

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

June 30, 2005

Audited Financial Statements

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## 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, 2005. 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, 2005 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, 2005 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 November 16, 2005 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.

*Risk and Emphasis*

Lexington, South Carolina  
November 16, 2005

MANAGEMENT'S DISCUSSION AND ANALYSIS

**NEWBERRY COUNTY, SOUTH CAROLINA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2005**

**INTRODUCTION**

This narrative overview gives an analysis of the financial activities of the County for the fiscal year ended June 30, 2005. 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, 2005, were \$21,607,760, which represented an decrease of \$3,347,222 from the prior year end. The net assets of the governmental activities totaled \$23,227,060. The net deficit of the business-type activities was \$1,619,300.

**Revenues and Expenditures:** Revenues and Other Financing Sources totaled \$20,466,331 and Expenditures and Other Uses totaled \$28,111,435 for all Governmental Funds at the fund level. Accordingly, expenditures and other financing uses exceeded total revenues and other sources by \$7,645,104. The general fund incurred a decrease in fund balance of \$1,936,485, due mainly to uses of the fund balance to balance the current year budget expenditures. The debt service fund balance decreased \$5,035,844 to payoff the Sales Tax Capital Projects Bond and transfer excess sales tax collected to the capital projects fund. The capital projects fund balance decreased \$969,250 due to expenditures related to intergovernmental capital outlays.

**Lease Purchase:** The County received lease purchase proceeds of \$152,464 in the fiscal year ended June 30, 2005. The County used these proceeds to upgrade fire service equipment and vehicles. The County plans on using an additional \$1,754,190 in remaining lease purchase proceeds to buy additional equipment in fiscal year 2006.

**Capital Assets:** The County had capital asset additions in the governmental activities of \$364,076 consisting mainly of the additional land purchases and equipment.

**NEWBERRY COUNTY, SOUTH CAROLINA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) -  
CONTINUED  
YEAR ENDED JUNE 30, 2005**

**Business Type Activities:** J. F. Hawkins Nursing Home is an Enterprise Fund that operates like a business enterprise. The total net deficit for the Nursing Home totaled \$1,619,300 at year-end. Charges for services totaled \$7,574,952, general revenues totaled \$561, and total expenses were \$8,151,735 including special items. The revenues and expenses resulted in a decrease in net assets of \$576,222.

**General Fund/Fund Balance:** Our principal operating fund, the General Fund, had \$16,382,692 in fiscal year 2005 Revenues and Other Financing Sources (Uses), which primarily consisted of property taxes, intergovernmental sources, lease purchase proceeds and \$18,319,177 in expenditures and other financing uses leaving a deficit for the year of \$1,936,485.

**Debt Service:** The County retired \$5,320,000 in principal for governmental activities bonds outstanding, including the bond defeasance of the Sales Tax Capital Projects Bond. The Debt Service Fund Balance decreased from \$5,750,640 to \$714,796. Bonds payable are \$4,175,000 at June 30, 2005 in governmental activities. Business type activities refinanced the outstanding debt in April 2005 with a new bond, the Special Source Revenue Refunding Bond, for \$11,455,000.

**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.



**NEWBERRY COUNTY, SOUTH CAROLINA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) -  
CONTINUED  
YEAR ENDED JUNE 30, 2005**

**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.

**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.

**NEWBERRY COUNTY, SOUTH CAROLINA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) -  
CONTINUED  
YEAR ENDED JUNE 30, 2005**

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, 2005**

**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 \$21,607,760 as of June 30, 2005.

The largest portion of the County's net assets (55 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, 2005.

Current assets	\$	12,245,623
Non-current assets		<u>29,753,035</u>
Total assets		<u>41,998,658</u>
Current liabilities		(4,789,841)
Non-current liabilities		<u>(15,601,057)</u>
Total liabilities		<u>(20,390,898)</u>
Net assets	\$	<u>21,607,760</u>
Net assets -		
Invested in capital assets,		
net of related debt	\$	11,858,024
Restricted		3,109,322
Unrestricted		<u>6,640,414</u>
Total net assets	\$	<u>21,607,760</u>

**NEWBERRY COUNTY, SOUTH CAROLINA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) -  
CONTINUED  
YEAR ENDED JUNE 30, 2005**

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

- Intergovernmental capital outlays of \$2,766,452.
- The operating loss of the General Fund totaling \$1,936,485 resulting mainly from the use of the fund balance accumulated in prior years to balance the budget.
- Decreases in the Debt Service Fund totaling \$5,035,844, due to defease Sales Tax Capital Projects Bond and transfer of excess sales taxes collected to the capital projects fund.

**Changes in net assets:** The County's combined governmental and business-type revenues for the fiscal year ended June 30, 2005, were \$27,772,617. The total cost of all programs and services was \$31,011,417. The following table presents a summary of the activity that resulted in changes to total net assets for the fiscal year ended June 30, 2005.

<b>REVENUES:</b>	Amount
Program revenues:	
Charges for services	\$ 8,513,427
Operating grants and contributions	718,060
General revenues:	
Property taxes	11,529,131
Intergovernmental sources	2,388,003
Fines and assessments	1,470,348
Sales tax	2,185,684
Miscellaneous	<u>967,964</u>
Total revenues	<u>27,772,617</u>

**NEWBERRY COUNTY, SOUTH CAROLINA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) -  
CONTINUED  
YEAR ENDED JUNE 30, 2005**

**EXPENSES:**

Governmental - current	( 19,653,821)
Intergovernmental – capital	
Construction & improvements	( 2,766,452)
Debt service	( 547,831)
J. F. Hawkins Nursing Home	( 8,043,313)
Total expenses	<u>( 31,011,417)</u>
Special item – unamortized	
Bond costs	<u>(108,422)</u>
Decrease in net assets	<u>\$ (3,347,222)</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	\$ 19,653,821	\$(17,997,286)
Intergovernmental – capital		
Construction & improvements	2,766,452	(2,766,452)
Debt Service - interest	547,831	(547,831)
J. F. Hawkins Nursing Home	<u>8,043,313</u>	<u>(468,361)</u>
Total expenses	<u>\$ 31,011,417</u>	<u>\$(21,779,930)</u>

- The cost of all governmental activities this year was \$22,968,104.
- Net cost of governmental activities (\$21,311,569) was financed by general revenues, which are made up of primarily property taxes (\$11,529,131), intergovernmental sources (\$2,388,003), fines and assessments (\$1,470,348), sales tax (\$2,185,684), and other revenue (\$967,964).

**NEWBERRY COUNTY, SOUTH CAROLINA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) -  
CONTINUED  
YEAR ENDED JUNE 30, 2005**

**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 \$9,437,738 a decrease of \$7,645,104 since June 30, 2004. A fund balance of \$6,328,416 or 31.0 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:

\$ 509,168 for future capital projects

\$ 714,796 for debt service

\$ 536,210 for special revenue

\$ 1,349,148 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 \$1,936,485 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 decrease of \$5,035,844 from the prior year due to defease the Sales Tax Capital Projects Bond. The Capital Projects Funds showed a fund balance of \$509,168, which is a decrease of \$969,250. The decrease was primarily a result of spending the remaining amounts in the Sales Tax Capital Projects Bond and 2001 GO Bond.

**NEWBERRY COUNTY, SOUTH CAROLINA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) –  
CONTINUED  
YEAR ENDED JUNE 30, 2005**

**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 loss of \$576,222. Total net assets were \$1,619,300 with unrestricted net assets totaling \$127,568 as of June 30, 2005. 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. Current year expenses increased due to increases of staff to provide better care.

**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 \$17,218,713 in General Fund Revenue with actual revenue totaling \$16,230,228 for a difference of \$988,485. The original budget for expenditures was estimated to be \$17,218,713 with the actual expenditures being \$17,624,741 for a difference of \$406,028. The results from revenue, expenditures and transfers caused the fund balance to decrease by \$1,936,485, an unfavorable budget variance of \$1,936,485. 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, 2005**

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

As of June 30, 2005, the County had invested \$28,233,834 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 \$1,074,631 for governmental activities and \$609,301 for business-type activities.

The following schedule presents capital asset balances for the fiscal year ended June 30, 2005.

	Amount
Land	\$ 899,901
Buildings and improvements	31,399,044
Furniture and equipment	10,582,784
Other improvements	<u>2,238,664</u>
 Total	 <u>\$ 45,120,393</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, 2005.

	Amount
General obligation bonds	\$ 4,175,000
Lease purchase	745,810
Notes payable – business-type act	11,455,000
Accrued compensated absences	<u>207,305</u>
Total	<u>\$ 16,583,115</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 \$7,419,750. 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, 2005**

**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 2005 - 2006 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, 2005**

**CURRENT AND PRIOR YEAR FINANCIAL ANALYSIS**

Table I – Current vs. Prior - Statement of Net Assets – Governmental Activities – Current assets decreased \$8,217,394 due to decreases in cash (\$5,539,346) and investments (\$2,986,569) for payments on bonds payable and intergovernmental capital construction. Total liabilities decreased \$6,156,949 from the payments on bonds payable and net lease purchase activity. Table II - Current vs Prior – Statement of Net Assets – Business-type activities – Total assets increased \$856,652. Non-current assets increased \$1,311,548 for restricted cash held for bonds (increase \$864,990) and unamortized loan costs (increase \$446,558). The Nursing Home refinanced its outstanding obligations in April 2005. Total liabilities increased \$1,563,754 for amounts received from Governmental Activities to establish a restricted cash – bond cushion fund. Table III – Current vs. Prior – Statement of Net Assets – Government-Wide Activities - Total net assets decreased \$3,347,222 due mainly to the governmental activities change in net assets, a decrease \$2,771,000. Table IV – Current vs. Prior – Statement of Activities – Governmental Activities – Total Revenues increased \$722,330 because of increases in property taxes (\$1,248,544). Total Expenses increased \$4,773,275 due to higher salaries for County employees and higher intergovernmental capital construction and improvements from the use of excess sales taxes and remaining GO bond proceeds from prior years. Table V – Current vs. Prior – Statement of Activities – Business-type activities – Total revenues increased \$315,235 due to higher charges for services, mainly increases in per diem rates from insurance providers. Expenses increased \$238,844 due to higher personnel and employee benefit costs.

