	395,860	-	-	2,483,977
Sales tax	-	-	3,754,749	-	3,754,749
Other	1,324,549	7,846	79,847	494,433	1,906,675
TOTAL REVENUE	16,505,393	1,644,169	4,775,593	494,433	23,419,588
EXPENDITURES					
Current					
Legislative	265,568	-	-	-	265,568
Administration	802,366	-	-	-	802,366
Tax assessment & collection	1,354,527	-	-	-	1,354,527
Election & registration	98,994	-	-	-	98,994
Administration of Justice	1,302,953	106,027	-	-	1,408,980
Law enforcement	2,975,477	685,510	-	-	3,660,987
Detention	1,536,223	-	-	-	1,536,223
Public safety	2,845,846	19,425	-	-	2,865,271
Public works & maintenance	4,793,158	461,849	-	-	5,255,007
Planning & development	406,369	-	-	-	406,369
Education & cultural	322,963	-	-	-	322,963
Agriculture & home economics	67,530	-	-	-	67,530
Public health	115,882	-	-	-	115,882
Social services	408,958	22,500	-	-	431,458
Intergovernmental	-	301,188	-	-	301,188
Miscellaneous	391,996	219,269	-	-	611,265
Emergency telephone reporting	-	231,747	-	-	231,747
Capital outlays	-	-	-	-	-
Capital construction & improvements	3,913,963	-	-	9,086,109	13,000,072
Debt service	-	-	-	-	-
Principal retirement - Note G	-	-	485,000	-	485,000
Interest	-	-	550,611	-	550,611
Fees & other bond service costs	-	-	2,417	81,289	83,706
TOTAL EXPENDITURES	21,602,773	2,047,515	1,038,028	9,167,398	33,855,714
Excess/(Deficiency) of Revenue Over/(Under) Expenditures before Other Financing Sources	(5,097,380)	(403,346)	3,737,565	(8,672,965)	(10,436,126)
OTHER FINANCING SOURCES					
Lease purchase proceeds	2,146,816	-	-	-	2,146,816
Bond proceeds	-	-	-	23,461,807	23,461,807
Transfer In/(Out)	(236,365)	280,926	-	(169,358)	(124,797)
Excess/(Deficiency) of Revenue Over/(Under) Expenditures	(3,186,929)	(122,420)	3,737,565	14,619,484	15,047,700
Fund Balance, Beginning of Year,	7,677,564	536,210	714,796	509,168	9,437,738
FUND BALANCE, END OF YEAR	\$ 4,490,635	\$ 413,790	\$ 4,452,361	\$ 15,128,652	\$ 24,485,438

STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND
NEWBERRY COUNTY, SOUTH CAROLINA
Year Ended June 30, 2006

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUE				
Property taxes	\$ 11,454,809	\$ 11,454,809	\$ 10,985,453	\$ (469,356)
Intergovernmental	2,206,163	2,206,163	2,107,274	(98,889)
Fines and fees	2,359,940	2,359,940	2,088,117	(271,823)
Other	654,051	654,051	1,324,549	670,498
Use of fund balance reserves	<u>2,384,546</u>	<u>2,984,546</u>	<u>-</u>	<u>(2,984,546)</u>
TOTAL REVENUE	<u>19,059,509</u>	<u>19,659,509</u>	<u>16,505,393</u>	<u>(3,154,116)</u>
EXPENDITURES				
Current				
Legislative	305,598	314,982	265,568	49,414
Administration	1,313,464	965,059	802,366	162,693
Tax assessment & collection	1,404,495	1,378,536	1,354,527	24,009
Election & registration	121,587	128,174	98,994	29,180
Administration of Justice	1,369,003	1,386,260	1,302,953	83,307
Law enforcement	2,918,457	2,967,723	2,975,477	(7,754)
Detention	1,579,645	1,617,675	1,536,223	81,452
Public safety	3,013,610	3,022,796	2,845,846	176,950
Public works & maintenance	4,986,684	5,025,680	4,793,158	232,522
Planning & development	394,910	421,757	406,369	15,388
Education & cultural	319,700	319,700	322,963	(3,263)
Agriculture & home economics	71,088	71,088	67,530	3,558
Public health	122,736	123,736	115,882	7,854
Social services	270,953	277,457	408,958	(131,501)
Miscellaneous	372,197	378,504	391,996	(13,492)
Capital outlays				
Capital construction & improvements	<u>495,382</u>	<u>1,095,382</u>	<u>3,913,963</u>	<u>(2,818,581)</u>
TOTAL EXPENDITURES	<u>19,059,509</u>	<u>19,494,509</u>	<u>21,602,773</u>	<u>(2,108,264)</u>
Excess/(Deficiency) of Revenue Over/(Under)				
Expenditures before Other Financing Sources	<u>-</u>	<u>165,000</u>	<u>(5,097,380)</u>	<u>(5,262,380)</u>
OTHER FINANCING SOURCES/(USES)				
Lease purchase proceeds	-	-	2,146,816	2,146,816
Transfer In/(Out)	<u>-</u>	<u>(165,000)</u>	<u>(236,365)</u>	<u>(71,365)</u>
Excess/(Deficiency) of Revenue Over/ (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>(3,186,929)</u>	<u>(3,186,929)</u>
Fund Balance, Beginning of Year			<u>7,677,564</u>	
FUND BALANCE, END OF YEAR			<u>\$ 4,490,635</u>	

STATEMENT OF NET ASSETS

PROPRIETARY FUNDS

NEWBERRY COUNTY, SOUTH CAROLINA

June 30, 2006

	Business-Type Activities
	<u>J. F. Hawkins Nursing Home</u>
ASSETS	
Current Assets	
Cash - Notes B & C	
Receivables	\$ 413,211
Patient receivables, less allowance for doubtful accounts	<u>964,208</u>
Total Current Assets	<u>1,377,419</u>
Restricted cash - Note F	1,096,058
Bond issuance cost, less \$9,943 amortization	551,290
Capital Assets - Note P	
Land	217,536
Buildings	10,829,495
Improvements other than buildings	2,277,111
Equipment	2,155,689
Accumulated depreciation	<u>(6,326,666)</u>
TOTAL ASSETS	<u>\$ 12,177,932</u>
LIABILITIES AND NET ASSETS	
LIABILITIES	
Current Liabilities	
Accounts payable	\$ 310,964
Accrued expenses	316,838
Escrowed funds	26,192
Deferred revenue	
Advance billings	236,309
Due to general fund - operating	199,372
Bonds payable, current portion	<u>295,601</u>
Total Current Liabilities	<u>1,385,276</u>
Due to general fund - long term	1,349,148
Bonds payable	<u>10,924,524</u>
TOTAL LIABILITIES	<u>13,658,948</u>
NET ASSETS	
Invested in capital assets, net of related debt	(2,066,960)
Unrestricted	<u>585,944</u>
TOTAL NET ASSETS	<u>(1,481,016)</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 12,177,932</u>

The accompanying notes are an integral part of this statement.

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS - PROPRIETARY FUND

J. F. HAWKINS NURSING HOME

For the Year Ended June 30, 2006

REVENUE	
Net nursing home patient service revenue (net of allowances, contractual adjustments and unbilled services of \$1,046,340)	\$ 6,495,170
Net Springfield rent, nursing facility and entrance fees	1,547,724
Other revenue	<u>52,762</u>
TOTAL OPERATING REVENUE	<u>8,095,656</u>
OPERATING EXPENSES	
Nursing	2,848,040
Restorative	159,513
Dietary	914,213
Laundry	100,382
Housekeeping	275,936
Maintenance	332,968
Administrative	996,786
Medical records	49,612
Utilities	304,605
Insurance, licenses and property taxes	458,093
Medical supplies	10,564
Interest	561,672
Depreciation and amortization	615,503
Physical therapy	346,086
Pharmacy	107,086
Other ancillary services	<u>31,863</u>
TOTAL OPERATING EXPENSES	<u>8,112,922</u>
OPERATING INCOME	(17,266)
NON-OPERATING ITEMS	
Interest	<u>30,753</u>
TOTAL NON-OPERATING ITEMS	<u>30,753</u>
OPERATING TRANSFER IN	<u>124,797</u>
CHANGE IN NET ASSETS	138,284
Net Assets/(Deficit), Beginning of Year	<u>(1,619,300)</u>
NET ASSETS/(DEFICIT), END OF YEAR	<u>\$ (1,481,016)</u>

STATEMENT OF CASH FLOWS

J. F. HAWKINS NURSING HOME

For the Year Ended June 30, 2006

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and patients	7,971,558
Payments to employees	(3,703,386)
Payments to vendors	<u>(3,787,751)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>480,421</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Bond cushion fund - restricted assets	(131,797)
Interest earned	30,753
Property, plant, equipment purchased	<u>(54,335)</u>
NET CASH USED BY INVESTING ACTIVITIES	<u>(155,379)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Note payable - issued	11,453
Note payable - principal paid	(1,328)
Bond payable - principal paid	<u>(245,000)</u>
NET CASH USED BY FINANCING ACTIVITIES	<u>(234,875)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfer from general fund	<u>124,797</u>
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>124,797</u>
NET CHANGE IN CASH AND EQUIVALENTS	214,964
Cash and equivalents, Beginning of Year	<u>198,247</u>
CASH AND EQUIVALENTS, END OF YEAR	<u><u>\$ 413,211</u></u>

The accompanying notes are an integral part of this statement.

STATEMENT OF CASH FLOWS

J. F. HAWKINS NURSING HOME

For the Year Ended June 30, 2006

CASH FLOWS FROM OPERATING ACTIVITIES

Operating income	\$ (17,266)
Adjustments to reconcile operating loss to net cash provided by operating activities	
Depreciation and amortization	615,503
Changes in operating assets and liabilities - increase/(decrease) in cash flows	
Accounts receivable	(129,861)
Accrued expenses	(83,981)
Accrued payroll	47,312
Due to Newberry County - general fund	42,951
Advance billings	<u>5,763</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>480,421</u>

Supplemental Information

Cash payments of interest	<u>\$ 464,457</u>
---------------------------	-------------------

The accompanying notes are an integral part of this statement.

STATEMENT OF FIDUCIARY NET ASSETS

FIDUCIARY FUNDS

NEWBERRY COUNTY, SOUTH CAROLINA

June 30, 2006

	Fire Departments/ Rescue Squads	Newberry County School District	Total Agency Funds
ASSETS			
Cash and cash equivalents - Note B and C	\$ 228,022	\$ 1,115,643	\$ 1,343,665
Investments	-	9,731,228	9,731,228
TOTAL ASSETS	<u>\$ 228,022</u>	<u>\$ 10,846,871</u>	<u>\$ 11,074,893</u>
LIABILITIES			
Due to other entities	\$ 228,022	\$ 10,846,871	\$ 11,074,893
TOTAL LIABILITIES	<u>\$ 228,022</u>	<u>\$ 10,846,871</u>	<u>\$ 11,074,893</u>

The accompanying notes are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2006

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

General

The accounting and reporting policies of Newberry County, South Carolina (the County), relating to the funds and account group included in the accompanying general-purpose financial statements conform to generally accepted accounting principles applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled Audits of State and Local Governmental Units and by the Financial Accounting Standards Board (when applicable). As allowed in Section P80 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, the County has elected not to apply to its proprietary activities Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee of Accounting Procedure issued after November 30, 1989. The more significant accounting policies of the County are described below.

Reporting Entity

The foundation of a primary government is a separately elected governing body - one that is elected by the citizens in a general, popular election. As the nucleus of the financial reporting entity, the primary government generally is the focal point of the users of the financial statements. Thus, it is important to define the primary government and determine what it comprises. A primary government is any state government or general purpose local government that has a separately elected governing body, is legally separate, and is fiscally independent of other state and local governments.

Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. These component units combined with the primary government form the Reporting Entity. These financial statements include only the data of the primary government and do not include data of component units necessary for reporting in conformity with generally accepted accounting principles.

Component units that are not included in these financial statements are the Newberry County Memorial Hospital, Newberry County Alcohol and Drug Abuse Center, Newberry County Community Hall Commission, Newberry Regional Library, and the Newberry County Airport Commission. These organizations have boards that are appointed by Newberry County Council and are fiscally dependent to varying degrees.