**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, 2005**

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

	Governmental Activities		
	<u>2005</u>	<u>2004</u>	<u>Variance</u>
<b>Assets</b>			
Total Current Assets	\$ 11,213,029	\$ 19,430,423	\$ (8,217,394)
Capital Assets, net of accumulated depreciation	<u>18,525,702</u>	<u>19,236,257</u>	<u>(710,555)</u>
Total Assets	<u>\$ 29,738,731</u>	<u>\$ 38,666,680</u>	<u>\$ (8,927,949)</u>
<b>Liabilities</b>			
Total Current Liabilities	\$ 2,120,614	\$ 4,217,969	\$ (2,097,355)
Non-Current Liabilities	<u>4,391,057</u>	<u>8,450,651</u>	<u>(4,059,594)</u>
Total Liabilities	<u>\$ 6,511,671</u>	<u>\$ 12,668,620</u>	<u>\$ (6,156,949)</u>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	\$ 13,604,892	\$ 13,771,137	\$ (166,245)
Restricted	3,109,322	7,468,793	(4,359,471)
Unrestricted/(deficit)	<u>6,512,846</u>	<u>4,758,130</u>	<u>1,754,716</u>
Total Net Assets	<u>\$ 23,227,060</u>	<u>\$ 25,998,060</u>	<u>\$ (2,771,000)</u>

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

	Business-Type Activities		
	<u>2005</u>	<u>2004</u>	<u>Variance</u>
<b>Assets</b>			
Total Current Assets	\$ 1,032,594	\$ 892,323	\$ 140,271
Other Non-current Assets	1,519,201	207,653	1,311,548
Capital Assets, net of accumulated depreciation	<u>9,708,132</u>	<u>10,303,299</u>	<u>(595,167)</u>
Total Assets	<u>\$ 12,259,927</u>	<u>\$ 11,403,275</u>	<u>\$ 856,652</u>
<b>Liabilities</b>			
Total Current Liabilities	\$ 2,669,227	\$ 1,105,473	\$ 1,563,754
Non-Current Liabilities	<u>11,210,000</u>	<u>11,340,880</u>	<u>(130,880)</u>
Total Liabilities	<u>\$ 13,879,227</u>	<u>\$ 12,446,353</u>	<u>\$ 1,432,874</u>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	\$ (1,746,868)	\$ (1,295,833)	\$ (451,035)
Unrestricted/(deficit)	<u>127,568</u>	<u>252,755</u>	<u>(125,187)</u>
Total Net Assets	<u>\$ (1,619,300)</u>	<u>\$ (1,043,078)</u>	<u>\$ (576,222)</u>

NEWBERRY COUNTY, SOUTH CAROLINA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - Continued  
YEAR ENDED JUNE 30, 2005

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

	Total Government-Wide Activities		
	2005	2004	Variance
<b>Assets</b>			
Total Current Assets	\$ 12,245,623	\$ 20,322,746	\$ (8,077,123)
Other Non-current Assets	1,519,201	207,653	1,311,548
Capital Assets, net of accumulated depreciation	<u>28,233,834</u>	<u>29,539,556</u>	<u>(1,305,722)</u>
Total Assets	<u>\$ 41,998,658</u>	<u>\$ 50,069,955</u>	<u>\$ (8,071,297)</u>
<b>Liabilities</b>			
Total Current Liabilities	\$ 4,789,841	\$ 5,323,442	\$ (533,601)
Non-Current Liabilities	<u>15,601,057</u>	<u>19,791,531</u>	<u>(4,190,474)</u>
Total Liabilities	<u>\$ 20,390,898</u>	<u>\$ 25,114,973</u>	<u>\$ (4,724,075)</u>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	\$ 11,858,024	\$ 12,475,304	\$ (617,280)
Restricted	3,109,322	7,468,793	(4,359,471)
Unrestricted/(deficit)	<u>6,640,414</u>	<u>5,010,885</u>	<u>1,629,529</u>
Total Net Assets	<u>\$ 21,607,760</u>	<u>\$ 24,954,982</u>	<u>\$ (3,347,222)</u>

NEWBERRY COUNTY, SOUTH CAROLINA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - Continued  
YEAR ENDED JUNE 30, 2005

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

	Governmental Activities		
	2005	2004	Variance
Revenues			
Program Revenues:			
Charges for Services	\$ 938,475	\$ 705,024	\$ 233,451
Operating Grants	718,060	309,855	408,205
Capital Grants	-	137,700	(137,700)
General Revenue:			
Property Taxes	11,529,131	10,280,587	1,248,544
Intergovernmental Sources	2,388,003	2,996,458	(608,455)
Fines and Assessments	1,470,348	1,546,475	(76,127)
Sales Tax - Debt Service	2,185,684	2,703,257	(517,573)
Other	<u>967,403</u>	<u>795,418</u>	<u>171,985</u>
Total Revenues	<u>\$ 20,197,104</u>	<u>\$ 19,474,774</u>	<u>\$ 722,330</u>
Expenses			
Current	\$ 19,653,821	\$ 16,718,095	\$ 2,935,726
Capital Construction & Improvements - Intergovernmental	2,766,452	949,509	1,816,943
Interest and Fees	<u>547,831</u>	<u>527,225</u>	<u>20,606</u>
Total Expenses	<u>\$ 22,968,104</u>	<u>\$ 18,194,829</u>	<u>\$ 4,773,275</u>

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

	Business-Type Activities		
	2005	2004	Variance
Revenues			
Program Revenues:			
Charges for Services	\$ 7,574,952	\$ 7,259,658	\$ 315,294
Other	<u>561</u>	<u>620</u>	<u>(59)</u>
Total Revenues	<u>\$ 7,575,513</u>	<u>\$ 7,260,278</u>	<u>\$ 315,235</u>
Expenses			
J. F. Hawkins Nursing Home	<u>\$ 8,043,313</u>	<u>\$ 7,804,469</u>	<u>\$ 238,844</u>

NEWBERRY COUNTY, SOUTH CAROLINA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - Continued  
YEAR ENDED JUNE 30, 2005

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

	Total Government-Wide Activities		
	<u>2005</u>	<u>2004</u>	<u>Variance</u>
Revenues			
Program Revenues:			
Charges for Services	\$ 8,513,427	\$ 7,964,682	\$ (59)
Operating Grants	718,060	309,855	408,205
Capital Grants	-	137,700	(137,700)
General Revenue:			
Property Taxes	11,529,131	10,280,587	1,248,544
Intergovernmental Sources	2,388,003	2,996,458	(608,455)
Fines and Assessments	1,470,348	1,546,475	(76,127)
Sales Tax - Debt Service	2,185,684	2,703,257	(517,573)
Other	<u>967,964</u>	<u>796,038</u>	<u>171,926</u>
Total Revenues	<u>\$ 27,772,617</u>	<u>\$ 26,735,052</u>	<u>\$ 1,037,565</u>
Expenses			
Current	\$ 19,653,821	\$ 16,718,095	\$ 2,935,726
Capital Construction & Improvements - Intergovernmental	2,766,452	949,509	1,816,943
Interest and Fees	547,831	527,225	20,606
J. F. Hawkins Nursing Home	<u>8,043,313</u>	<u>7,804,469</u>	<u>238,844</u>
Total Expenses	<u>\$ 31,011,417</u>	<u>\$ 25,999,298</u>	<u>\$ 5,012,119</u>