Rural Fire Control

The fire departments are funded by the County. The fire departments are governed by the Board of Rural Fire Control. Personnel for the fire departments serve on a volunteer basis. Additional funds are raised through donations and fund raisers upon approval of the Board of Rural Fire Control. Each Fire Department Chief controls and designates spending for each department. The funds held by each department are custodial in nature to be used for each department's fire control needs and not for the benefit of the County's daily operations. Therefore the fire departments have been shown in an agency fund and do not involve measurement of results of operations.

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2006

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES --Continued

Rescue Squads

The rescue squads are funded by County monies. The rescue squads are governed by the Board of Rescue Squads which reports to County Council. Personnel for the rescue squads serve on a volunteer basis. Additional funds are raised through donations and fund-raisers upon approval of the Board of Rescue Squads. Each rescue squad chief controls and designates spending for each rescue squad. The funds held by each squad are custodial in nature to be used for each squad's needs and not for the benefit of the County's daily operations. Therefore the rescue squads have been shown in an agency fund and do not involve measurement of results of operations.

J. F. Hawkins Nursing Home

The Nursing Home is a proprietary fund of Newberry County used to provide housing, health care and other related services to residents through the operation of a 118 bed nursing home, consisting of fifty residential care unit beds, thirty-four independent living apartments, eighteen duplexes and houses, a physical therapy building, kitchen, and dining rooms, and administrative offices located in Newberry, South Carolina. The Nursing Home serves Newberry County and the surrounding areas.

Other Information

Since the other political subdivisions of the County, including the school districts, have the authority to hire and terminate employees, establish their own operating budgets and enter into their own contracts, the County does not significantly influence their operations. As these entities have the authority to borrow funds and are responsible for funding their own deficits, the County does not have accountability for their fiscal matters. Accordingly, these other political subdivisions have been excluded from the County's financial statements.

Government-Wide and Fund Accounting

The government-wide financial statements report information on all of the non-fiduciary activities of the primary government. The effects of interfund transfers has been eliminated from these statements. Governmental activities are reported separately from business-type activities.

The accounts of the County are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenue and expenditures, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

GOVERNMENTAL FUNDSGeneral Fund

The general operating fund of the County is used to account for all financial resources except those required to be accounted for in another fund. All property taxes, intergovernmental revenue, charges for services, fines and fees, and miscellaneous revenue are recorded in this fund except amounts which are specifically collected to service debt or for which the County Treasurer collects taxes and other funds in a fiduciary capacity. Operational expenditures for general government, public safety, public works and other departments of the County are paid through the general fund.

NOTES TO FINANCIAL STATEMENTS

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2006

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--Continued

Special Revenue Fund – Major Fund

The Special Revenue Funds are used to account for the revenue collected for specific purposes. The Sheriff's special assessments and specific grants are accounted for as special revenue funds.

Capital Projects Fund - Major Fund

The Capital Projects Fund is used to account for financial resources specifically allocated for the County's future building and construction projects.

Debt Service Fund – Major Fund

This fund accounts for the accumulation of resources for and the payment of bond principal and interest. Debt Service Funds of the County are established and maintained in accordance with Acts passed by the General Assembly of South Carolina authorizing the sale of general obligation debt bonds of the County. Bonds and interest for which the County Treasurer collects and remits receipts to, or on behalf of, other governmental units are accounted for as part of the agency fund.

PROPRIETARY FUND

The Proprietary Fund is used for activities which are financed and operated in a manner similar to private business enterprise where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or where the governing body has decided that periodic determination of revenues earned, expenses incurred, or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. The County currently has one proprietary fund – J. F. Hawkins Nursing Home.

The Nursing Home bills for services of medical care on a monthly basis and accounts for that revenue when billed. Revenue includes services to patients covered by Medicare and Medicaid. These payments represent approximately 70% of total revenue. Differences between anticipated reimbursement amounts and established billing rates are recorded as contractual adjustments. These adjustments are reported as deductions from patient service revenue.

FIDUCIARY FUND TYPE – AGENCY FUND

Fiduciary Fund Type – Agency Fund - This fund accounts for assets held by the County as an agent for other governmental units. Property taxes and other revenue are collected, temporarily retained and distributed by the County Treasurer in accordance with Acts of the General Assembly of South Carolina.

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2006

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--Continued

Basis of Accounting- Government-wide and Governmental Funds

The government-wide financial statements are reported 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. Property taxes are recognized as revenue when the County has assessed and levied the appropriate amounts due. Government-wide financial statements are prepared using a different measurement focus than government fund financial statements. A reconciliation of the two financial statements has been shown to identify the relationship between the government-wide statements and the governmental fund financial statements.

The governmental fund types utilize the modified accrual basis of accounting. The modified accrual basis of accounting is summarized as follows: Revenue is recognized when it becomes measurable and available as a net current asset. State shared revenues are considered "measurable" in the hands of the State Treasurer and are recognized as revenue at that time. Grant revenue is recognized when the corresponding expenditure is incurred. Other major revenues that are determined to be susceptible to accrual are property taxes received within 60 days of year-end, state and federal grants earned, and interest. Major revenue that is determined not to be susceptible to accrual because it is either not available soon enough to pay liabilities to the current period or is not objectively measurable include licenses, permits, and the majority of fines and fees. Expenditures are recognized when the related fund liability is incurred. An exception to the general rule includes: (1) interest on general long-term indebtedness, which is not accrued but is recorded as an expenditure when paid.

Proprietary funds utilize the accrual basis of accounting, under which, the County recognizes revenue when earned and expenses are recorded as they occur.

Cash and Cash Equivalents

For financial statement reporting purposes, the County considers all short-term cash investments and other highly liquid investments such as treasury bills, commercial paper, and money market funds with a maturity of three months or less to be cash and cash equivalents.

Investments

Investments, consisting primarily of repurchase agreements and the State Treasury Investment Pool, are stated at fair market value. It is generally the policy of the County to hold investments to maturity.

Inventories

The County does not maintain a central supply or warehouse system for the purchase of supplies. Therefore, all supplies are recorded as expenditures when purchased. Any amounts not used at year-end are immaterial and not shown as inventory.

Compensated Absences

Accumulated unpaid vacation benefits are not accrued in governmental funds, as the County intends to fund such costs from future operations; i.e., from assets not representing expendable available resources at June 30, 2006. At June 30, 2006, the liability for accrued vacation benefits recorded in the governmental activities was \$360,524.

The County does not accrue sick leave as the employees' rights to it do not vest.

NOTES TO FINANCIAL STATEMENTS

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2006

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--Continued

Budget

County Council adopts an annual appropriated budget prior to the beginning of each fiscal year. The adopted budget specifies expenditure limits appropriated to each County department.

Departmental expenditures may not exceed amounts appropriated without the approval of County Council and unexpended appropriations lapse at fiscal year-end. Budget amounts reflected in the accompanying financial statements represent the appropriated budget and any revisions approved by Council during the fiscal year. Line item transfers within operating departments and any additional appropriations and transfers between departments are approved by County Council.

The budget is prepared on a basis other than the one prescribed by GAAP. Adjustments are made to present the amounts properly in the general-purpose financial statements. See Note N -- Budget.

Encumbrances

The County did not have any material encumbrances at June 30, 2006. Under encumbrance accounting, contracts, purchase orders and other commitments for expenditures are recorded in order to reserve that portion of an applicable appropriation as an extension of the formal budgetary integration in the County's general fund.

Reservations and Designations of Fund Balances

Reservations represent the portions of fund balance which are not appropriated for expenditures but have been segregated for specific future uses by legal mandate. Designations of fund balances represent tentative plans by the County for financial resource utilization in a future period as documented in the budgeting process for a succeeding year. Such plans are subject to change from original authorizations and may never result in expenditures.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Capital Assets

All Capital Assets are capitalized at historical cost and updated for additions and deletions during the fiscal year less accumulated depreciation. The County maintains a capitalization threshold of \$5,000 for capital assets -- governmental activities. The County's proprietary fund has a capitalization threshold of \$1,000. Donated capital assets are recorded at fair value when received. Repairs and maintenance are charged directly to operations as incurred. Depreciation is computed on the straight-line method over the estimated useful lives of the respective assets ranging from five to fifty years.

Accounts Receivable

The Nursing Home collects the majority of its balances within thirty days. The Nursing Home uses the allowances method for uncollectible amounts and bad debts, where an allowance is recorded for estimated bad debts based on historical averages.

The Nursing Home is subject to audit by third party payors and is contingently liable for any adjustments in excess of estimated contractual settlements already reflected in the accompanying financial statements. As of June 30, 2006, cost reports for Medicare and Medicaid for 2001, 2002, 2003, 2004 and 2005 have not been audited by intermediaries.

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2006

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

Bond Issuance Costs

The County's governmental activities do not capitalize bond issuance costs. These fees associated with bond issuance should be capitalized to be in accordance with GAAP and GASB No. 34 but management feels these amounts are not material.

Bond issuance costs incurred in the amount of \$561,233 have been capitalized in the business- activities and amortized over a 25 year period. Amortization expense for the year ended June 30, 2006 was \$6,201.

Tax Status

The County is exempt from federal and state income tax as it is part of the South Carolina government.

NOTE B - CASH

Deposits

At June 30, 2006, the carrying amount of the County's deposits was \$18,112,983 (\$15,260,049 for the primary government, \$1,096,058 for primary government restricted cash and \$1,343,665 for the Agency Funds), which were covered by federal depository insurance, federal savings and loan insurance or by collateral held in the pledging banks' trust departments in the County's name or by their agents in the County's name. The carrying amount of the County's deposits also included \$71,330 cash on hand at June 30, 2006.

NOTE C - INVESTMENTS

Newberry County is authorized by South Carolina state law to invest in the following types of investments:

1. Obligations of the United States and agencies thereof.
2. General obligations of the State of South Carolina or any of its political units.
3. Savings and loan associations to the extent they are secured by the federal government.

Certificates of deposit where the certificates are collaterally secured by securities of the type described in (1) and (2) above held by a third party as escrow agent or custodian, of a market value not less than the amount of the certificate of deposit including interest.

NOTES TO FINANCIAL STATEMENTS

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2006

NOTE C – INVESTMENTS -- continued

The County's investments are categorized below to indicate the level of risk assumed by the entity at June 30, 2006. Category 1 includes investments that are insured or registered or for which securities are held by the County or its agent in the County's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the County's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker or dealer, or by the trust department or agent but not in the County's name.

	Category			Carrying Amount	Market Value
	1	2	3		
Bank deposit accounts	\$ 18,112,983	\$ --	\$ --	\$ 18,112,983	\$ 18,112,983
Total	\$ 18,112,983	\$ --	\$ --	18,112,983	18,112,983
State treasurer's investment pool				7,432,699	7,432,699
State treasurer's investment pool – Agency funds				9,731,228	9,731,228
Total Investments and Deposits				\$ 35,276,910	\$ 35,276,910

The County has investments in the S. C. Local Government Investment Pool at June 30, 2006 of \$17,163,927 (\$7,432,699 for the primary government and \$9,731,228 for the Agency Funds) which are not categorized because they are not evidenced by securities that exist in physical or book entry form. The investment pool is managed by the State Treasurer and the fair value of the County's position equals the value of the pool's shares.

NOTE D - INTERFUND RECEIVABLES AND PAYABLES

Due from/to other funds:

Receivable Fund	Payable Fund	Amount
General	Special Revenue	\$ 10,268
Special Revenue	General	365,136
Capital Projects	General	529,314
Enterprise	General	95,881
Enterprise	General	1,452,639
Total		\$ 2,453,238

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2006

NOTE E - PROPERTY TAXES

Property taxes are levied on real properties owned on the preceding December 31 of each County fiscal year ended June 30. Liens attach to the property at the time the taxes are levied which is usually in October of each year. These taxes are due without penalty through January 15. Penalties are added to taxes depending on the date paid as follows:

- January 16 through February 1 - 5% of tax
- February 2 through March 16 - 10% of tax
- March 17 through March 31 - 15% of tax plus collection cost

Current year real property taxes become delinquent on March 17. The levy date for motor vehicle taxes is the first day of the month in which the motor vehicle license expires. These taxes are due by the last day of the same month. Only the portion of uncollected taxes at June 30, 2006, that are collected within sixty days after June 30 is considered to be available to liquidate current liabilities under the modified accrual basis of accounting. Therefore, a deferred revenue account has been provided equal to the delinquent accounts in excess of the sixty-day period. Property taxes receivable as of June 30, 2006 are net of an allowance for uncollectible taxes in the amount of \$406,276.

Amounts recorded under the accrual basis of accounting are recognized as revenue when assessed and levied.

NOTE F - RESTRICTED CASH

At June 30, 2006, the Nursing Home had restricted cash in the amounts of:

Resident funds	\$	26,192
Bond cushion funds		1,069,866

Resident funds represent amounts held for patient personal needs. Bond cushion funds are amounts held to pay the semi-annual interest and annual principal payments of the revenue bonds.

NOTE G - LONG-TERM DEBT

The following is a summary of long-term debt transactions of the County for the year ended June 30, 2006:

	Balance, <u>July 1, 2005</u>	<u>Additions</u>	<u>Deletions</u>	Balance, <u>June 30, 2006</u>
Bonds payable	\$ 4,175,000	\$ 23,560,000	\$ 485,000	\$ 27,250,000
Landfill Post Closure	870,000	--	10,000	860,000
Lease purchase agreement	745,810	2,152,777	517,059	2,381,528
Accrued vacation	<u>207,305</u>	<u>153,219</u>	<u>--</u>	<u>360,524</u>
Total Long Term Debt	<u>\$ 5,998,115</u>	<u>\$ 25,865,996</u>	<u>\$ 1,012,059</u>	<u>\$ 30,852,052</u>

NOTES TO FINANCIAL STATEMENTS

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2006

NOTE G - LONG-TERM DEBT -- continued

Bonds payable at June 30, 2006, are composed of the following:

\$800,000 General Obligation Bonds, Series 1995, due in annual installments of \$25,000 to \$75,000 through September 1, 2010; interest rate varies from 5.2% to 7.2%. Current amount due \$75,000	\$ 375,000
\$4,000,000 General Obligation Bonds of 2001, due in annual installments of \$130,000 to \$345,000 through March 2021; interest rate varies from 4.50% to 6.5%. Current amount due \$155,000	3,580,000
Special Source Revenue Bond – 2006 - due in annual installments of \$195,000 - \$455,000 through April 2026; interest rate 3.99%. Current amount due \$195,000	6,410,000
\$15,150,000 - 2005 A Bonds, due in annual installments of \$1,500,000 to \$2,650,000 through April 2013; interest rate varies from 3.00% to 3.50%. Current amount due \$1,500,000	15,150,000
\$2,000,000 General Obligation Bonds, Series 2005, due in annual installments of \$265,000 to \$610,000 through March 2009; interest rate varies from 4.40% to 4.80%. Current amount due \$545,000	<u>1,735,000</u>
Total bonds payable	<u>\$ 27,250,000</u>

Outstanding bonds payable are due as follows at June 30, 2006:

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 2,470,000	\$ 1,053,729	\$ 3,523,729
2008	3,050,000	964,864	4,014,864
2009	3,195,000	869,506	4,064,506
2010	2,705,000	729,613	3,434,613
2011	2,825,000	609,850	3,434,850
2012 – 2016	7,635,000	1,735,713	9,370,713
2017 – 2021	3,265,000	864,708	4,129,708
2012 – 2026	<u>2,105,000</u>	<u>258,353</u>	<u>2,363,353</u>
Totals	<u>\$ 27,250,000</u>	<u>\$ 7,086,336</u>	<u>\$ 34,336,336</u>

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2006

NOTE G - LONG-TERM DEBT – Continued

General Obligation Bonds

Ad valorem taxes are pledged to secure the outstanding balance of each bond issue and must be levied in the amount sufficient to pay the principal and interest due each year. The South Carolina Constitution limits local unit borrowing power to 8 percent of its assessed property value.

The limitation excludes bonded indebtedness existing on December 1, 1977 (date of the Constitutional amendment), certain special levies assessed on properties located in an area receiving special benefits, and other prescribed indebtedness approved by the voters. Based on the December 31, 2005 assessed property valuation of \$88,498,320 (unaudited), the legal debt limit is \$7,079,866 leaving a legal debt margin as of June 30, 2006 of \$1,389,866.

Special Source Revenue Bond

The Special Source Revenue Bond was used to purchase land for an industrial park to attract new business and investment in the County. The Revenue Bond is going to be paid for using the County's fee-in-lieu payments received.

Sales Tax Bond Payable

An optional one-percent sales tax was instituted in the County to pay for future capital projects. The Sales Tax was pledged to secure a bond issue to fund current capital project needs. Principal payments on this bond are due annually and interest is due semi-annually.

Lease Purchase Agreements

Lease Purchase 2002 for \$332,488 was used to purchase E-911 Equipment. The annual interest rate for this agreement is 4.42% with monthly payments of \$4,609 for seven years through May 2009 (84 payments). Lease Purchase 2005 was used to purchase County Capital Assets in the amount of \$2,500,000. Five annual principal and interest payments of \$548,070 are due annually in December from 2006 to 2009. The annual interest rate is 3.14%. Lease Purchase 2006 was used to buy equipment for \$200,000. The annual interest rate is 3.97%. Annual payments of \$33,285 of principal and interest are due in October from 2006 – 2012.

Outstanding lease purchase agreements are due as follows at June 30, 2006:

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 559,290	\$ 77,377	\$ 636,667
2008	577,742	58,924	636,666
2009	592,204	39,854	632,058
2010	559,870	21,486	581,356
2011	29,616	3,669	33,285
2012 - 2016	<u>62,806</u>	<u>3,764</u>	<u>66,570</u>
Totals	<u>\$ 2,381,528</u>	<u>\$ 205,074</u>	<u>\$ 2,586,602</u>

NOTES TO FINANCIAL STATEMENTS
 NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2006

NOTE G - LONG-TERM DEBT – Continued

Landfill Post-Closure Costs

The County stopped accepting solid waste at its landfill site in 1993. State and federal laws and regulations require the County to perform certain maintenance and monitoring functions at the landfill site after closure. The estimated post-closure care liability remaining is \$870,000. The County has spent \$189,046 to monitor and maintain the landfill site. Future maturities are supposed to be presented for five year increments through maturity, however to limit the schedule size, the County has presented the following schedule. The County estimates \$10,000 will be needed each year, so for a five year period, \$50,000 would be required. Future estimated maturities are as follows:

2007	\$	10,000
2008		10,000
2009		10,000
2010		10,000
2011		10,000
2012 – 2016		50,000
2017 – 2021		50,000
2022 – 2026		50,000
After 2026		<u>670,000</u>
 Total	 \$	 <u>870,000</u>

Accrued Vacation

Due to the nature of the obligation for accrued vacation, annual requirements to amortize such obligations are not determinable and have not been presented.

J. F. Hawkins -- Bonds and Notes Payable

The following is a summary of note payable transactions for the year ended June 30, 2006:

	<u>Balance,</u> <u>July 1, 2005</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance,</u> <u>June 30, 2006</u>
Revenue Refunding Bonds Series 2006	11,455,000	--	(245,000)	11,210,000
Note Payable	<u> --</u>	<u>11,453</u>	<u>(1,328)</u>	<u>10,125</u>
Total	<u>\$ 11,455,000</u>	<u>\$ 11,453</u>	<u>\$ (246,328)</u>	<u>\$ 11,220,125</u>

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2006

NOTE G - LONG-TERM DEBT -- Continued

J. F. Hawkins -- continued

Bonds payable at June 30, 2006, are composed of the following:

Special Source Refunding Revenue Bonds -- Series 2006 -- Annual principal payments are due in March beginning in March 2006. The principal payments range from \$245,000 to \$750,000. Interest is due in semi-annual payments in March and September beginning in September 2006. Interest payments vary from \$37,500 to \$248,568. The interest rate on these bonds vary from 2.50% to 5.00%.

\$ 11,210,000

Total Bonds Payable

\$ 11,210,000

Notes payable at June 30, 2006, are composed of the following:

Amount due for the purchase of a security system. Twenty-four monthly principal payments of \$521 are due beginning in April 2006 through March 2008. Annual interest rate is 8.50%.

Total Notes Payable

\$ 10,125

The principal amount of notes payable outstanding at June 30, 2006 due in each of the next five fiscal years is as follows:

2007	\$ 295,601
2008	299,524
2009	305,000
2010	315,000
2011	325,000
2012 - 2016	1,830,000
2017 - 2021	2,255,000
2022 - 2026	2,810,000
2027 - 2030	<u>2,785,000</u>
Total	<u>\$ 11,220,125</u>

The Nursing Home had interest expenses of \$561,438 and \$234, Special Source Refunding Revenue Bond and Note Payable, respectively.

Other Political Subdivisions (Overlapping Debt)

Various governing bodies within Newberry County have issued bonds for educational and other programs. The full faith and taxing power of each individual district is pledged to secure the outstanding debt of the District and the Treasurer of Newberry County collects taxes levied on property of each district for the purpose of paying the debt as it matures. The bonds mature serially and are subject to early redemption in accordance with the terms and conditions of the bond agreements.

NOTES TO FINANCIAL STATEMENTS

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2006

NOTE H - PENSION PLAN

Plan Description

The County of Newberry, South Carolina contributes to the South Carolina Retirement Systems and the Police Officers Retirement System, both of which are cost-sharing multiple-employer defined benefit pension plans administered by the South Carolina Retirement Systems; a Division of the State Budget and Control Board. Both the South Carolina Retirement System and Police Officers Retirement System 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. A Comprehensive Annual Financial Report containing financial statements and required supplementary information for the South Carolina Retirement System and Police Officers Retirement System is issued and publicly available by writing the South Carolina Retirement System, P. O. Box 11960, Columbia, S. C. 29211-1960.

Funding Policy

Both employees and employers are required to contribute to the Plans under authority of Title 9 of the SC Code of Laws. Employee required contributions to the Plans are as follows: SCRS - 6% of salary; PORS Class II - 6.5% of salary; PORS Class I - \$21 per month. Employers are required to contribute at the following actuarially determined rates: SCRS - State Agencies & Public Schools - 7.55%, Local government - 7.55%; PORS - Class II - 10.3%, PORS Class I - 7.8%. In addition to the above rates participating employers of the South Carolina Retirement System contribute .15% of payroll to provide a group life insurance benefit for their participants. Participating employers under the Police Officers Retirement System also contribute .2% of payroll to provide a group life insurance benefit and .2% of payroll to provide an accidental death benefit for their participants. All employers contribute at the actuarially required contribution rates.

The County's covered payroll for the fiscal years ending June 30, 2006, 2005, and 2004 was \$3,690,992, \$3,153,268, and \$2,548,259, respectively for SCRS - Local Government and \$2,759,323, \$2,312,989, and \$2,076,285, respectively for PORS - Class II. The employer contribution requirements for SCRS at 7.55% and PORS - Class II at 10.3% for the past three fiscal years were \$278,670, \$211,269, and \$170,733 and \$284,210, \$238,238, and \$213,857, respectively. The County also paid group life contributions for the past three fiscal years of \$5,536, \$4,730, and \$3,822, for SCRS participants and \$5,519, \$4,625, and \$4,152 to the PORS - Class II. Additionally, accidental death contributions for PORS - Class II were \$5,519, \$4,625, and \$4,152, for the years ended June 30, 2006, 2005 and 2004, respectively.

The Nursing Home participates in the SCRS as listed above. The Nursing Home's covered payroll for the fiscal year ended June 30, 2006 was \$3,634,469 for SCRS - Local Government. The employer contribution requirements for SCRS at 7.55% were \$274,402. The Nursing Home incurred \$5,452 for group life contributions for the fiscal year ended June 30, 2006. The Nursing Home's covered payroll for the years ended June 30, 2005 and 2004 were \$3,635,394, and \$3,185,145, respectively. Employer contributions for those years were \$243,571 and \$213,405, respectively.

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2006

NOTE I - POST EMPLOYMENT HEALTH CARE BENEFITS

The County does not sponsor any post-retirement benefits, nor are any material post-employment benefits provided. Therefore, the requirements of GASB, Post-employment Healthcare Plans Administered By Defined Benefit Pension Plans, do not have any material effect on the financial position of the County.

NOTE J - COMMITMENTS AND CONTINGENCIES

Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the State and Federal Governments. Any disallowed claims, including amounts previously collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the County expects such amounts to be immaterial.

NOTE K - LITIGATION

The County is involved in various claims and litigation arising from the normal course of business. Management and their legal counsel believe that the ultimate disposition of these cases will not have a materially adverse effect on the financial position of the County.