PRIMARY GOVERNMENT FINANCIAL STATEMENTS

## STATEMENT OF NET ASSETS

## NEWBERRY COUNTY, SOUTH CAROLINA

June 30, 2005

	PRIMARY GOVERNMENT		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current Assets			
Cash - Notes B & C	\$ 2,694,276	\$ 198,247	\$ 2,892,523
Investments - Note C	5,440,019	-	5,440,019
Receivables			
Property taxes - delinquent - Note E	745,369	-	745,369
Fines and fees	57,703	-	57,703
Patient receivables, less allowance for doubtful accounts	-	834,347	834,347
Other	95,947	-	95,947
Due from other governments			
State shared revenue	470,566	-	470,566
Grant revenue	203,580	-	203,580
Due from business-type activities - Note D	<u>1,505,569</u>	<u>-</u>	<u>1,505,569</u>
Total Current Assets	<u>11,213,029</u>	<u>1,032,594</u>	<u>12,245,623</u>
Restricted cash - Note F	-	961,710	961,710
Bond issuance cost, less \$3,742 amortization	-	557,491	557,491
Capital Assets - Note P			
Land	682,365	217,536	899,901
Buildings	20,569,549	10,829,495	31,399,044
Improvements other than buildings	-	2,238,664	2,238,664
Equipment	8,442,983	2,139,801	10,582,784
Accumulated depreciation	<u>(11,169,195)</u>	<u>(5,717,364)</u>	<u>(16,886,559)</u>
TOTAL ASSETS	<u>\$ 29,738,731</u>	<u>\$ 12,259,927</u>	<u>\$ 41,998,658</u>
<b>LIABILITIES AND NET ASSETS</b>			
<b>LIABILITIES</b>			
Current Liabilities			
Accounts payable	\$ -	\$ 394,945	\$ 394,945
Accrued expenses	249,290	269,526	518,816
Escrowed funds	459,163	23,641	482,804
Deferred revenue			
Advance billings	-	230,546	230,546
Grant revenue	50,423	-	50,423
Due to other taxing units and others	515,053	-	515,053
Due to governmental activities	-	1,505,569	1,505,569
Accrued interest	109,627	-	109,627
Lease payable, current portion	517,058	-	517,058
Bonds payable, current portion	<u>220,000</u>	<u>245,000</u>	<u>465,000</u>
Total Current Liabilities	<u>2,120,614</u>	<u>2,669,227</u>	<u>4,789,841</u>
Bonds payable	3,955,000	11,210,000	15,165,000
Compensated absences	207,305	-	207,305
Lease purchase	<u>228,752</u>	<u>-</u>	<u>228,752</u>
TOTAL LIABILITIES	<u>6,511,671</u>	<u>13,879,227</u>	<u>20,390,898</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	13,604,892	(1,746,868)	11,858,024
Restricted for:			
notes receivable	1,349,148	-	1,349,148
special projects	536,210	-	536,210
debt service	714,796	-	714,796
capital projects	509,168	-	509,168
Unrestricted	<u>6,512,846</u>	<u>127,568</u>	<u>6,640,414</u>
TOTAL NET ASSETS	<u>23,227,060</u>	<u>(1,619,300)</u>	<u>21,607,760</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 29,738,731</u>	<u>\$ 12,259,927</u>	<u>\$ 41,998,658</u>

The accompanying notes are an integral part of this statement.



STATEMENT OF ACTIVITIES

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2005

	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	\$ 19,653,821	\$ 938,475	\$ 718,060	\$ -	\$ (17,997,286)	\$ -	\$ (17,997,286)
Capital construction & improvements - intergovernmental	2,766,452	-	-	-	(2,766,452)	-	(2,766,452)
Debt service	547,831	-	-	-	(547,831)	-	(547,831)
Interest & other bond costs							
Total Governmental Activities	<u>22,968,104</u>	<u>938,475</u>	<u>718,060</u>		<u>(21,311,569)</u>		<u>(21,311,569)</u>
Business-Type Activities							
J. F. Hawkins Nursing Home	8,043,313	7,574,952	-	-	-	(468,361)	(468,361)
TOTAL	<u>\$ 31,011,417</u>	<u>\$ 8,513,427</u>	<u>\$ 718,060</u>	<u>\$ -</u>	<u>(21,311,569)</u>	<u>(468,361)</u>	<u>(21,779,930)</u>
General Revenues							
Property Taxes Levied For:							
General Purposes					11,163,226		11,163,226
Debt Service					365,905		365,905
Intergovernmental sources					2,388,003		2,388,003
Fines and assessments					1,470,348		1,470,348
Sales tax - debt service					2,185,684		2,185,684
Other					967,403	561	967,964
Transfers					-	-	-
Total General Revenues and Transfers					<u>18,540,569</u>	<u>561</u>	<u>18,541,130</u>
Special item - unamortized loan costs						(108,422)	(108,422)
Change in Net Assets					(2,771,000)	(576,222)	(3,347,222)
Net Assets, Beginning of Year					25,998,060	(1,043,078)	24,954,982
NET ASSETS, END OF YEAR					<u>\$ 23,227,060</u>	<u>\$ (1,619,300)</u>	<u>\$ 21,607,760</u>

The accompanying notes are an integral part of this statement.

## BALANCE SHEET

## GOVERNMENTAL FUNDS

## NEWBERRY COUNTY, SOUTH CAROLINA

June 30, 2005

	General	Special Revenue	Debt Service	Capital Projects	Totals
<b>ASSETS</b>					
Cash - Notes B & C	\$ 1,808,154	\$ 710,236	\$ 88,219	\$ 87,667	\$ 2,694,276
Investments - Note C	4,434,160	-	584,358	421,501	5,440,019
Receivables					
Property taxes - delinquent - Note E	1,122,242	-	42,219	-	1,164,461
Fines and fees	57,703	-	-	-	57,703
Other	95,947	-	-	-	95,947
Due from other governments					
State shared revenue	470,566	-	-	-	470,566
Grant revenue	-	203,580	-	-	203,580
Due from other funds - Note D	1,853,775	66,948	-	-	1,920,723
	<u>9,842,547</u>	<u>980,764</u>	<u>714,796</u>	<u>509,168</u>	<u>12,047,275</u>
<b>TOTAL ASSETS</b>					
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accrued expenses	\$ 249,290	\$ -	\$ -	\$ -	\$ 249,290
Escrowed funds	459,163	-	-	-	459,163
Deferred revenue					
Property taxes	920,454	-	-	-	920,454
Grant revenue	21,023	29,400	-	-	50,423
Due to taxing units and others	515,053	-	-	-	515,053
Due to other funds - Note D	-	415,154	-	-	415,154
	<u>2,164,983</u>	<u>444,554</u>	<u>-</u>	<u>-</u>	<u>2,609,537</u>
<b>TOTAL LIABILITIES</b>					
<b>FUND BALANCES</b>					
Reserved:					
Reserved for notes receivable	1,349,148	-	-	-	1,349,148
Reserved for capital projects	-	-	-	509,168	509,168
Reserved for debt service	-	-	714,796	-	714,796
Reserved for special revenue	-	536,210	-	-	536,210
Unreserved:					
Undesignated	6,328,416	-	-	-	6,328,416
	<u>7,677,564</u>	<u>536,210</u>	<u>714,796</u>	<u>509,168</u>	<u>9,437,738</u>
<b>TOTAL FUND BALANCES</b>					
<b>TOTAL LIABILITIES AND FUND BALANCES</b>					
	<u>\$ 9,842,547</u>	<u>\$ 980,764</u>	<u>\$ 714,796</u>	<u>\$ 509,168</u>	<u>\$ 12,047,275</u>

Reconciliation of governmental fund balances to  
statement of net assets:

Total Fund Balances - Governmental Funds	\$ 9,437,738
Capital assets, net of accumulated depreciation	18,525,702
Bonds payable	(4,175,000)
Leases payable	(745,810)
Compensated absences	(207,305)
Accrued interest	(109,627)
Recognition of deferred taxes	501,362
Total Net Assets - Governmental Activities	<u>\$ 23,227,060</u>

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, 2005

Net change in fund balances - total governmental funds \$ (7,645,104)

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	364,076	
Depreciation expense	<u>(1,074,631)</u>	(710,555)

Repayment of bond principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net assets and does not affect the statement of activities 5,320,000

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	(152,464)	
Repayment of principal	<u>501,774</u>	349,310

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 decreased by: 32,112

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.

(116,763)

Change in net assets - governmental activities \$ (2,771,000)

STATEMENT OF REVENUE, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
NEWBERRY COUNTY, SOUTH CAROLINA  
Year Ended June 30, 2005

	General	Special Revenue	Debt Service	Capital Projects	Totals
<b>REVENUE</b>					
Property taxes	\$ 11,285,193	\$ -	\$ 360,701	\$ -	\$ 11,645,894
Intergovernmental	2,155,734	938,404	-	-	3,094,138
Fines and fees	2,011,088	409,660	-	-	2,420,748
Sales tax	-	-	2,185,684	-	2,185,684
Other	778,213	107,268	75,922	6,000	967,403
	<u>16,230,228</u>	<u>1,455,332</u>	<u>2,622,307</u>	<u>6,000</u>	<u>20,313,867</u>
<b>TOTAL REVENUE</b>					
<b>EXPENDITURES</b>					
<b>Current</b>					
Legislative	244,013	-	-	-	244,013
Administration	1,071,277	-	-	-	1,071,277
Tax assessment & collection	1,359,435	-	-	-	1,359,435
Election & registration	104,892	-	-	-	104,892
Administration of Justice	1,224,244	42,011	-	-	1,266,255
Law enforcement	2,365,978	324,912	-	-	2,690,890
Detention	1,392,539	-	-	-	1,392,539
Public safety	2,279,319	-	-	-	2,279,319
Public works & maintenance	4,484,562	670,745	-	-	5,155,307
Planning & development	546,686	-	-	-	546,686
Education & cultural	303,452	-	-	-	303,452
Agriculture & home economics	63,690	-	-	-	63,690
Public health	94,182	-	-	-	94,182
Social services	433,208	-	-	-	433,208
Intergovernmental	-	373,268	-	-	373,268
Miscellaneous	820,319	55,940	-	-	876,259
Emergency telephone reporting	-	270,514	-	-	270,514
<b>Capital outlays</b>					
Capital construction & improvements	836,945	-	-	2,795,357	3,632,302
<b>Debt service</b>					
Principal retirement - Note G	-	-	5,320,000	-	5,320,000
Interest	-	-	579,943	-	579,943
Fees & other bond service costs	-	-	54,004	-	54,004
	<u>17,624,741</u>	<u>1,737,390</u>	<u>5,953,947</u>	<u>2,795,357</u>	<u>28,111,435</u>
<b>TOTAL EXPENDITURES</b>					
Excess/(Deficiency) of Revenue Over/(Under)					
Expenditures before Other Financing Sources	<u>(1,394,513)</u>	<u>(282,058)</u>	<u>(3,331,640)</u>	<u>(2,789,357)</u>	<u>(7,797,568)</u>
<b>OTHER FINANCING SOURCES</b>					
Lease purchase proceeds	152,464	-	-	-	152,464
Transfer In/(Out)	(694,436)	578,533	(1,704,204)	1,820,107	-
Excess/(Deficiency) of Revenue Over/(Under) Expenditures	(1,936,485)	296,475	(5,035,844)	(969,250)	(7,645,104)
Fund Balance, Beginning of Year.	<u>9,614,049</u>	<u>239,735</u>	<u>5,750,640</u>	<u>1,478,418</u>	<u>17,082,842</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 7,677,564</u>	<u>\$ 536,210</u>	<u>\$ 714,796</u>	<u>\$ 509,168</u>	<u>\$ 9,437,738</u>