NOTE L - RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of; damage to; and destruction of assets; errors or omissions; injuries to employees; and natural disasters. The County has joined with other electing members of the South Carolina Association of Counties to form a risk pool for the purpose of risk management and insurance of workers compensation claims. The County pays an annual premium to the South Carolina Association of Counties for its workers compensation insurance coverage. The risk pool agreement provides that it will be self-sustaining through member premiums.

The County continues to carry commercial insurance through the State of South Carolina Insurance Reserve for all other risks of loss, including general liability and employee health and accident insurance. Settled claims resulting from these risks have not exceeded coverage in any of the last three fiscal years.

NOTES TO FINANCIAL STATEMENTS
NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2006

NOTE M – FUND BALANCE RESERVATIONS

The following amounts are shown as reserved:

Reserved for notes receivable	\$ 1,452,639
Reserved for special revenue	413,790
Reserved for debt service	4,452,361
Reserved for capital projects	13,756,414

Reserved for notes receivable represents the amounts due from JF Hawkins Nursing Home, an enterprise fund of the County, that are not expected to be repaid within the next fiscal year. Reserved for special revenue is the amount available for special revenue purposes. Reserved for debt service is the amount available in the debt service fund to pay future maturities of bonds and notes payable. Reserved for capital projects is the amount available to spend on future capital projects in the County from gifts (general fund for the Community Hall), GO Bond issuance and Sales Tax Bond issuance.

NOTE N – BUDGET

The County adopts an annual appropriated budget prior to each fiscal year. Adjustments to the budget as adopted are listed below to conform with GAAP.

The County does not prepare separate fund budgets. It prepares one budget for the primary governmental unit. Individual fund budgets (General Fund) from the adopted budget are presented in the financial statement. The amounts shown in the general-purpose financial statements are from the adopted budget and have not been adjusted. Only the segregation of the amounts to present the General Fund has been changed to conform with GAAP.

Unfavorable Variances

The County incurred a deficit of \$3,186,929 in the general fund for the fiscal year ended June 30, 2006. The County had anticipated using fund balance reserves of \$2,984,546 , an overall unfavorable variance of \$202,383.

NOTES TO FINANCIAL STATEMENTS

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2006

NOTE O – ENVIRONMENTAL REMEDIATION OBLIGATIONS AND CONTINGENCIES

The County stopped accepting solid waste at its landfill site in 1993. State and federal laws and regulations require the County to perform certain maintenance and monitoring functions at the landfill site after closure. However, the County may incur additional liabilities if the landfill is proven unsafe. The County has not accrued any liability and does not expect to accrue a liability at this time or in the near future. The amount the County may ultimately be liable for cannot be computed or presented at this time.

NOTE P – CAPITAL ASSETS

A summary of changes in property and equipment of the Capital Assets – Governmental Activities are as follows:

	Balance, <u>July 1, 2005</u>	<u>Additions</u>	<u>Deletions</u>	Balance, <u>June 30, 2006</u>
Buildings and Land *	\$ 21,251,914	\$ 6,321,164	\$ --	\$ 27,573,078
Vehicles and equipment	8,442,983	3,171,792	--	11,614,775
Accumulated Depreciation	<u>(11,169,195)</u>	<u>(1,148,840)</u>	--	<u>(12,318,035)</u>
Total	<u>\$ 18,525,702</u>	<u>\$ 8,344,116</u>	<u>\$ --</u>	<u>\$ 26,869,818</u>

* Land of \$7,003,529 is a non-depreciable asset

A summary of changes in property and equipment of the Business-Type Activities are as follows:

	Balance, <u>July 1, 2005</u>	<u>Additions</u>	<u>Deletions</u>	Balance, <u>June 30, 2006</u>
Land **	\$ 217,536	\$ --	\$ --	\$ 217,536
Land Improvements	1,306,595	13,400	--	1,319,995
Buildings	10,829,495	--	--	10,829,495
Building Improvements	932,069	25,047	--	957,116
Equipment	2,139,801	15,888	--	2,155,689
Accumulated depreciation	<u>(5,717,364)</u>	<u>(609,302)</u>	--	<u>(6,326,666)</u>
	<u>\$ 9,708,132</u>	<u>\$ (554,967)</u>	<u>\$ --</u>	<u>\$ 9,153,165</u>

** Land of \$217,536 is a non-depreciable asset

NOTES TO FINANCIAL STATEMENTS

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2006

NOTE P – CAPITAL ASSETS - Continued

The County recorded depreciation expense of \$1,148,840 shown in current expenses on the statement of activities – governmental activities and the Nursing Home recorded \$609,302 in depreciation expense for business-type activities.

The County has elected not to capitalize the costs of paving the County's roads and classified roads as infrastructure. The estimated amount needed to keep the roads in a reasonable condition is between \$500,000 - \$1,000,000 annually. The County receives a portion of road maintenance funds from the State of South Carolina through the C-Funds reimbursements, which is recorded in the Special Revenue fund. For fiscal year 2007, as a Phase II governmental entity, the County will be required to report on major infrastructure assets (roads) using the methods described in GASB 34.

NOTE Q – GOING CONCERN

The Nursing Home had a net deficit of \$1,481,016 at June 30, 2006. This was due to operating losses in current and prior periods. Currently the Nursing Home refinanced its long-term liabilities to improve cash flow and has worked actively to increase occupancy in the facility. The Nursing Home had improved cash flow over the previous year and needs to sustain this trend.

NOTE R – TRANSFERS

The governmental activities transferred \$124,797 to the business-type activities during the fiscal year. The transfer was made to cover the Nursing Home administrator's salary and benefits from July 2005 – April 2006 and marketing expenses. Management feels that the business-type activities will not need further transfers to help with operations and the Nursing Home is paying for the expenses it incurs.

SUPPLEMENTAL INFORMATION

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2006

	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenue			
Taxes			
Property taxes, current	\$ 10,084,809	\$ 9,908,023	\$ (176,786)
Fee in lieu of taxes	600,000	546,839	(53,161)
Delinquent taxes	675,000	317,911	(357,089)
Delinquent tax cost	95,000	126,144	31,144
	<u>11,454,809</u>	<u>10,898,917</u>	<u>(555,892)</u>
Total Taxes			
Intergovernmental			
Local government	1,707,752	1,710,933	3,181
Merchant inventory tax	86,536	86,536	-
Salary supplements	6,300	6,300	-
Accomodations tax	28,000	75,948	47,948
National forestry fund	314,575	291,389	(23,186)
Solid waste - state grant	23,000	17,000	(6,000)
Disaster preparedness	40,000	5,704	(34,296)
	<u>2,206,163</u>	<u>2,193,810</u>	<u>(12,353)</u>
Total Intergovernmental			
Fines and fees			
Clerk of Court - fines and fees	180,000	201,354	21,354
CCCP fees	109,000	140,733	31,733
Clerk of Court - copies	9,000	14,570	5,570
Central Court	666,322	452,951	(213,371)
Magistrates	14,000	9,887	(4,113)
Registration and election	25,618	17,111	(8,507)
Animal control	35,000	36,634	1,634
Probate Judge - fees	80,000	66,250	(13,750)
Probate Judge - copies	1,500	1,191	(309)
Sheriff - fees	9,000	6,625	(2,375)
Forfeit land commission	-	987	987
Marriage license fee/ceremonies	400	-	(400)
Building Inspection	127,500	137,693	10,193
FFP	94,000	48,175	(45,825)

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2006

	Final Budget	Actual	Variance Favorable (Unfavorable)
Fines and fees - continued			
Tipping fees	920,000	857,014	(62,986)
Recycle revenue	28,000	58,685	30,685
Zoning fee	28,000	24,534	(3,466)
Cable/phone franchise	32,600	13,723	(18,877)
	<u>2,359,940</u>	<u>2,088,117</u>	<u>(271,823)</u>
Total Fines and fees			
Other			
Interest	125,000	301,250	176,250
Veterans affairs	7,162	6,013	(1,149)
Returned checks	1,200	1,110	(90)
Health department	28,000	17,320	(10,680)
Mobile home licenses	1,400	670	(730)
Assessor's maps	40,000	2,008	(37,992)
Rent & utilities	15,525	12,893	(2,632)
Sale of pipe	500	535	35
Assessor - copies	2,500	1,519	(981)
Council on aging	45,000	61,838	16,838
Soil and Water Conservation	26,588	27,293	705
School resource officer	223,796	271,410	47,614
Surplus property sale	25,000	-	(25,000)
Insurance proceeds	-	27,660	27,660
Miscellaneous	112,380	593,030	480,650
Fund balance reserves	2,984,546	-	(2,984,546)
	<u>3,638,597</u>	<u>1,324,549</u>	<u>(2,314,048)</u>
Total Other			
	<u>3,638,597</u>	<u>1,324,549</u>	<u>(2,314,048)</u>
TOTAL REVENUE	<u>\$ 19,659,509</u>	<u>\$ 16,505,393</u>	<u>\$ (3,154,116)</u>

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2006

	Final Budget	Actual	Variance Favorable (Unfavorable)
Expenditures			
LEGISLATIVE			
County Council			
Personnel	127,501	122,769	4,732
Overtime	3,000	1,787	1,213
Social security	9,983	8,777	1,206
Retirement	10,049	9,957	92
Travel - council	29,499	26,484	3,015
Insurance	49,021	44,232	4,789
Workers compensation	2,229	2,229	-
Advertising	5,500	5,588	(88)
Audit	40,000	25,519	14,481
Bookbinding	19,000	7,797	11,203
Office expenses	2,500	1,388	1,112
Postage	600	200	400
Printing	3,000	854	2,146
Telephone	3,600	2,913	687
Subsistence	1,500	1,029	471
Capital outlay	8,000	4,045	3,955
	<hr/>	<hr/>	<hr/>
TOTAL LEGISLATIVE	314,982	265,568	49,414
ADMINISTRATION			
County Administrator			
Personnel	262,778	281,068	(18,290)
Overtime	1,000	73	927
Social security	20,179	21,195	(1,016)
Retirement	20,311	21,946	(1,635)
Insurance	24,855	22,415	2,440
Workers compensation	3,237	3,236	1
Payroll services	26,000	9,326	16,674
Advertising	5,000	4,139	861
Maintenance	13,040	8,078	4,962
Copier machine	2,500	1,316	1,184
Memberships & Dues	1,750	1,053	697
Office expense	5,000	4,976	24
Postage	4,000	4,023	(23)

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2006

	Final Budget	Actual	Variance Favorable (Unfavorable)
County Administrator - continued			
Printing	4,000	4,936	(936)
Telephone	6,388	7,226	(838)
Training	4,729	1,702	3,027
Travel	10,025	9,228	797
Other Equipment	4,207	608	3,599
Subsistence	8,607	2,991	5,616
	<u>427,606</u>	<u>409,535</u>	<u>18,071</u>
Total County Administrator			
Miscellaneous Operating			
Salary increase	1,855	-	1,855
Contracted maintenance	95,925	22,080	73,845
Insurance	38,656	(12,050)	50,706
Tort insurance	87,906	87,906	-
Unemployment insurance	15,000	2,912	12,088
Bonds	3,000	3,793	(793)
Insurance - buildings	51,833	54,326	(2,493)
Subsistence	13,500	10,627	2,873
Chamber dues	137	137	-
Consulting and technology	7,264	7,264	-
Professional fees	43,113	43,113	-
Legals	179,264	172,723	6,541
	<u>537,453</u>	<u>392,831</u>	<u>144,622</u>
Total Miscellaneous Operating			
TOTAL ADMINISTRATION			
	<u>965,059</u>	<u>802,366</u>	<u>162,693</u>
TAX ASSESSMENT & COLLECTION			
Treasurer's Office			
Personnel	180,853	172,366	8,487
Overtime	1,379	620	759
Social security	13,942	13,581	361
Retirement	14,032	13,871	161
Insurance	23,460	23,527	(67)
Workers compensation	2,049	2,049	-
Advertising	300	119	181
Contracted maintenance	12,609	13,022	(413)
Membership & dues	255	135	120

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2006

	Final <u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Treasurer's Office - continued			
Office expense	3,500	5,135	(1,635)
Postage	41,500	34,209	7,291
Printing	16,000	15,293	707
Telephone	3,000	1,602	1,398
Training	1,200	783	417
Travel	1,860	547	1,313
Subsistence	3,040	1,949	1,091
Smith Data	36,674	35,235	1,439
Capital outlay	<u>5,000</u>	<u>3,133</u>	<u>1,867</u>
Total Treasurer's Office	<u>360,653</u>	<u>337,176</u>	<u>23,477</u>
Auditor's Office			
Personnel	200,805	190,948	9,857
Social security	15,362	14,162	1,200
Retirement	15,462	15,314	148
Insurance	29,618	32,715	(3,097)
Workers compensation	1,953	1,953	-
Advertising	750	-	750
Contracted maintenance	10,308	8,811	1,497
Memberships & dues	280	150	130
Office expense	3,500	2,589	911
Postage	551	550	1
Printing	15,000	10,459	4,541
Subscriptions & books	1,000	529	471
Telephone	2,300	2,523	(223)
Training	1,000	1,000	-
Travel	2,005	1,949	56
Smith Data	36,675	34,574	2,101
Subsistence	2,525	2,524	1
Office furniture	<u>5,000</u>	<u>5,000</u>	<u>-</u>
Total Auditor's Office	<u>344,094</u>	<u>325,750</u>	<u>18,344</u>

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2006

	Final Budget	Actual	Variance Favorable (Unfavorable)
Assessor's Office			
Personnel	230,263	223,846	6,417
Social security	16,713	15,905	808
Retirement	16,822	17,291	(469)
Insurance	38,872	39,897	(1,025)
Workers compensation	3,099	3,000	99
Advertising	700	977	(277)
Contracted maintenance	187,875	240,427	(52,552)
Memberships & dues	1,535	1,535	-
Office expense	3,617	3,864	(247)
Postage	4,000	2,849	1,151
Printing	900	899	1
Telephone	3,486	2,382	1,104
Training	3,200	3,310	(110)
Travel	300	530	(230)
Gas, oil, grease	3,200	1,540	1,660
Subsistence	1,200	1,168	32
Vehicle insurance	3,600	1,373	2,227
	<u>519,382</u>	<u>560,793</u>	<u>(41,411)</u>
Total Assessor's Office			
Tax Collector			
Personnel	51,296	49,957	1,339
Social security	3,924	3,919	5
Retirement	3,950	4,006	(56)
Insurance	9,835	9,801	34
Workers compensation	1,534	1,569	(35)
Advertising	11,580	8,695	2,885
Contracted maintenance	1,778	1,778	-
Consulting	12,000	9,180	2,820
Professional services	10,000	-	10,000
Memberships & dues	100	100	-
Office expense	1,100	1,079	21
Postage	28,000	26,903	1,097
Printing	300	132	168
Supplies - posting	1,000	962	38
Telephone	1,885	1,511	374

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2006

	Final Budget	Actual	Variance Favorable (Unfavorable)
Tax Collector - continued			
Training	700	390	310
Travel	600	12	588
Vehicle insurance	1,320	1,319	1
Gas, oil, grease	500	316	184
Smith Data	7,475	5,130	2,345
Subscriptions	150	72	78
Review board and appeals	2,180	2,180	-
Subsistence	1,200	578	622
Office furniture	2,000	1,219	781
	<u>154,407</u>	<u>130,808</u>	<u>23,599</u>
Total Tax Collector			
	<u>154,407</u>	<u>130,808</u>	<u>23,599</u>
TOTAL TAX ASSESSMENT & COLLECTION	<u>1,378,536</u>	<u>1,354,527</u>	<u>24,009</u>
REGISTRATION & ELECTION BOARD			
Personnel	60,703	51,256	9,447
Board members	18,034	17,460	574
Social security	3,955	3,816	139
Retirement	3,981	4,025	(44)
Insurance	8,697	4,608	4,089
Workers compensaton	250	184	66
Advertising	1,500	1,096	404
Contracted maintenance	8,500	2,019	6,481
Memberships & dues	180	160	20
Office expense	2,673	2,724	(51)
Postage	2,575	1,781	794
Printing	4,000	432	3,568
Telephone	3,800	3,063	737
Supplies	2,826	1,681	1,145
Training	1,500	855	645
Travel	2,500	1,360	1,140
Subsistence	2,500	2,474	26
	<u>128,174</u>	<u>98,994</u>	<u>29,180</u>
TOTAL REGISTRATION & ELECTION BOARD	<u>128,174</u>	<u>98,994</u>	<u>29,180</u>

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2006

	Final Budget	Actual	Variance Favorable (Unfavorable)
ADMINISTRATION OF JUSTICE			
Criminal & Civil Court			
Personnel	86,000	83,493	2,507
Personnel - bailiff	15,300	10,362	4,938
Jury fees	50,000	50,000	-
Court expense	6,000	5,442	558
Postage	2,000	2,000	-
Printing	1,000	66	934
Telephone	2,600	2,394	206
Telephone - family court	357	-	357
DJJ	<u>1,143</u>	<u>1,143</u>	<u>-</u>
Total Criminal & Civil Court	<u>164,400</u>	<u>154,900</u>	<u>9,500</u>
Clerk of Court			
Personnel	165,136	147,069	18,067
Social security	12,633	11,017	1,616
Retirement	12,715	11,764	951
Insurance	20,738	23,696	(2,958)
Workers compensation	2,766	2,766	-
Advertising	500	568	(68)
Bookbinding	5,000	5,000	-
Contracted maintenance	70,000	55,868	14,132
Memberships & dues	50	50	-
Office expense	5,000	5,188	(188)
Postage	20,000	19,744	256
Printing	2,500	2,502	(2)
Telephone	2,500	2,729	(229)
Training	1,000	595	405
Subsistence	50	48	2
Travel	<u>2,500</u>	<u>1,853</u>	<u>647</u>
Total Clerk of Court	<u>323,088</u>	<u>290,457</u>	<u>32,631</u>

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2006

	Final <u>Budget</u>	Actual	Variance Favorable (Unfavorable)
Family Court - Clerk of Court			
Personnel	107,572	103,685	3,887
Social security	8,229	7,973	256
Retirement	8,283	8,315	(32)
Insurance	27,877	19,413	8,464
Workers compensation	395	395	-
Contracted maintenance	5,500	3,733	1,767
Office expense	2,500	2,617	(117)
Postage	12,000	12,000	-
Printing	10,000	8,225	1,775
Telephone	1,500	2,586	(1,086)
Training	275	512	(237)
	<u>184,131</u>	<u>169,454</u>	<u>14,677</u>
Total Family Court - Clerk of Court			
Probate Judge			
Personnel	147,235	142,310	4,925
Social security	10,263	9,626	637
Retirement	12,682	12,921	(239)
Insurance	23,310	21,913	1,397
Workers compensation	2,687	2,687	-
Advertising	371	371	-
Contracted maintenance	8,000	7,733	267
Membership & dues	300	278	22
Office expense	6,118	6,117	1
Postage	1,725	1,835	(110)
Printing	929	965	(36)
Telephone	3,000	3,064	(64)
Education & training	1,475	1,425	50
Travel	3,180	3,125	55
Capital outlay	12,881	13,013	(132)
	<u>234,156</u>	<u>227,383</u>	<u>6,773</u>
Total Probate Judge			

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2006

	Final Budget	Actual	Variance Favorable (Unfavorable)
Probation & Parole Office			
P.O. Box rent	49	40	9
Telephone	2,000	2,294	(294)
Total Probation & Parole Office	<u>2,049</u>	<u>2,334</u>	<u>(285)</u>
Public Defender			
Personnel	43,602	42,287	1,315
Social security	3,336	2,727	609
Retirement	3,357	3,375	(18)
Insurance	7,952	8,344	(392)
Workers compensation	200	200	-
Office expense	600	900	(300)
Postage	900	600	300
Training	900	900	-
Copier	2,500	2,500	-
Total Public Defender	<u>63,347</u>	<u>61,833</u>	<u>1,514</u>
Coroner			
Personnel	34,508	33,221	1,287
Social security	2,163	2,170	(7)
Retirement	3,025	3,035	(10)
Insurance	4,404	4,608	(204)
Workers compensation	907	907	-
Contracted maintenance	1,541	600	941
Memberships & dues	350	350	-
Office expense	100	12	88
Postage	132	113	19
Subsistence	1,050	743	307
Supplies	1,600	1,597	3
Telephone	1,405	1,790	(385)
Training	300	280	20
Travel	3,075	2,977	98
Film & gloves	750	684	66
Post Mortems & BA	34,629	23,380	11,249
Total Coroner	<u>89,939</u>	<u>76,467</u>	<u>13,472</u>

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2006

	Final Budget	Actual	Variance Favorable (Unfavorable)
Magistrate District 2			
Personnel	168,452	163,272	5,180
Social security	12,887	12,281	606
Retirement	15,060	15,254	(194)
Insurance	30,954	40,111	(9,157)
Workers compensation	3,875	3,875	-
Advertising	100	-	100
Contracted maintenance	2,750	2,539	211
Consulting & tech fees	300	106	194
Memberships	240	-	240
Office expense	9,236	9,888	(652)
Postage	6,300	3,650	2,650
Printing	1,717	1,716	1
Telephone	1,500	1,348	152
Training	1,503	264	1,239
Travel	1,545	1,545	-
Subsistence	237	111	126
	<u>256,656</u>	<u>255,960</u>	<u>696</u>
Total Magistrate District 2			
Magistrate District 1			
Personnel	9,209	9,003	206
Social security	704	682	22
Retirement	986	981	5
Insurance	4,404	4,584	(180)
Workers compensation	102	102	-
Maintenance	200	33	167
Office expense	450	782	(332)
Postage	204	-	204
Printing	319	318	1
Travel	1,492	1,492	-
Telephone	2,074	1,218	856
	<u>20,144</u>	<u>19,195</u>	<u>949</u>
Total Magistrate District 1			

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2006

	Final Budget	Actual	Variance Favorable (Unfavorable)
Magistrate District 4			
Personnel	7,831	7,554	277
Social security	1,198	570	628
Retirement	838	745	93
Insurance	6,894	5,059	1,835
Workers compensation	68	68	-
Membership	150	20	130
Office expense	800	697	103
Postage	150	41	109
Training	1,700	1,315	385
Travel	300	-	300
Telephone	1,320	1,292	28
	<u>21,249</u>	<u>17,361</u>	<u>3,888</u>
Magistrate District 6			
Personnel	15,559	15,864	(305)
Social security	1,190	1,232	(42)
Retirement	1,665	1,865	(200)
Insurance	4,404	4,608	(204)
Workers compensation	52	52	-
Membership	100	-	100
Office expense	2,121	2,412	(291)
Postage	110	105	5
Rent	300	300	-
Training	250	120	130
Travel	1,000	701	299
Telephone	350	350	-
	<u>27,101</u>	<u>27,609</u>	<u>(508)</u>
TOTAL ADMINISTRATION OF JUSTICE			
	<u>1,386,260</u>	<u>1,302,953</u>	<u>83,307</u>

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2006

	Final <u>Budget</u>	Actual	Variance Favorable (Unfavorable)
LAW ENFORCEMENT			
Sheriff's Department			
Personnel	1,525,400	1,458,596	66,804
Overtime	63,417	75,318	(11,901)
School resource officer - salary and benefits	223,795	276,383	(52,588)
School safety	5,000	5,000	-
Social security	121,255	118,905	2,350
Retirement	221,306	169,568	51,738
Insurance	205,357	202,518	2,839
Workers compensation	62,006	56,558	5,448
Contracted maintenance	33,627	33,668	(41)
Consulting & tech fees	500	490	10
Advertising	200	124	76
Professional services	1,000	1,101	(101)
Vehicle insurance	49,316	49,514	(198)
Bonds - employees	3,800	4,200	(400)
Membership & dues	3,765	3,463	302
Office expense	6,000	5,754	246
Postage	1,000	1,017	(17)
Printing	3,980	3,971	9
Transportation of prisoners	2,500	2,529	(29)
Telephone	5,175	5,142	33
Training	1,720	1,718	2
Travel	600	600	-
Subsistence	5,430	5,502	(72)
Ammo & guns	3,645	3,596	49
Cleaning supplies	500	312	188
Gas, oil, grease	115,800	188,737	(72,937)
Medicals	2,500	2,481	19
Photo supplies	2,352	2,303	49
Books	4,672	4,672	-
Supplies	3,581	3,500	81
Uniforms	20,000	19,950	50
Special law enforcement	2,250	2,204	46
Capital outlay	240,000	239,835	165
Bloodhounds	3,774	3,774	-
Other equipment	20,500	20,442	58