STATEMENT OF REVENUE, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - GENERAL FUND  
NEWBERRY COUNTY, SOUTH CAROLINA  
Year Ended June 30, 2005

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUE</b>				
Property taxes	\$ 10,294,359	\$ 10,663,655	\$ 11,285,193	\$ 621,538
Intergovernmental	2,118,847	2,118,847	2,155,734	36,887
Fines and fees	2,191,090	2,191,090	2,011,088	(180,002)
Other	471,622	564,512	778,213	213,701
Use of fund balance reserves	<u>2,142,795</u>	<u>2,096,350</u>	<u>-</u>	<u>(2,096,350)</u>
<b>TOTAL REVENUE</b>	<u>17,218,713</u>	<u>17,634,454</u>	<u>16,230,228</u>	<u>(1,404,226)</u>
<b>EXPENDITURES</b>				
Current				
Legislative	238,352	240,729	244,013	(3,284)
Administration	1,108,528	1,073,371	1,071,277	2,094
Tax assessment & collection	1,452,052	1,537,234	1,359,435	177,799
Election & registration	115,702	115,702	104,892	10,810
Administration of Justice	1,329,873	1,349,928	1,224,244	125,684
Law enforcement	2,400,767	2,435,237	2,365,978	69,259
Detention	1,531,351	1,506,221	1,392,539	113,682
Public safety	2,253,425	2,556,391	2,279,319	277,072
Public works & maintenance	4,729,299	4,760,277	4,484,562	275,715
Planning & development	324,640	324,640	546,686	(222,046)
Education & cultural	303,580	303,580	303,452	128
Agriculture & home economics	41,800	41,800	63,690	(21,890)
Public health	94,775	94,775	94,182	593
Social services	258,897	258,897	433,208	(174,311)
Miscellaneous	835,672	835,672	820,319	15,353
Capital outlays				
Capital construction & improvements	<u>200,000</u>	<u>200,000</u>	<u>836,945</u>	<u>(636,945)</u>
<b>TOTAL EXPENDITURES</b>	<u>17,218,713</u>	<u>17,634,454</u>	<u>17,624,741</u>	<u>9,713</u>
Excess/(Deficiency) of Revenue Over/(Under)				
Expenditures before Other Financing Sources	<u>-</u>	<u>-</u>	<u>(1,394,513)</u>	<u>(1,394,513)</u>
<b>OTHER FINANCING SOURCES/(USES)</b>				
Lease purchase proceeds	-	-	152,464	152,464
Transfer In/(Out)	<u>-</u>	<u>-</u>	<u>(694,436)</u>	<u>(694,436)</u>
Excess/(Deficiency) of Revenue Over/ (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>(1,936,485)</u>	<u>(1,936,485)</u>
Fund Balance, Beginning of Year			<u>9,614,049</u>	
<b>FUND BALANCE, END OF YEAR</b>			<u>\$ 7,677,564</u>	

## STATEMENT OF NET ASSETS

## PROPRIETARY FUNDS

## NEWBERRY COUNTY, SOUTH CAROLINA

June 30, 2005

	Business-Type Activities
	<u>J. F. Hawkins Nursing Home</u>
ASSETS	
Current Assets	
Cash - Notes B & C	\$ 198,247
Receivables	
Patient receivables, less allowance for doubtful accounts	<u>834,347</u>
Total Current Assets	<u>1,032,594</u>
Restricted cash - Note F	961,710
Bond issuance cost, less \$3,742 amortization	557,491
Capital Assets - Note P	
Land	217,536
Buildings	10,829,495
Improvements other than buildings	2,238,664
Equipment	2,139,801
Accumulated depreciation	<u>(5,717,364)</u>
TOTAL ASSETS	<u>\$ 12,259,927</u>
LIABILITIES AND NET ASSETS	
LIABILITIES	
Current Liabilities	
Accounts payable	\$ 394,945
Accrued expenses	269,526
Escrowed funds	23,641
Deferred revenue	
Advance billings	230,546
Due to general fund - operating	156,421
Bonds payable, current portion	<u>245,000</u>
Total Current Liabilities	<u>1,320,079</u>
Due to general fund - long term	1,349,148
Bonds payable	<u>11,210,000</u>
TOTAL LIABILITIES	<u>13,879,227</u>
NET ASSETS	
Invested in capital assets, net of related debt	(1,746,868)
Unrestricted	<u>127,568</u>
TOTAL NET ASSETS	<u>(1,619,300)</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 12,259,927</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, 2005

REVENUE	
Net nursing home patient service revenue (net of allowances, contractual adjustments and unbilled services of \$937,668)	\$ 5,968,921
Net Springfield rent, nursing facility and entrance fees	1,485,994
Other revenue	<u>120,037</u>
TOTAL OPERATING REVENUE	<u>7,574,952</u>
OPERATING EXPENSES	
Nursing	2,877,757
Restorative	160,909
Dietary	844,712
Laundry	102,949
Housekeeping	275,287
Maintenance	319,221
Administrative	842,016
Medical records	74,018
Utilities	276,461
Insurance, licenses and property taxes	503,012
Medical supplies	5,641
Interest	718,920
Depreciation and amortization	615,554
Physical therapy	307,061
Pharmacy	103,546
Other ancillary services	<u>16,249</u>
TOTAL OPERATING EXPENSES	<u>8,043,313</u>
OPERATING INCOME	(468,361)
NON-OPERATING ITEMS	
Interest	561
Unamortized loan costs from previous refinancing	<u>(108,422)</u>
TOTAL NON-OPERATING ITEMS	<u>(107,861)</u>
CHANGE IN NET ASSETS	(576,222)
Net Assets/(Deficit), Beginning of Year	<u>(1,043,078)</u>
NET ASSETS/(DEFICIT), END OF YEAR	<u>\$ (1,619,300)</u>

## STATEMENT OF CASH FLOWS

## J. F. HAWKINS NURSING HOME

For the Year Ended June 30, 2005

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and patients	7,639,058
Payments to employees	(3,729,116)
Payments to vendors	<u>(3,500,375)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>409,567</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Bond cushion fund - restricted assets	(865,232)
Interest earned	561
Bond issuance costs	(561,233)
Property, plant, equipment purchased	<u>(14,134)</u>
NET CASH USED BY INVESTING ACTIVITIES	<u>(1,440,038)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Revenue bonds issued	11,455,000
Note payable - principal paid	<u>(11,599,132)</u>
NET CASH USED BY FINANCING ACTIVITIES	<u>(144,132)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Due from Newberry County - general fund - long term	<u>1,349,148</u>
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>1,349,148</u>
NET CHANGE IN CASH AND EQUIVALENTS	174,545
Cash and equivalents, Beginning of Year	<u>23,702</u>
CASH AND EQUIVALENTS, END OF YEAR	<u>\$ 198,247</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, 2005

## CASH FLOWS FROM OPERATING ACTIVITIES

Operating income	\$ (468,361)
Adjustments to reconcile operating loss to net cash provided by operating activities	
Depreciation and amortization	615,554
Changes in operating assets and liabilities - increase/(decrease) in cash flows	
Accounts receivable	(65,726)
Medicaid cost report adjustment	100,000
Accounts payable	79,839
Accrued payroll	25,788
Due to Newberry County - general fund	92,641
Advance billings	<u>29,832</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>409,567</u>

*Supplemental Information*

Cash payments of interest	<u>\$ 718,920</u>
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The accompanying notes are an integral part of this statement.

## STATEMENT OF FIDUCIARY NET ASSETS

## FIDUCIARY FUNDS

## NEWBERRY COUNTY, SOUTH CAROLINA

June 30, 2005

	Fire Departments/ Rescue <u>Squads</u>	Newberry County School <u>District</u>	<u>Total Agency Funds</u>
ASSETS			
Cash and cash equivalents - Note B and C	\$ 220,544	\$ 3,931,636	\$ 4,152,180
Investments	<u>-</u>	<u>9,567,387</u>	<u>9,567,387</u>
TOTAL ASSETS	<u>\$ 220,544</u>	<u>\$ 13,499,023</u>	<u>\$ 13,719,567</u>
LIABILITIES			
Due to other entities	<u>\$ 220,544</u>	<u>\$ 13,499,023</u>	<u>\$ 13,719,567</u>
TOTAL LIABILITIES	<u>\$ 220,544</u>	<u>\$ 13,499,023</u>	<u>\$ 13,719,567</u>

The accompanying notes are an integral part of this statement.

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2005

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, 2005

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 FUNDS**

General 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.

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2005

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, 2005

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, 2005. At June 30, 2005, the liability for accrued vacation benefits recorded in the governmental activities was \$207,305.

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, 2005

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, 2005. 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, 2005, cost reports for Medicare and Medicaid for 2001, 2002, 2003 and 2004 have not been audited by intermediaries.

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2005

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 for the year ended June 30, 2005 was \$3,742. Costs associated with previous refinancings have been expensed in the current year.

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, 2005, the carrying amount of the County's deposits was \$8,006,413 (\$2,892,523 for the primary government, \$961,710 for primary government restricted cash and \$4,152,180 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 \$113,091 cash on hand at June 30, 2005.

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.



NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2005

NOTE C – INVESTMENTS -- continued

The County's investments are categorized below to indicate the level of risk assumed by the entity at June 30, 2005. 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	\$ 8,006,413	\$ --	\$ --	\$ 8,006,413	\$ 8,006,413
Total	\$ 8,006,413	\$ --	\$ --	8,006,413	8,006,413
State treasurer's investment pool				5,440,019	5,440,019
State treasurer's investment pool – Agency funds				9,567,387	9,567,387
Total Investments and Deposits				\$ 23,013,819	\$ 23,013,819

The County has investments in the S. C. Local Government Investment Pool at June 30, 2005 of \$15,007,406 (\$5,440,019 for the primary government and \$9,567,387 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	\$ 415,154
Special Revenue	General	66,948
Enterprise	General	1,505,569
	Total	\$ 1,987,671

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2005

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, 2005, 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, 2005 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, 2005, the Nursing Home had restricted cash in the amounts of:

Resident funds	\$	23,641
Bond cushion funds		938,069

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, 2005:

	Balance, <u>July 1, 2004</u>	<u>Additions</u>	<u>Deletions</u>	Balance, <u>June 30, 2005</u>
Bonds payable	\$ 9,495,000	\$ --	\$ 5,320,000	\$ 4,175,000
Landfill Post Closure	880,000	--	10,000	870,000
Lease purchase agreement	1,095,120	152,464	501,774	745,810
Accrued vacation	<u>207,305</u>	<u>--</u>	<u>--</u>	<u>207,305</u>
Total Long Term Debt	<u>\$11,677,425</u>	<u>\$ 152,464</u>	<u>\$ 5,831,774</u>	<u>\$ 5,998,115</u>

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2005

NOTE G - LONG-TERM DEBT -- continued

Bonds payable at June 30, 2005, 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%.	\$ 450,000
\$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%.	<u>3,725,000</u>
Total bonds payable	<u>\$ 4,175,000</u>

Outstanding bonds payable are due as follows at June 30, 2005:

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$ 220,000	\$ 265,863	\$ 485,863
2007	230,000	247,237	477,237
2008	245,000	237,963	482,963
2009	250,000	222,600	472,600
2010	260,000	177,676	437,676
2011 – 2015	1,175,000	583,534	1,758,534
2016 – 2020	1,450,000	303,626	1,753,626
2021	<u>345,000</u>	<u>15,525</u>	<u>360,525</u>
Totals	<u>\$ 4,175,000</u>	<u>\$ 2,054,024</u>	<u>\$ 6,229,024</u>

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, 2004 assessed property valuation of \$92,746,878 (unaudited), the legal debt limit is \$7,419,750 leaving a legal debt margin as of June 30, 2005 of \$3,694,750.

Year Ended June 30, 2005

NOTE G - LONG-TERM DEBT - Continued

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. In 2005, the County collected enough sales tax to defease the bond.

Lease Purchase Agreements

The County entered into two lease purchase agreements during the fiscal year 2002. Lease Purchase A for \$400,000 was used to purchase eleven vehicles for the County. The annual interest rate for this agreement is 3.91% with semi-annual payments of \$71,302 for three years. The final payment of this lease agreement was made in July 2004. Lease Purchase B 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). The County entered into an additional lease purchase agreement (Lease Purchase C) for \$1,159,546. The annual interest rate is 3.04%. The County refinanced the remaining principal of Lease Purchase C (\$398,146 left) with Lease Purchase D for \$2,500,000. Five annual principal and interest payments of \$548,070 are due annually in December from 2005 to 2009. The annual interest rate is 3.14%. Lease purchase D proceeds were used to purchase equipment and vehicles. At June 30, 2005 the County had only used \$152,464 of Lease Purchase D. The County intends on using the remaining balance in fiscal year 2006.

Outstanding lease purchase agreements are due as follows at June 30, 2005:

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$ 517,058	\$ 86,323	\$ 603,381
2007	533,945	69,436	603,381
2008	551,391	51,990	603,381
2009	564,807	33,966	598,773
2010	<u>531,385</u>	<u>16,686</u>	<u>548,071</u>
Totals	<u>\$ 2,698,586</u>	<u>\$ 258,401</u>	<u>\$ 2,956,987</u>

## NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2005

## 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:

2006	\$	10,000
2007		10,000
2008		10,000
2009		10,000
2010		10,000
2011 - 2015		50,000
2016 - 2020		50,000
2021 - 2025		50,000
After 2025		<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 - Notes Payable

The following is a summary of note payable transactions for the year ended June 30, 2005:

	Balance, <u>July 1, 2004</u>	<u>Additions</u>	<u>Deletions</u>	Balance, <u>June 30, 2005</u>
Phase I	\$ 4,737,570	\$ --	\$ 4,737,570	\$ --
Phase II	2,393,255	--	2,393,255	--
Phase III	2,711,408	--	2,711,408	--
Revenue bond	1,401,347	--	1,401,347	--
Newberry Federal	355,552	--	355,552	--
Revenue Refunding				
Bonds Series 2005	--	<u>11,455,000</u>	--	<u>11,455,000</u>
Total	\$ <u>11,599,132</u>	\$ <u>11,455,000</u>	\$ <u>11,599,132</u>	\$ <u>11,455,000</u>

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2005

NOTE G - LONG-TERM DEBT – Continued

J. F. Hawkins -- continued

Bonds payable at June 30, 2005, are composed of the following:

Special Source Refunding Revenue Bonds – Series 2005 – 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 2005. Interest payments vary from \$37,500 to \$248,568. The interest rate on these bonds vary from 2.50% to 5.00%.	<u>\$ 11,455,000</u>
Total Bonds Payable	<u>\$ 11,455,000</u>

The principal amount of notes payable outstanding at June 30, 2005 due in each of the next five fiscal years is as follows:

2006	\$ 245,000
2007	290,000
2008	295,000
2009	305,000
2010	315,000
2011 – 2015	1,760,000
2016 – 2020	2,160,000
2021 – 2025	2,685,000
After 2025	<u>3,400,000</u>
Total	<u>\$ 11,455,000</u>

The Nursing Home had interest expenses of \$293,414, \$104,970, \$168,948, \$48,308, \$77,157 for the notes payable of Phase I, Phase II, Phase III, Revenue Bond, Special Source Refunding Revenue Bond 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.

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 - 6.7%; 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, 2005, 2004, and 2003 was \$3,153,268, \$2,548,259, and \$2,347,445 respectively for SCRS - Local Government and \$2,312,989, \$2,076,285, and \$1,950,180, respectively for PORS - Class II. The employer contribution requirements for SCRS at 6.7% and PORS - Class II at 10.3% for the past three fiscal years were \$211,269, \$170,733 and \$157,279 and \$238,238, \$213,857 and \$200,869, respectively. The County also paid group life contributions for the past three fiscal years of \$4,730, \$3,822, and \$3,521, for SCRS participants and \$4,625, \$4,152 and \$3,900 to the PORS - Class II. Additionally, accidental death contributions for PORS - Class II were \$4,625, \$4,152 and \$3,900, for the years ended June 30, 2005, 2004 and 2003, respectively.

The Nursing Home participates in the SCRS as listed above. The Nursing Home's covered payroll for the fiscal year ended June 30, 2005 was \$3,635,394 for SCRS - Local Government. The employer contribution requirements for SCRS at 6.7% were \$243,571. The Nursing Home incurred \$5,453 for group life contributions for the fiscal year ended June 30, 2005. The Nursing Home's covered payroll for the years ended June 30, 2004 and 2003 were \$3,185,145 and \$3,114,190, respectively. Employer contributions for those years were \$213,405 and \$208,651, respectively.

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2005

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 26, 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.



## NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2005

## NOTE M – FUND BALANCE RESERVATIONS

The following amounts are shown as reserved:

Reserved for notes receivable	\$ 1,349,148
Reserved for special revenue	536,210
Reserved for debt service	714,796
Reserved for capital projects	509,168

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 notes payable. Reserved for capital projects is the amount available to spend on future capital projects in the County from GO Bond 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 \$1,936,485 in the general fund for the fiscal year ended June 30, 2005. The County had anticipated using fund balance reserves of \$2,096,350, an overall favorable variance of \$159,865.

Unfavorable variances were presented on the Budget and Actual for the General Fund. For revenues - actual fines and fees were under budget revenues by \$180,002, due primarily to Central Court collecting \$387,833 actual versus \$566,322 budgeted receipts. This unfavorable variance of \$178,489 was due to lower traffic and criminal fines and fees.

Unfavorable variances – expenditures were shown for planning and development (\$222,046 variance), social services (\$174,311 variance) and capital construction and improvements (\$636,945). Planning and development had an unfavorable variance due to the economic activities of the County for future development and facility needs assessment. Social services needed unbudgeted land improvements to help with drainage for the social services building. Capital construction and improvements included unbudgeted purchases of fire equipment and fire building appropriations, Highway 219 beautification and lease purchase equipment.

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2005

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, 2004</u>	<u>Additions</u>	<u>Deletions</u>	Balance, <u>June 30, 2005</u>
Buildings and Land *	\$ 21,119,549	\$ 132,365	\$ --	\$ 21,251,914
Vehicles and equipment	8,226,572	231,711	(15,300)	8,442,983
Accumulated Depreciation	<u>(10,109,864)</u>	<u>(1,074,631)</u>	<u>15,300</u>	<u>(11,169,195)</u>
Total	<u>\$ 19,236,257</u>	<u>\$ (710,555)</u>	<u>\$ --</u>	<u>\$ 18,525,702</u>

\* Land of \$682,365 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, 2004</u>	<u>Additions</u>	<u>Deletions</u>	Balance, <u>June 30, 2005</u>
Land **	\$ 217,536	\$ --	\$ --	\$ 217,536
Land Improvements	1,306,595	--	--	1,306,595
Buildings	10,829,495	--	--	10,829,495
Building Improvements	926,459	5,610	--	932,069
Equipment	2,131,277	8,524	--	2,139,801
Accumulated depreciation	<u>(5,108,063)</u>	<u>(609,301)</u>	<u>--</u>	<u>(5,717,364)</u>
	<u>\$ 10,303,299</u>	<u>\$ (595,167)</u>	<u>\$ --</u>	<u>\$ 9,708,132</u>

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

## NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2005

## NOTE P – CAPITAL ASSETS - Continued

The County recorded depreciation expense of \$1,074,631 shown in current expenses on the statement of activities – governmental activities and the Nursing Home recorded \$609,301 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.