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2006

	Final Budget	Actual	Variance Favorable (Unfavorable)
Sheriff's Department - continued			
Crime prevention	1,000	1,000	-
Project Near	<u>1,000</u>	<u>1,032</u>	<u>(32)</u>
Total Sheriff's Department	<u>2,967,723</u>	<u>2,975,477</u>	<u>(7,754)</u>
TOTAL LAW ENFORCEMENT	<u>2,967,723</u>	<u>2,975,477</u>	<u>(7,754)</u>
DETENTION			
Corrections			
Personnel	755,039	654,291	100,748
Overtime	69,167	55,458	13,709
Social security	65,088	56,799	8,289
Retirement	91,038	78,605	12,433
Insurance	148,198	158,246	(10,048)
Workers compensation	33,879	33,879	-
Advertising	800	241	559
Contracted maintenance	16,225	17,050	(825)
Utilities	85,000	64,098	20,902
Vehicle insurance	2,500	1,314	1,186
Memberships & dues	252	236	16
Office expense	5,500	5,231	269
Postage	136	136	-
Printing	1,500	1,558	(58)
Telephone	3,300	2,199	1,101
Training	2,230	1,612	618
Training - medical	1,100	435	665
Travel	5,065	264	4,801
Subsistence	2,400	2,460	(60)
Ammo	1,500	1,338	162
Bedding	6,000	4,845	1,155
Chemicals	2,560	2,352	208
Cleaning materials	5,000	5,071	(71)
Food	153,200	129,980	23,220
Gas, oil, grease	2,100	2,100	-
Medical	121,343	221,940	(100,597)
Police supplies	1,500	1,500	-
Books	1,000	994	6

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2006

	Final <u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Corrections - continued			
Clothing	7,500	6,621	879
Uniforms	10,055	10,009	46
DYS Juvenile	5,650	3,925	1,725
Kitchen supplies	1,500	1,383	117
Other equipment	9,000	8,982	18
Photo ID equipment	1,350	1,071	279
	<u>1,617,675</u>	<u>1,536,223</u>	<u>81,452</u>
Total Corrections			
TOTAL DETENTION	<u>1,617,675</u>	<u>1,536,223</u>	<u>81,452</u>
 PUBLIC SAFETY			
Public Safety			
Personnel	79,377	76,572	2,805
Social security	6,072	6,020	52
Retirement	6,112	6,141	(29)
Insurance	8,666	9,217	(551)
Workers compensation	2,007	2,007	-
Contracted maintenance	7,064	5,679	1,385
Vehicle insurance	670	634	36
Membership and dues	100	-	100
Office expense	4,000	2,504	1,496
Postage	177	-	177
Printing	100	-	100
Telephone	2,556	1,625	931
Training	1,000	885	115
Gas, oil, grease	800	800	-
Photo supplies	1,100	210	890
Travel	450	37	413
	<u>120,251</u>	<u>112,331</u>	<u>7,920</u>
Total Public Safety			
 Animal Control			
Personnel	139,262	112,342	26,920
Overtime	10,000	13,300	(3,300)
Social security	11,419	9,330	2,089
Retirement	11,493	10,034	1,459

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2006

	Final Budget	Actual	Variance Favorable (Unfavorable)
Animal Control - continued			
Insurance	19,988	26,730	(6,742)
Workers compensation	3,688	3,688	-
Advertising	550	824	(274)
Utilities	6,000	5,101	899
Insurance vehicles	3,000	1,851	1,149
Memberships and dues	350	150	200
Office expense	6,446	4,317	2,129
Postage	200	77	123
Repairs to equipment	1,304	1,371	(67)
Telephone	4,500	2,135	2,365
Tools	1,500	148	1,352
Training	2,500	527	1,973
Travel	550	266	284
Subsistence	1,500	169	1,331
Cleaning supplies	3,500	462	3,038
Dog food	1,500	1,092	408
Gas, oil and grease	11,500	10,206	1,294
Medical and surgical	14,000	11,163	2,837
Medication	10,267	16,483	(6,216)
Uniforms	733	733	-
Office furniture	2,000	2,000	-
	<u>267,750</u>	<u>234,499</u>	<u>33,251</u>
Total Animal Control			
Communications			
Personnel	319,080	313,280	5,800
Overtime	32,132	34,111	(1,979)
Social security	27,437	26,766	671
Retirement	27,616	27,763	(147)
Insurance	63,759	66,693	(2,934)
Workers compensation	1,568	1,568	-
Advertising	200	-	200
Contracted maintenance	25,801	26,218	(417)
Memberships & dues	150	83	67
Office expense	6,500	6,287	213
Postage	37	-	37

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2006

	Final Budget	Actual	Variance Favorable (Unfavorable)
Communications - continued			
Printing	140	-	140
Subsistence	995	1,308	(313)
Telephone	3,700	3,277	423
Training	900	588	312
Travel	<u>465</u>	<u>545</u>	<u>(80)</u>
Total Communications	<u>510,480</u>	<u>508,487</u>	<u>1,993</u>
Board of Rescue Squads			
Utilities	21,000	21,000	-
Workers compensation	20,314	20,314	-
Vehicle insurance	14,360	13,698	662
EMS grant match	-	-	-
Repairs to equipment	4,000	5,465	(1,465)
Training	10,000	12,513	(2,513)
Gas, oil, grease	8,500	10,095	(1,595)
Medical supplies	15,000	18,001	(3,001)
Rescue supplies	13,000	10,430	2,570
Cleaning supplies	500	-	500
Capital outlay	<u>64,777</u>	<u>67,127</u>	<u>(2,350)</u>
Total Board of Rescue Squads	<u>171,451</u>	<u>178,643</u>	<u>(7,192)</u>
Hazardous Materials			
Contracted maintenance	1,375	1,375	-
Office expenses	200	200	-
Medical	4,092	4,065	27
Telephone	220	104	116
Training	3,000	3,480	(480)
Supplies	<u>15,222</u>	<u>15,222</u>	<u>-</u>
Total Hazardous Materials	<u>24,109</u>	<u>24,446</u>	<u>(337)</u>

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2006

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Board of Rural Fire Control			
Personnel	44,178	42,328	1,850
Social security	2,827	3,373	(546)
Retirement	3,402	3,395	7
Insurance	295	295	-
Workers compensation	29,504	29,504	-
Advertising	1,419	-	1,419
Shared revenue	143,519	124,702	18,817
Contracted maintenance	2,800	2,800	-
Utilities	42,000	42,000	-
Vehicle insurance	44,320	37,124	7,196
Office expense	700	600	100
Repairs to equipment	3,000	2,999	1
Repairs to radio	6,141	6,141	-
Repairs to building	49,762	43,283	6,479
Training	529	529	-
Gas, oil, grease	15,000	15,747	(747)
Fire supplies	13,172	13,172	-
Lease purchase payment	494,295	494,295	-
Total Board of Rural Fire Control	<u>896,863</u>	<u>862,287</u>	<u>34,576</u>
Building Inspections			
Personnel	96,917	93,134	3,783
Social security	7,415	7,208	207
Retirement	7,463	7,469	(6)
Insurance	12,181	12,435	(254)
Workers compensation	2,239	2,239	-
Memberships	250	150	100
Office	5,000	5,379	(379)
Postage	100	207	(107)
Printing	1,000	997	3
Subscriptions	200	245	(45)
Telephone	1,500	2,297	(797)
Training	2,000	965	1,035
Travel	500	303	197
Vehicle insurance	1,300	1,263	37

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2006

	Final Budget	Actual	Variance Favorable (Unfavorable)
Building Inspections - continued			
Gas, oil, grease	4,000	3,669	331
Total Building Inspections	<u>142,065</u>	<u>137,960</u>	<u>4,105</u>
Ambulance Substation			
Vehicle insurance	9,500	10,910	(1,410)
Training	900	596	304
Uniforms	15,100	15,057	43
Contracted personnel	<u>823,332</u>	<u>706,856</u>	<u>116,476</u>
Total Ambulance Substation	<u>848,832</u>	<u>733,419</u>	<u>115,413</u>
Flood Management			
Personnel	39,933	34,658	5,275
Social security	3,055	2,044	1,011
Retirement	3,075	2,303	772
Insurance	7,952	6,169	1,783
Workers compensation	1,306	1,306	-
Training	800	758	42
Memberships	200	140	60
Office	2,500	2,105	395
Postage	400	521	(121)
Telephone	1,300	2,133	(833)
Travel	604	183	421
Vehicles insurance	830	662	168
Subsistence	1,649	-	1,649
Gas, oil, grease	<u>1,500</u>	<u>792</u>	<u>708</u>
Total Flood Management	<u>65,104</u>	<u>53,774</u>	<u>11,330</u>
TOTAL PUBLIC SAFETY	<u>3,022,796</u>	<u>2,845,846</u>	<u>201,396</u>

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2006

	Final Budget	Actual	Variance Favorable (Unfavorable)
PUBLIC WORKS & MAINTENANCE			
Public Works			
Personnel	563,070	502,527	60,543
Overtime	7,200	6,830	370
Social security	44,494	38,523	5,971
Retirement	44,785	39,704	5,081
Insurance	93,354	100,435	(7,081)
Workers compensation	62,288	56,837	5,451
Advertising	500	799	(299)
Consulting fees	70,400	80,580	(10,180)
Utilities	4,000	4,895	(895)
Vehicle insurance	18,100	18,423	(323)
Memberships & dues	400	343	57
Office expense	3,705	3,775	(70)
Postage	800	838	(38)
Printing	198	198	-
Supplies	714	748	(34)
Repairs to radio	826	826	-
Telephone	4,400	4,441	(41)
Training	1,167	1,167	-
Bridge materials	29,342	29,591	(249)
Cleaning materials	84	84	-
Fertilizer, plants, seeds	516	517	(1)
Gas, oil, grease	70,000	51,046	18,954
Diesel fuel	70,000	66,340	3,660
Safety supplies	2,300	2,274	26
Gravel	140,000	141,185	(1,185)
Asphalt	30,000	28,064	1,936
Pipe	37,070	34,374	2,696
Tools	5,500	5,511	(11)
Road signs	12,000	9,914	2,086
219 Beautification Project	11,000	11,000	-
Land improvements	254,925	263,786	(8,861)
Uniforms	5,500	6,999	(1,499)
Subsistence	45,644	37,085	8,559
Total Public Works	<u>1,634,282</u>	<u>1,549,659</u>	<u>84,623</u>

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2006

	Final Budget	Actual	Variance Favorable (Unfavorable)
Central Maintenance			
Contracted maintenance	401,038	406,363	(5,325)
Utilities	5,430	8,937	(3,507)
Fuel	1,560	2,185	(625)
Tools	1,000	959	41
Total Central Maintenance	<u>409,028</u>	<u>418,444</u>	<u>(9,416)</u>
Building Maintenance			
Personnel	59,787	58,051	1,736
Social security	4,574	4,215	359
Retirement	4,604	4,656	(52)
Insurance	12,531	13,201	(670)
Workers compensation	2,697	2,697	-
Contracted maintenance	17,000	14,429	2,571
Utilities	120,000	143,702	(23,702)
Vehicle insurance	1,529	1,289	240
Supplies	55,000	54,786	214
Subsistence	500	-	500
Telephone	2,436	1,528	908
Training	1,344	114	1,230
Gas, oil, grease	3,000	2,613	387
Film and gloves	1,040	549	491
Uniforms	650	884	(234)
Tools	676	662	14
Total Building Maintenance	<u>287,368</u>	<u>303,376</u>	<u>(16,008)</u>
Community Hall			
Personnel	10,729	10,357	372
Social security	821	817	4
Retirement	826	831	(5)
Insurance	4,293	4,350	(57)
Workers compensation	99	99	-
Telephone	950	810	140
Total Community Hall	<u>17,718</u>	<u>17,264</u>	<u>454</u>

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2006

	Final Budget	Actual	Variance Favorable (Unfavorable)
Collections			
Personnel	57,892	52,199	5,693
Overtime	1,267	144	1,123
Social security	4,526	4,136	390
Retirement	4,555	4,358	197
Insurance	8,808	14,444	(5,636)
Workers compensation	11,183	11,183	-
Contracted personnel	265,352	190,524	74,828
Contracted maintenance	461,491	448,979	12,512
Utilities	20,000	21,545	(1,545)
Vehicle insurance	4,000	2,408	1,592
Office	1,000	1,048	(48)
Supplies	2,000	1,968	32
Telephone	6,200	6,583	(383)
Training	272	272	-
Travel	50	50	-
Cleaning supplies	500	404	96
Tools and other equipment	28,368	28,141	227
	<u>877,464</u>	<u>788,386</u>	<u>89,078</u>
Total Collections			
	<u>877,464</u>	<u>788,386</u>	<u>89,078</u>
Transfer Station			
Contracted personnel	1,688,523	1,608,070	80,453
Repairs to equipment	17,100	15,811	1,289
Utilities	7,000	7,799	(799)
Sewer disposal	4,000	2,760	1,240
Supplies	7,900	5,520	2,380
	<u>1,724,523</u>	<u>1,639,960</u>	<u>84,563</u>
Total Transfer Station			
	<u>1,724,523</u>	<u>1,639,960</u>	<u>84,563</u>
Custodian Services			
Personnel	29,985	33,660	(3,675)
Social security	2,605	2,993	(388)
Retirement	1,911	2,302	(391)
Insurance	12,427	10,579	1,848

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2006

	Final Budget	Actual	Variance Favorable (Unfavorable)
Custodian Services - continued			
Workers compensation	435	435	-
Vehicle insurance	1,300	616	684
Repairs to equipment	500	391	109
Cleaning supplies	18,645	20,046	(1,401)
Fertilizer, feed, seed	351	321	30
Gas, oil, grease	2,452	1,677	775
Film and gloves	765	313	452
Tools	500	61	439
Telephone	600	439	161
Training	114	114	-
Uniforms	517	597	(80)
Chemicals	756	65	691
Office furniture	1,434	1,460	(26)
	<u>75,297</u>	<u>76,069</u>	<u>(772)</u>
Total Custodian Services			
	<u>75,297</u>	<u>76,069</u>	<u>(772)</u>
TOTAL PUBLIC WORKS & MAINTENANCE	<u>5,025,680</u>	<u>4,793,158</u>	<u>232,522</u>
PLANNING & DEVELOPMENT			
Central Midlands Regional PC	<u>19,146</u>	<u>19,146</u>	<u>-</u>
Economic Development			
Personnel	78,257	73,009	5,248
Social Security	5,987	5,350	637
Retirement	6,026	5,314	712
Insurance	4,333	4,608	(275)
Workers compensation	2,031	2,031	-
Appropriations	75,000	75,000	-
Miscellaneous	26,956	23,995	2,961
Memberships	1,900	830	1,070
Office	2,900	2,885	15
Postage	550	428	122
Printing	1,000	81	919

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2006

	Final Budget	Actual	Variance Favorable (Unfavorable)
Economic Development - continued			
Subscriptions	370	117	253
Subsistence	4,550	3,362	1,188
Telephone	1,550	1,792	(242)
Training	2,050	876	1,174
Travel	4,050	3,349	701
Other equipment	9,710	13,968	(4,258)
Total Economic Development	<u>227,220</u>	<u>216,995</u>	<u>10,225</u>
Comprehensive Planning			
Personnel	63,378	60,979	2,399
Social security	4,848	4,388	460
Retirement	4,880	4,891	(11)
Insurance	16,309	16,298	11
Workers compensation	2,116	2,116	-
Advertising	1,260	1,898	(638)
Memberships and dues	400	274	126
Office expense	2,000	1,642	358
Postage	1,500	682	818
Printing	336	-	336
Books	284	284	-
Telephone	2,675	2,524	151
Training	500	325	175
Travel	100	-	100
Gas, oil, and grease	900	843	57
Subsistence	800	455	345
Vehicle insurance	1,105	629	476
Total Comprehensive Planning	<u>103,391</u>	<u>98,228</u>	<u>5,163</u>
Central Carolina Economic Development Alliance	<u>72,000</u>	<u>72,000</u>	<u>-</u>
TOTAL PLANNING & DEVELOPMENT	<u>421,757</u>	<u>406,369</u>	<u>15,388</u>

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2006

	Final Budget	Actual	Variance Favorable (Unfavorable)
EDUCATION & CULTURE			
Newberry/Saluda Regional Library			
Quarterly - payment	<u>319,700</u>	<u>322,963</u>	<u>(3,263)</u>
TOTAL EDUCATION & CULTURE	<u>319,700</u>	<u>322,963</u>	<u>(3,263)</u>
AGRICULTURE & HOME ECONOMICS			
Clemson Extension	<u>16,500</u>	<u>11,025</u>	<u>5,475</u>
Newberry Soil & Water Conservation	<u>54,588</u>	<u>56,505</u>	<u>(1,917)</u>
TOTAL AGRICULTURE & HOME ECONOMICS	<u>71,088</u>	<u>67,530</u>	<u>3,558</u>
PUBLIC HEALTH			
Health Department			
Personnel	79,406	76,238	3,168
Telephone	<u>6,000</u>	<u>1,794</u>	<u>4,206</u>
Total Health Department	<u>85,406</u>	<u>78,032</u>	<u>7,374</u>
Beckman Mental Health	<u>15,000</u>	<u>15,000</u>	<u>-</u>
Westview Behavioral	<u>23,330</u>	<u>22,850</u>	<u>480</u>
TOTAL PUBLIC HEALTH	<u>123,736</u>	<u>115,882</u>	<u>7,854</u>
SOCIAL SERVICES			
Department of Social Services			
Personnel	2,160	1,710	450
P.O. Box rent	68	72	(4)
Office expense	500	-	500
Telephone	4,500	3,984	516
Emergency	4,000	4,000	-
Paupers funeral	4,500	4,500	-
Utilities	50,000	36,831	13,169
Capital outlay - land improvements	<u>-</u>	<u>107,812</u>	<u>(107,812)</u>
Total Department of Social Services	<u>65,728</u>	<u>158,909</u>	<u>(93,181)</u>

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2006

	Final Budget	Actual	Variance Favorable (Unfavorable)
Veteran's Affairs			
Personnel	90,288	87,001	3,287
Social security	6,907	6,726	181
Retirement	6,952	6,977	(25)
Insurance	13,008	13,825	(817)
Workers compensation	1,742	1,742	-
Contracted maintenance	600	600	-
Membership fees	65	65	-
Office expense	2,148	2,095	53
Postage	1,093	1,097	(4)
Printing	140	134	6
Subscriptions	86	86	-
Telephone	1,500	1,713	(213)
Training	70	70	-
Travel	771	771	-
Subsistence	724	724	-
	<u>126,094</u>	<u>123,626</u>	<u>2,468</u>
Total Veteran's Affairs			
Council on Aging			
Quarterly appropriation	47,500	47,500	-
Gas, Oil and Grease	<u>25,000</u>	<u>65,788</u>	<u>(40,788)</u>
Total Council on Aging	<u>72,500</u>	<u>113,288</u>	<u>(40,788)</u>
Rape Crisis Network	<u>5,000</u>	<u>5,000</u>	<u>-</u>
Sistercare, Inc.	<u>2,700</u>	<u>2,700</u>	<u>-</u>
Newberry County Literacy	<u>5,435</u>	<u>5,435</u>	<u>-</u>
TOTAL SOCIAL SERVICES	<u>277,457</u>	<u>408,958</u>	<u>(131,501)</u>

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2006

	Final Budget	Actual	Variance Favorable (Unfavorable)
MISCELLANEOUS			
Airport			
Contracted maintenance	6,783	6,705	78
Utilities	3,500	3,687	(187)
Telephone	1,000	1,125	(125)
Training	287	287	-
Travel	224	224	-
Chemicals	506	528	(22)
Fuel	<u>22,736</u>	<u>21,984</u>	<u>752</u>
Total Airport	<u>35,036</u>	<u>34,540</u>	<u>496</u>
Government Association	<u>380</u>	<u>100</u>	<u>280</u>
Newberry County School District	<u>70,000</u>	<u>70,000</u>	<u>-</u>
S.C. Association of Counties	<u>9,146</u>	<u>9,146</u>	<u>-</u>
National Association of Counties	<u>671</u>	<u>709</u>	<u>(38)</u>
Medically indigent Appropriation	<u>112,583</u>	<u>112,583</u>	<u>-</u>
Ambulance			
Contracted maintenance	3,000	1,681	1,319
Repairs to radio	2,500	-	2,500
Telephone	480	-	480
Utilities	5,400	2,000	3,400
Diesel fuel	<u>19,308</u>	<u>41,114</u>	<u>(21,806)</u>
Total Ambulance	<u>30,688</u>	<u>44,795</u>	<u>(14,107)</u>
Recreation			
Recreation appropriation	<u>120,000</u>	<u>120,123</u>	<u>(123)</u>
Total Recreation	<u>120,000</u>	<u>120,123</u>	<u>(123)</u>
TOTAL MISCELLANEOUS	<u>378,504</u>	<u>391,996</u>	<u>(13,492)</u>

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2006

	Final Budget	Actual	Variance Favorable (Unfavorable)
CAPITAL CONSTRUCTION & IMPROVEMENTS			
Contingency	200,000	329,775	(129,775)
Highway 219 Project	65,000	70,134	(5,134)
Special projects - equipment	-	485,661	(485,661)
Sheriff's office building	600,000	526,526	73,474
Capital outlay	230,382	230,052	330
Helena project	-	125,000	(125,000)
Lease Purchase - equipment	-	2,146,815	(2,146,815)
	<u>1,095,382</u>	<u>3,913,963</u>	<u>(2,818,581)</u>
TOTAL CAPITAL CONSTRUCTION & IMPROVEMENTS			
	<u>1,095,382</u>	<u>3,913,963</u>	<u>(2,818,581)</u>
TOTAL EXPENDITURES			
	<u>19,494,509</u>	<u>21,602,773</u>	<u>(2,083,818)</u>
Excess/(Deficiency) of Revenue over Expenditures			
	165,000	(5,097,380)	(5,262,380)
OTHER FINANCING SOURCES/ (USES)			
Lease purchase proceeds	-	2,146,816	2,146,816
Transfer from capital projects	-	169,358	169,358
Transfer to enterprise fund	(100,000)	(124,797)	(24,797)
Transfers to special revenue	(65,000)	(280,926)	(215,926)
	<u>(165,000)</u>	<u>1,910,451</u>	<u>2,075,451</u>
TOTAL OTHER FINANCING SOURCES/(USES)			
	<u>(165,000)</u>	<u>1,910,451</u>	<u>2,075,451</u>
Excess of Revenue over Expenditures after other financing sources			
	<u>\$ -</u>	<u>\$ (3,186,929)</u>	<u>\$ (3,186,929)</u>

COMBINING BALANCE SHEET
SPECIAL REVENUE FUND
NEWBERRY COUNTY, SOUTH CAROLINA

June 30, 2006

	Sheriff's Funds	Sheriff's Grants	Victim's Advocate	Emergency 911	DSS Clerk of Court	Airport Grant	Miscellaneous Grants	Total
ASSETS								
Cash	\$ 176,721	\$ 74,758	\$ 66,736	\$ 133,281	\$ 73,280	-	-	\$ 524,776
Due from general fund	2,855	-	-	-	-	-	7,413	10,268
Due from grantor	-	135,813	-	-	-	138,019	805	274,637
TOTAL ASSETS	<u>\$ 179,576</u>	<u>\$ 210,571</u>	<u>\$ 66,736</u>	<u>\$ 133,281</u>	<u>\$ 73,280</u>	<u>\$ 138,019</u>	<u>\$ 8,218</u>	<u>\$ 809,681</u>
LIABILITIES								
Deferred revenue	\$ 2,855	\$ 27,900	\$ -	\$ -	\$ -	\$ -	-	\$ 30,755
Due to general fund	2,100	135,813	46,215	42,184	-	138,019	805	365,136
TOTAL LIABILITIES	<u>4,955</u>	<u>163,713</u>	<u>46,215</u>	<u>42,184</u>	<u>-</u>	<u>138,019</u>	<u>805</u>	<u>395,891</u>
FUND BALANCE								
Reserved for special revenue	174,621	46,858	20,521	91,097	73,280	-	7,413	413,790
TOTAL FUND BALANCE	<u>174,621</u>	<u>46,858</u>	<u>20,521</u>	<u>91,097</u>	<u>73,280</u>	<u>-</u>	<u>7,413</u>	<u>413,790</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 179,576</u>	<u>\$ 210,571</u>	<u>\$ 66,736</u>	<u>\$ 133,281</u>	<u>\$ 73,280</u>	<u>\$ 138,019</u>	<u>\$ 8,218</u>	<u>\$ 809,681</u>

COMBINING STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE

SPECIAL REVENUE FUND

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2006

Revenue	Sheriff's Funds	Sheriff Grants	Victim's Advocate	Emergency 911	DSS Clerk of Court	Airport Grant	C-Funds	Miscellaneous	Total
Intergovernmental									
Federal grants									
State grants									
Other									
Assessments	111,246		107,100	177,514			461,849	28,344	750,270
Interest	728	4,066	43						490,193
Miscellaneous	109							2,900	395,860
Total Revenue	112,083	409,534	107,143	177,514	125,533	219,269	461,849	31,244	1,644,169
Expenditures									
Personnel			86,892	75,312					162,204
Operating	156,987	441,631		156,435	106,027		461,849	19,425	1,342,354
Capital outlays						219,269			219,269
Intergovernmental								323,688	323,688
Total Expenditures	156,987	441,631	86,892	231,747	106,027	219,269	461,849	343,113	2,047,515
Other financing sources									
Transfer in/(out)					(42,762)				323,688
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	(44,904)	(32,097)	20,251	(54,233)	(23,256)			11,819	(122,420)
Fund balance, beginning of year	219,525	78,955	270	145,330	96,536			(4,406)	536,210
FUND BALANCE, END OF YEAR	\$ 174,621	\$ 46,858	\$ 20,521	\$ 91,097	\$ 73,280	\$ -	\$ -	\$ 7,413	\$ 413,790

STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE

DEBT SERVICE FUND

Year Ended June 30, 2006

REVENUE

Property Taxes	
1995 GO Bond	\$ 111,910
2001 GO Bond	325,536
2005 GO Bond	503,551
Sales Taxes	3,754,749
Interest	<u>79,847</u>
 TOTAL REVENUE	 <u>4,775,593</u>

EXPENDITURES

Principal	
1995 GO Bond	75,000
2001 GO Bond	145,000
2005 GO Bond	265,000
Interest	
1995 GO Bond	23,738
2001 GO Bond	187,368
2005 GO Bond	45,286
Sales Tax Bond	294,219
Fees	
1995 GO Bond	1,082
2001 GO Bond	778
Sales Tax Bond	<u>557</u>
 TOTAL EXPENDITURES	 <u>1,038,028</u>

EXCESS/(DEFICIENCY) OF REVENUE OVER EXPENDITURES	3,737,565
---	-----------

Fund balance, beginning of year	<u>714,796</u>
---------------------------------	----------------

FUND BALANCE, END OF YEAR	<u>\$ 4,452,361</u>
---------------------------	---------------------

STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE

CAPITAL PROJECTS FUND

Year Ended June 30, 2006

REVENUE

Interest \$ 494,433

TOTAL REVENUE 494,433

EXPENDITURES

Bond issuance costs 81,289

Capital Outlays

2005 GO Bond 238,170

Special Source Revenue Bond 5,880,686

Sales tax bond

Library 316,581

Hospital 264,989

Water and Sewer Auth 707,953

City Conference Ctr 400,000

Safety Complex 538,667

Fire Departments 182,858

Whitmire Park 110,174

Prosperity Auditorium 312,000

Miscellaneous 134,031

TOTAL EXPENDITURES 9,167,398

OTHER FINANCING SOURCES/(USES)

Sales tax bond proceeds 15,064,762

2005 GO Bond proceeds 1,987,045

Special Source Revenue Bond proceeds 6,410,000

Transfer to general fund (169,358)

EXCESS OF REVENUE

OVER EXPENDITURES 14,619,484

Fund balance, beginning of year 509,168

FUND BALANCE, END OF YEAR \$ 15,128,652

COMBINING BALANCE SHEET

TRUST AND AGENCY FUND

NEWBERRY COUNTY, SOUTH CAROLINA

June 30, 2006

	Newberry County Schools Construction	Newberry County Schools Operations	Newberry Schools Sinking Funds	Fire/Rescue Squads	Total
ASSETS					
Cash	\$ 393,989	\$ 653,012	\$ 65,642	\$ 228,022	\$ 1,340,665
Investments	<u>-</u>	<u>6,577,320</u>	<u>3,153,908</u>	<u>-</u>	<u>9,731,228</u>
TOTAL ASSETS	<u>\$ 393,989</u>	<u>\$ 7,230,332</u>	<u>\$ 3,219,550</u>	<u>\$ 228,022</u>	<u>\$ 11,071,893</u>
LIABILITIES					
Due to taxing units and others	<u>\$ 393,989</u>	<u>\$ 7,230,332</u>	<u>\$ 3,219,550</u>	<u>\$ 228,022</u>	<u>\$ 11,071,893</u>
TOTAL LIABILITIES	<u>\$ 393,989</u>	<u>\$ 7,230,332</u>	<u>\$ 3,219,550</u>	<u>\$ 228,022</u>	<u>\$ 11,071,893</u>

SINGLE AUDIT SECTION

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

Honorable Chairman and Members of the County
Council for Newberry County, South Carolina
Newberry, South Carolina

Compliance

We have audited the compliance of Newberry County, South Carolina (the County) 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, 2006. The County's major federal 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 the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006.

Internal Control over Compliance

The management of the County 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 the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

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

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

Risk and Engstega

Lexington, South Carolina
October 23, 2006

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2006

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Health and Human Services			
Thru SC Department of Social Services Health and Human Services	93.563	G-04SC4004	125,533
Thru SC Department of Social Services Health and Human Services	93.558	G01SCTANF	14,233
Thru SC Department of Social Services County Administrative Expense FFP	Multiple		<u>48,175</u>
Total U.S. Department of Health and Human Services			<u>187,941</u>
Federal Emergency Management Agency			
Homeland Security	83.554		<u>405,468</u>
Total Federal Emergency Management Agency			<u>405,468</u>
Federal Aviation Administration, Department of Transportation			
Airport Improvement Program	20.106		<u>219,269</u>
Total U.S. Department of Transportation			<u>219,269</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 812,678</u>

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NEWBERRY COUNTY, SOUTH CAROLINA

Year ended June 30, 2006

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Newberry County, South Carolina federal award programs and presents transactions on the modified accrual basis of accounting.

NOTE 2 – MAJOR PROGRAMS

The County had one major program for the current fiscal year. FEMA – Homeland Security grant with expenditures of \$405,468 was the County's only major program.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

NEWBERRY COUNTY, SOUTH CAROLINA

For the Year Ended June 30, 2006

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued - unqualified

Internal control over financial reporting:

A. Material weaknesses identified? X Yes No

B. Reportable conditions identified that are not considered
to be material weaknesses? Yes X No

Noncompliance material to financial statements noted? Yes X No

Federal Awards

Internal control over major programs:

A. Material weaknesses identified? Yes X No

B. Reportable conditions identified that are not considered
to be material weaknesses? Yes X No

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

Any audit findings disclosed that are required to be reported
in accordance with section 510(a) of Circular A-133? Yes X No

Identification of major programs:

CFDA Number

Name of Federal Program or Cluster

83.554

Homeland Security

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

Low-Risk Auditee Yes X No

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2006

Section II – Financial Statement Findings

REPORTABLE CONDITIONS

1. General Ledger – Years Ended June 30, 1995 - Present

Condition: The general ledger used by the County needs to utilize proper fund accounting. Entries are made between funds, which result in individual funds being out of balance. Revenue and expenditure accounts in the debt service and capital projects fund are commingled so true totals of revenue and expenditures are not shown.

Criteria: Fund accounting should ensure that each fund maintain a set of self-balancing accounts. Entries between funds should be recorded by offsetting “due to/from” accounts in order to maintain fund integrity. Revenues and expenditures should have separate accounts to track the annual totals for each category of revenue and expenditure.

Effect: Because entries are made across funds resulting in individual funds being out of balance, errors can occur and not be detected in a timely manner. Because revenues and expenditures are shown in the same accounts, errors can occur and not be detected in a timely manner.

Recommendation: Self-balancing fund accounting should be maintained along with separate revenue and expenditure accounts by training accounting staff in the proper methodology of accounting.

Response: The County implemented a new general ledger software package beginning in July 2004. The software has controls to reduce the number of entries that are posted out of balance. Monthly reviews of the daily postings are also helping to correct the process.

2. Segregation of Duties – Years Ended June 30, 1995 - Present

Condition: A proper segregation of duties does not exist relative to cash receipts and disbursements in the Treasurer’s, County Administrator’s, Building Inspections, Zoning and Central Court – Magistrate’s Offices.

Criteria: The same personnel perform the duties of cashier, posting accounts receivable records, handling of mail cash receipts, and receiving and disputing items and NSG charges.

Effect: Because a segregation of duties does not exist, errors and irregularities could occur and not be detected in a timely manner.

Recommendation: A segregation of duties should be established and maintained, where each employee is delegated one primary task.

Response: When possible, these offices separate the accounting duties. However, it is not always cost feasible to staff every position solely on accounting controls.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2006

3. Cash on Hand – Year Ended June 30, 2006

Condition: The cash on hand account on the County's general ledger was not reconciled in a timely manner.

Criteria: The account should be reconciled to the general ledger on a monthly basis.

Effect: If the cash on hand account is not reconciled, errors could occur and not be detected in a timely manner.

Recommendation: An employee separate of cash receipts should reconcile the cash on hand account to the County's general ledger.

Response: The cash on hand account is now being reconciled and monitored on a daily basis.

Section III – Federal Award Findings and Questioned Costs

No federal awards findings and questioned costs.

Section IV – Prior Findings

Clerk of Court – Years Ended June 30, 1995 - 2005

Condition: The Clerk of Court's bank account for the County has not been reconciled in a timely manner.

Criteria: Internal controls should be in place to ensure that bank reconciliations are performed in a timely manner.

Effect: Because of the failure to reconcile bank accounts in a timely manner bank errors and employee irregularities may occur and not be detected.

Recommendation: Procedures should be implemented requiring the reconciliation of all bank accounts as soon as possible after the bank statement is received from the bank.

Response: The Clerk of Court hired an accountant to perform the reconciliation and is currently up to date in performing the duties.

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

Honorable Chairman and Members of the County
Council for Newberry County, South Carolina
Newberry, South Carolina

We have audited the financial statements of Newberry County, South Carolina (the County) as of and for the year ended June 30, 2006, and have issued our report thereon dated October 23, 2006. We conducted our audit in accordance with generally accepted auditing standards of the United States and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts.

However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the County's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as items 1 through 3.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be reportable conditions and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider items 1 through 3 in the Schedule of Findings and Questioned Costs to be material weaknesses.

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

Rish and Enzastiga

Lexington, South Carolina
October 23, 2006

Statement of Fines, Assessments and Surcharges

Newberry County, South Carolina

Year Ended June 30, 2006

	<u>Total</u>	<u>State Portion</u>	<u>County Portion</u>
Public Defender Application Fees	\$ 1,440	\$ 1,440	\$ -
Marriage License Fee	4,720	4,720	-
Circuit/Family Court Fines	13,639	13,639	-
Circuit/Family Court Filing Fees	188,148	188,148	-
General Sessions - Assessments - DUI	370	370	-
Magistrates Court - Assessments - DUI	540	540	-
Magistrates - Surcharge - DUI	8,900	8,900	-
Magistrates - Drug Surcharge	5,017	5,017	-
General Sessions - Drug Surcharge	3,702	3,702	-
General Sessions - Other Assessments	15,890	10,833	5,057
Magistrates Court - Other Assessments	438,245	389,837	48,408
General Sessions - Surcharges	22,606	3,384	19,222
Magistrates Court - Surcharges	219,005	197,822	21,183
	<u>\$ 922,222</u>	<u>\$ 828,352</u>	<u>\$ 93,870</u>

Review of Accounting Controls Over the Collection,
Reporting and Distribution of Fines and Assessments Collected

Newberry County, South Carolina

Year Ended June 30, 2006

Segregation of Duties

Condition: A proper segregation of duties does not exist relative to cash receipts and disbursements in the Central Court – Magistrate's Offices.

Criteria: The same personnel perform the duties of cashier, posting accounts receivable records, handling of mail cash receipts, and receiving and disputing items and NSG charges. Additionally, bank reconciliations are prepared by an employee that is not independent of the cash receipts activities.

Effect: Because a segregation of duties does not exist, errors and irregularities could occur and not be detected in a timely manner.

Recommendation: A segregation of duties should be established and maintained, where each employee is delegated one primary task.