## NOTE Q – GOING CONCERN

The Nursing Home had a net deficit of \$1,619,300 at June 30, 2005. This was due to operating losses in current and prior periods. At the present occupancy, the Nursing Home had a negative operating cash flow. Currently the Nursing Home refinanced its long-term liabilities to improve cash flow and has worked actively to increase occupancy in the facility.

SUPPLEMENTAL INFORMATION

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2005

	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenue</b>			
Taxes			
Property taxes, current	\$ 9,768,655	\$ 10,204,305	\$ 435,650
Fee in lieu of taxes	400,000	432,346	32,346
Delinquent taxes	400,000	548,785	148,785
Delinquent tax cost	95,000	99,757	4,757
	<u>10,663,655</u>	<u>11,285,193</u>	<u>621,538</u>
Total Taxes			
Intergovernmental			
Local government	1,657,654	1,616,296	(41,358)
Merchant inventory tax	86,536	87,313	777
Salary supplements	4,725	6,344	1,619
Accommodations tax	28,000	43,567	15,567
National forestry fund	288,932	302,903	13,971
Solid waste - state grant	18,000	17,019	(981)
Disaster preparedness	35,000	82,292	47,292
	<u>2,118,847</u>	<u>2,155,734</u>	<u>36,887</u>
Total Intergovernmental			
Fines and fees			
Clerk of Court - fees	215,000	96,922	(118,078)
Clerk of Court - fines	70,000	110,060	40,060
CCCP fees	65,000	169,473	104,473
Clerk of Court - copies	18,000	12,679	(5,321)
Central Court	566,322	387,833	(178,489)
Magistrates	4,000	11,892	7,892
Registration and election	25,618	11,925	(13,693)
Vending machines	-	26	26
Probate Judge - fees	95,000	65,300	(29,700)
Probate Judge - copies	850	1,318	468
Sheriff - fees	9,000	6,187	(2,813)
Forfeit land commission	-	3,112	3,112
Marriage license fee/ceremonies	400	-	(400)
Building Inspection	127,500	126,815	(685)
FFP	94,000	55,306	(38,694)

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2005

	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
Fines and fees - continued			
Tipping fees	820,000	884,952	64,952
Recycle revenue	22,800	26,413	3,613
Zoning fee	25,000	27,110	2,110
Cable/phone franchise	<u>32,600</u>	<u>13,765</u>	<u>(18,835)</u>
Total Fines and fees	<u>2,191,090</u>	<u>2,011,088</u>	<u>(180,002)</u>
Other			
Interest	100,000	243,418	143,418
Veterans affairs	7,162	5,782	(1,380)
Returned checks	1,200	960	(240)
Health department	21,000	22,108	1,108
Mobile home licenses	1,355	1,255	(100)
Assessor's maps	22,375	12,886	(9,489)
Rent & utilities	3,000	6,285	3,285
Sale of pipe	1,000	335	(665)
Assessor - copies	1,500	2,090	590
Council on aging	18,000	42,949	24,949
Soil and Water Conservation	-	25,896	25,896
School resource officer	220,654	211,908	(8,746)
Surplus property sale	25,000	3,799	(21,201)
Insurance proceeds	15,000	10,995	(4,005)
Miscellaneous	127,266	187,547	60,281
Fund balance reserves	<u>2,096,350</u>	<u>-</u>	<u>(2,096,350)</u>
Total Other	<u>2,660,862</u>	<u>778,213</u>	<u>(1,882,649)</u>
 TOTAL REVENUE	 <u>\$ 17,634,454</u>	 <u>\$ 16,230,228</u>	 <u>\$ (1,404,226)</u>

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2005

	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
Expenditures			
LEGISLATIVE			
County Council			
Personnel	108,526	109,299	(773)
Overtime	2,500	2,633	(133)
Social security	8,549	7,807	742
Retirement	8,493	7,607	886
Travel - council	25,033	21,883	3,150
Insurance	41,799	48,452	(6,653)
Workers compensation	1,835	1,835	-
Advertising	4,900	4,876	24
Audit	25,000	26,668	(1,668)
Office expenses	4,100	4,017	83
Postage	500	500	-
Printing	2,300	2,300	-
Telephone	2,705	2,333	372
Subsistence	1,239	1,239	-
Capital outlay	3,250	2,564	686
	<hr/>	<hr/>	<hr/>
TOTAL LEGISLATIVE	240,729	244,013	(3,284)
ADMINISTRATION			
County Administrator			
Personnel	227,298	237,174	(9,876)
Overtime	1,000	756	244
Social security	17,465	17,664	(199)
Retirement	17,579	14,906	2,673
Insurance	24,855	21,971	2,884
Workers compensation	3,237	3,237	-
Payroll services	26,000	25,950	50
Advertising	6,916	1,985	4,931
Maintenance	7,084	4,386	2,698
Copier machine	2,000	1,980	20
Memberships & Dues	1,558	1,558	-
Office expense	6,500	6,875	(375)
Postage	4,000	3,648	352
Printing	3,686	3,521	165

## GENERAL FUND

## NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2005

	Final <u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
County Administrator - continued			
Telephone	4,000	4,275	(275)
Repairs to telephone	150	120	30
Training	1,988	1,964	24
Travel	8,107	10,595	(2,488)
Other Equipment	18,000	12,162	5,838
Subsistence	<u>8,875</u>	<u>6,102</u>	<u>2,773</u>
Total County Administrator	<u>390,298</u>	<u>380,829</u>	<u>9,469</u>
Miscellaneous Operating			
Salary increase	260,508	224,206	36,302
Contracted maintenance	113,500	72,508	40,992
Insurance	14,968	(1,757)	16,725
Tort insurance	70,730	67,483	3,247
Unemployment insurance	10,000	13,794	(3,794)
Bonds	2,600	750	1,850
Insurance - buildings	55,000	54,533	467
Subsistence	12,800	8,465	4,335
Blood borne	2,000	293	1,707
Chamber dues	137	137	-
Hospital refinancing	-	27,650	(27,650)
Travel	-	5,014	(5,014)
Professional fees	60,000	79,898	(19,898)
Legals	<u>80,830</u>	<u>137,474</u>	<u>(56,644)</u>
Total Miscellaneous Operating	<u>683,073</u>	<u>690,448</u>	<u>(7,375)</u>
TOTAL ADMINISTRATION	<u>1,073,371</u>	<u>1,071,277</u>	<u>2,094</u>
TAX ASSESSMENT & COLLECTION			
Treasurer's Office			
Personnel	154,812	155,369	(557)
Overtime	1,379	1,129	250
Social security	11,949	11,355	594
Retirement	12,027	10,519	1,508
Insurance	23,460	21,219	2,241
Workers compensation	1,779	1,779	-
Advertising	300	75	225



SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2005

	Final <u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
Treasurer's Office - continued			
Contracted maintenance	12,609	10,256	2,353
Repairs - equipment	3,200	511	2,689
Membership & dues	255	135	120
Office expense	3,900	2,819	1,081
Postage	37,000	38,023	(1,023)
Printing	15,829	14,112	1,717
Telephone	3,000	1,756	1,244
Training	970	897	73
Travel	1,315	590	725
Subsistence	2,300	1,240	1,060
Smith Data	35,956	34,927	1,029
Capital outlay	<u>64,500</u>	<u>61,261</u>	<u>3,239</u>
Total Treasurer's Office	<u>386,540</u>	<u>367,972</u>	<u>18,568</u>
Auditor's Office			
Personnel	173,006	158,509	14,497
Social security	13,235	11,348	1,887
Retirement	13,321	10,704	2,617
Insurance	25,614	24,988	626
Workers compensation	1,695	1,695	-
Advertising	1,200	320	880
Contracted maintenance	11,409	9,881	1,528
Repairs to equipment	1,200	120	1,080
Memberships & dues	90	70	20
Office expense	3,300	2,921	379
Postage	500	475	25
Printing	17,500	17,214	286
Subscriptions & books	1,000	430	570
Telephone	2,300	2,173	127
Training	870	523	347
Travel	1,010	666	344
Smith Data	35,956	34,127	1,829
Subsistence	1,975	1,707	268
Capital outlay	<u>44,500</u>	<u>52,562</u>	<u>(8,062)</u>
Total Auditor's Office	<u>349,681</u>	<u>330,433</u>	<u>19,248</u>

## SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

## GENERAL FUND

## NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2005

	<u>Final</u> <u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
Assessor's Office			
Personnel	186,540	198,413	(11,873)
Social security	13,555	11,714	1,841
Retirement	13,643	11,276	2,367
Insurance	36,704	27,408	9,296
Workers compensation	2,605	2,605	-
Advertising	700	700	-
Contracted maintenance	340,686	245,866	94,820
Copier	350	196	154
Memberships & dues	1,035	40	995
Office expense	2,375	4,094	(1,719)
Postage	13,500	12,710	790
Printing	900	1,441	(541)
Subscription & books	550	469	81
Telephone	2,250	1,922	328
Repairs to telephone	678	260	418
Training	3,200	3,666	(466)
Travel	300	468	(168)
Gas, oil, grease	2,800	1,445	1,355
Smith Data	8,155	6,079	2,076
Subsistence	1,400	1,517	(117)
Vehicle insurance	2,210	1,166	1,044
Capital outlay	12,429	9,368	3,061
	<u>646,565</u>	<u>542,823</u>	<u>103,742</u>
Total Assessor's Office			
Tax Collector			
Personnel	44,208	37,814	6,394
Social security	3,235	2,765	470
Retirement	3,381	2,349	1,032
Insurance	7,827	9,165	(1,338)
Workers compensation	1,354	1,354	-
Advertising	10,100	10,070	30
Contracted maintenance	1,652	1,652	-
Consulting	12,600	11,157	1,443
Copier machine	150	150	-

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2005

	Final <u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
Tax Collector - continued			
Professional services	5,000	-	5,000
Memberships & dues	70	70	-
Office expense	2,900	2,884	16
Postage	41,250	25,528	15,722
Printing	406	452	(46)
Supplies - posting	1,100	1,099	1
Telephone	1,385	1,419	(34)
Repairs to telephone	650	646	4
Training	705	445	260
Travel	650	118	532
Vehicle insurance	652	671	(19)
Gas, oil, grease	500	113	387
Smith Data	7,078	4,659	2,419
Subscriptions	150	145	5
Review board and appeals	4,200	1,150	3,050
Subsistence	1,245	410	835
Capital outlay	2,000	1,922	78
	<u>154,448</u>	<u>118,207</u>	<u>36,241</u>
TOTAL TAX ASSESSMENT & COLLECTION			
	<u>1,537,234</u>	<u>1,359,435</u>	<u>177,799</u>
REGISTRATION & ELECTION BOARD			
Personnel	52,612	48,234	4,378
Board members	18,034	17,427	607
Social security	3,336	3,380	(44)
Retirement	3,358	3,653	(295)
Insurance	8,697	9,335	(638)
Workers compensaton	160	160	-
Advertising	1,500	1,248	252
Contracted maintenance	7,500	7,495	5
Memberships & dues	180	180	-
Office expense	5,900	4,395	1,505
Postage	2,075	2,173	(98)
Printing	2,500	(451)	2,951

## GENERAL FUND

## NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2005

	Final <u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
Registration and Election Board - continued			
Telephone	3,800	2,583	1,217
Repairs to telephone	500	-	500
Training	1,300	1,034	266
Travel	1,950	2,196	(246)
Subsistence	<u>2,300</u>	<u>1,850</u>	<u>450</u>
 TOTAL REGISTRATION & ELECTION BOARD	 <u>115,702</u>	 <u>104,892</u>	 <u>10,810</u>
 ADMINISTRATION OF JUSTICE			
Criminal & Civil Court			
Personnel	86,000	86,000	-
Personnel - bailiff	15,300	10,000	5,300
Jury fees	68,200	35,945	32,255
Court expense	6,000	5,223	777
Telephone	2,600	2,731	(131)
Telephone - family court	2,040	109	1,931
Repairs to telephone	100	63	37
DJJ	<u>3,000</u>	<u>937</u>	<u>2,063</u>
 Total Criminal & Civil Court	 <u>183,240</u>	 <u>141,008</u>	 <u>42,232</u>
 Clerk of Court			
Personnel	145,501	138,398	7,103
Social security	11,131	10,291	840
Retirement	11,204	9,251	1,953
Insurance	20,738	17,552	3,186
Workers compensation	2,041	2,041	-
Advertising	450	337	113
Bookbinding	5,000	5,007	(7)
Contracted maintenance	59,660	52,547	7,113
Repairs to equipment	1,500	744	756
Copier	2,650	814	1,836
Memberships & dues	50	50	-
Office expense	12,764	6,697	6,067
Postage	20,000	19,042	958

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2005

	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
Clerk of Court - continued			
Printing	5,000	950	4,050
Telephone	2,500	1,245	1,255
Repairs to telephone	100	496	(396)
Training	1,500	714	786
Subsistence	50	15	35
Travel	2,650	1,852	798
	<u>304,489</u>	<u>268,043</u>	<u>36,446</u>
Total Clerk of Court			
Family Court - Clerk of Court			
Personnel	93,586	94,807	(1,221)
Social security	7,159	6,609	550
Retirement	7,206	6,324	882
Insurance	24,201	21,241	2,960
Workers compensation	343	343	-
Contracted maintenance	5,062	3,070	1,992
Repairs to equipment	500	285	215
Copier	1,000	573	427
Office expense	5,964	1,471	4,493
Postage	10,000	10,344	(344)
Printing	10,000	5,476	4,524
Telephone	1,500	1,948	(448)
Repairs to telephone	100	-	100
Subsistence	1,050	-	1,050
Training	275	-	275
Travel	400	-	400
	<u>168,346</u>	<u>152,491</u>	<u>15,855</u>
Total Family Court - Clerk of Court			
Probate Judge			
Personnel	124,276	129,681	(5,405)
Social security	9,507	8,827	680
Retirement	11,316	11,010	306
Insurance	26,291	24,421	1,870
Workers compensation	2,332	2,332	-
Advertising	300	116	184

## GENERAL FUND

## NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2005

	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Probate Judge - continued			
Contracted maintenance	17,410	17,845	(435)
Repairs to equipment	2,800	683	2,117
Membership & dues	300	20	280
Office expense	5,485	5,258	227
Postage	1,725	1,829	(104)
Printing	1,000	882	118
Telephone	3,000	2,457	543
Repairs to telephone	100	100	-
Education & training	1,340	1,350	(10)
Travel	2,615	2,012	603
Capital outlay	<u>12,810</u>	<u>1,889</u>	<u>10,921</u>
Total Probate Judge	<u>222,607</u>	<u>210,712</u>	<u>11,895</u>
Probation & Parole Office			
P.O. Box rent	49	38	11
Telephone	<u>2,600</u>	<u>1,670</u>	<u>930</u>
Total Probation & Parole Office	<u>2,649</u>	<u>1,708</u>	<u>941</u>
Public Defender			
Personnel	39,793	38,691	1,102
Social security	3,044	2,471	573
Retirement	3,064	2,717	347
Insurance	5,954	7,991	(2,037)
Workers compensation	174	174	-
Advertising	504	252	252
Office expense	600	600	-
Postage	900	900	-
Training	500	500	-
Copier	<u>2,500</u>	<u>2,480</u>	<u>20</u>
Total Public Defender	<u>57,033</u>	<u>56,776</u>	<u>257</u>

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2005

	Final <u>Budget</u>	Actual	Variance Favorable <u>(Unfavorable)</u>
Coroner			
Personnel	24,553	26,236	(1,683)
Social security	1,782	1,891	(109)
Retirement	2,492	2,528	(36)
Insurance	4,404	1,908	2,496
Workers compensation	788	788	-
Contracted maintenance	1,541	1,042	499
Memberships & dues	350	300	50
Office expense	300	-	300
Postage	132	74	58
Subsistence	1,050	393	657
Supplies	1,600	1,600	-
Telephone	1,405	1,487	(82)
Training	300	250	50
Travel	3,075	3,175	(100)
Film & gloves	750	593	157
Post Mortems & BA	34,629	34,185	444
	<u>79,151</u>	<u>76,450</u>	<u>2,701</u>
Total Coroner			
Magistrate District 2			
Personnel	167,028	165,145	1,883
Social security	12,778	12,165	613
Retirement	15,292	13,205	2,087
Insurance	30,954	31,384	(430)
Workers compensation	3,364	3,364	-
Advertising	100	75	25
Contracted maintenance	3,300	3,723	(423)
Consulting & tech fees	500	35	465
Memberships	240	200	40
Office expense	9,000	8,802	198
Postage	5,600	4,200	1,400
Printing	2,455	2,455	-
Telephone	3,000	1,526	1,474
Repairs to telephone	400	170	230
Repairs to equipment	800	875	(75)
Training	2,250	2,206	44
Travel	1,885	1,092	793

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2005

	Final Budget	Actual	Variance Favorable (Unfavorable)
Magistrate District 2 - continued			
Subsistence	3,400	209	3,191
Capital outlay	<u>3,000</u>	<u>3,000</u>	<u>-</u>
Total Magistrate District 2	<u>265,346</u>	<u>253,831</u>	<u>11,515</u>
Magistrate District 1			
Personnel	10,134	10,423	(289)
Social security	1,550	760	790
Retirement	1,084	1,080	4
Insurance	4,404	4,025	379
Maintenance	200	166	
Membership	389	389	-
Office expense	3,675	3,558	117
Postage	204	240	(36)
Travel	1,560	1,507	53
Telephone	<u>2,035</u>	<u>2,110</u>	<u>(75)</u>
Total Magistrate District 1	<u>25,235</u>	<u>24,258</u>	<u>943</u>
Magistrate District 4			
Personnel	6,756	7,602	(846)
Social security	1,034	373	661
Retirement	723	721	2
Insurance	6,894	5,479	1,415
Workers compensation	59	59	-
Membership	150	70	80
Office expense	535	965	(430)
Postage	150	259	(109)
Training	1,700	1,606	94
Travel	600	-	600
Telephone	600	712	(112)
Capital outlay	<u>2,205</u>	<u>2,000</u>	<u>205</u>
Total Magistrate District 4	<u>21,406</u>	<u>19,846</u>	<u>1,560</u>



SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2005

	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
Magistrate District 6			
Personnel	10,136	10,038	98
Social security	775	744	31
Retirement	1,085	1,081	4
Insurance	4,404	4,025	379
Workers compensation	45	45	-
Membership	100	25	75
Office expense	1,121	1,788	(667)
Postage	110	110	-
Rent	300	300	-
Subscriptions and books	350	240	110
Training	250	155	95
Travel	1,000	210	790
Telephone	750	360	390
	<u>20,426</u>	<u>19,121</u>	<u>1,305</u>
Total Magistrate District 6			
	<u>20,426</u>	<u>19,121</u>	<u>1,305</u>
TOTAL ADMINISTRATION OF JUSTICE	<u>1,349,928</u>	<u>1,224,244</u>	<u>125,650</u>
LAW ENFORCEMENT			
Sheriff's Department			
Personnel	1,231,824	1,200,670	31,154
Overtime	55,145	54,857	288
School resource officer - salary and benefits	220,654	211,908	8,746
School safety	4,977	4,656	321
Social security	98,164	93,589	4,575
Retirement	138,109	134,253	3,856
Insurance	189,175	157,635	31,540
Workers compensation	51,560	51,560	-
Contracted maintenance	45,127	32,720	12,407
Consulting & tech fees	500	326	174
Copier	2,150	2,011	139
Professional services	1,000	981	19
Vehicle insurance	49,316	49,854	(538)
Bonds - employees	2,400	2,400	-
Membership & dues	3,765	3,763	2

## SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

## GENERAL FUND

## NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2005

	Final Budget	Actual	Variance Favorable (Unfavorable)
Sheriff's Department - continued			
Office expense	5,450	5,409	41
Postage	1,000	435	565
Printing	3,980	3,981	(1)
Transportation of prisoners	2,500	2,401	99
Repairs to radio	1,512	1,463	49
Telephone	5,175	5,057	118
Training	829	829	-
Travel	75	75	-
Subsistence	2,825	2,825	-
Ammo & guns	23,645	23,606	39
Cleaning supplies	500	496	4
Gas, oil, grease	95,800	121,078	(25,278)
Medicals	109	109	-
Police supplies	4,250	4,133	117
Photo supplies	2,300	1,798	502
Books	474	474	-
Supplies	3,240	3,734	(494)
Air patrols	100	85	15
Uniforms	20,000	19,886	114
Grant match	3,750	3,750	-
Special law enforcement	2,250	1,531	719
Capital outlay	135,252	135,252	-
Bloodhounds	3,855	3,803	52
Office furniture			-
Other equipment	20,500	20,446	54
Crime prevention	1,000	961	39
Project Near	<u>1,000</u>	<u>1,178</u>	<u>(178)</u>
Total Sheriff's Department	<u>2,435,237</u>	<u>2,365,978</u>	<u>69,259</u>
TOTAL LAW ENFORCEMENT	<u>2,435,237</u>	<u>2,365,978</u>	<u>69,259</u>

## SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

## GENERAL FUND

## NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2005

	<u>Final</u> <u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
DETENTION			
Corrections			
Personnel	671,429	618,921	52,508
Overtime	60,145	43,850	16,295
Social security	57,172	49,119	8,053
Retirement	79,683	69,822	9,861
Insurance	144,962	133,082	11,880
Workers compensation	29,072	29,072	-
Advertising	800	800	-
Contracted maintenance	14,625	14,445	180
Repairs to equipment	1,388	1,388	-
Copier machine	500	500	-
Utilities	85,000	69,689	15,311
Vehicle insurance	2,500	2,528	(28)
Memberships & dues	252	246	6
Office expense	5,000	4,973	27
Postage	136	173	(37)
Printing	1,500	1,465	35
Repairs to radio	2,100	2,002	98
Telephone	3,300	3,163	137
Repairs to telephone	100	-	100
Training	2,230	2,222	8
Training - medical	832	832	-
Travel	362	362	-
Subsistence	977	950	27
Bedding	6,000	5,945	55
Chemicals	2,560	2,560	-
Cleaning materials	5,000	5,000	-
Food	153,200	138,607	14,593
Gas, oil, grease	2,100	2,100	-
Medical	100,079	121,589	(21,510)
Drugs	21,264	21,264	-
Police supplies	2,930	2,701	229
Books	662	647	15
Clothing	3,731	3,731	-
Uniforms	10,060	10,060	-

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2005

	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
Corrections - continued			
DYS Juvenile	5,650	800	4,850
Kitchen supplies	1,500	534	966
Capital outlay	18,220	18,220	-
Other equipment	7,850	7,835	15
Photo ID equipment	1,350	1,342	8
	<u>1,506,221</u>	<u>1,392,539</u>	<u>113,682</u>
Total Corrections			
TOTAL DETENTION	<u>1,506,221</u>	<u>1,392,539</u>	<u>113,682</u>
 PUBLIC SAFETY			
Public Safety			
Personnel	68,741	68,944	(203)
Social security	5,259	5,215	44
Retirement	5,293	4,649	644
Insurance	8,808	12,165	(3,357)
Workers compensation	1,742	1,742	-
Contracted maintenance	7,064	4,894	2,170
Repairs to equipment	200	-	200
Copier machine	300	258	42
Vehicle insurance	670	629	41
Office expense	4,200	6,627	(2,427)
Postage	177	177	-
Telephone	3,356	1,153	2,203
Training	1,000	1,220	(220)
Gas, oil, grease	800	10	790
Photo supplies	500	170	330
Safety supplies	700	697	3
Other equipment	40,000	40,000	-
Travel	450	80	370
	<u>149,260</u>	<u>148,630</u>	<u>630</u>
Total Public Safety			
 Animal Control			
Personnel	107,582	96,891	10,691
Emergency call	8,150	13,431	(5,281)
Social security	8,471	7,822	649

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2005

	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
Animal Control - continued			
Retirement	8,526	7,313	1,213
Insurance	27,739	18,006	9,733
Workers compensation	3,141	3,141	-
Advertising	200	283	(83)
Utilities	5,700	4,419	1,281
Insurance vehicles	2,250	1,838	412
Memberships and dues	250	198	52
Office expense	6,100	5,404	696
Postage	175	86	89
Repairs to equipment	994	775	219
Telephone	3,000	2,812	188
Training	2,485	365	2,120
Travel	460	67	393
Subsistence	1,430	378	1,052
Cleaning supplies	2,094	1,138	956
Dog food	600	245	355
Gas, oil and grease	5,500	8,340	(2,840)
Medical and surgical	17,600	19,975	(2,375)
Medication	6,000	5,978	22
Uniforms	2,000	1,993	7
	<u>220,447</u>	<u>200,898</u>	<u>19,549</u>
Total Animal Control			
Communications			
Personnel	314,246	283,269	30,977
Overtime	27,941	25,652	2,289
Social security	26,177	21,768	4,409
Retirement	26,349	20,732	5,617
Insurance	65,707	53,250	12,457
Workers compensation	1,254	1,254	-
Advertising	200	197	3
Contracted maintenance	19,720	20,614	(894)
Copier expense	313	313	-
Memberships & dues	150	80	70
Office expense	6,225	5,391	834
Postage	37	37	-

## SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

## GENERAL FUND

## NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2005

	Final <u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
Communications - continued			
Printing	140	-	140
Repairs to equipment	210	110	100
Subsistence	682	682	-
Telephone	3,700	3,097	603
Training	140	140	-
Travel	<u>204</u>	<u>204</u>	<u>-</u>
Total Communications	<u>493,395</u>	<u>436,790</u>	<u>56,605</u>
Board of Rescue Squads			
Utilities	21,000	20,398	602
Workers compensation	15,898	15,898	-
Vehicle insurance	14,360	12,935	1,425
EMS grant match	-	-	-
Repairs to equipment	4,900	248	4,652
Repairs to radio	4,050	2,824	1,226
Training	15,000	7,131	7,869
Gas, oil, grease	7,000	6,131	869
Medical supplies	17,500	11,737	5,763
Rescue supplies	13,875	12,081	1,794
Cleaning supplies	1,000	994	6
Capital outlay	<u>61,700</u>	<u>73,983</u>	<u>(12,283)</u>
Total Board of Rescue Squads	<u>176,283</u>	<u>164,360</u>	<u>11,923</u>
Hazardous Materials			
Contracted maintenance	1,800	474	1,326
Office expenses	200	48	152
Medical	6,370	-	6,370
Telephone	205	81	124
Training	3,240	861	2,379
Supplies	<u>21,464</u>	<u>18,824</u>	<u>2,640</u>
Total Hazardous Materials	<u>33,279</u>	<u>20,288</u>	<u>12,991</u>

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2005

	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
<b>Board of Rural Fire Control</b>			
Personnel	36,954	27,528	9,426
Social security	2,827	1,979	848
Retirement	2,845	1,871	974
Insurance	2,985	5,125	(2,140)
Workers compensation	23,875	22,624	1,251
Advertising	1,421	1,421	-
Shared revenue	129,808	143,519	(13,711)
Contracted maintenance	2,800	2,379	421
Utilities	26,600	25,950	650
Vehicle insurance	37,000	37,652	(652)
Office expense	600	700	(100)
Repairs to equipment	3,000	2,462	538
Repairs to radio	5,000	5,015	(15)
Repairs to building	39,600	52,722	(13,122)
Telephone	100	-	100
Training	1,000	130	870
Janitorial supplies	1,000	1,014	(14)
Gas, oil, grease	20,000	14,199	5,801
Fire supplies	25,000	21,718	3,282
Lease purchase payment	410,250	410,250	-
Other equipment	125,250	24,045	101,205
Capital outlay	20,000	22,237	(2,237)
	<u>917,915</u>	<u>824,540</u>	<u>93,375</u>
<b>Total Board of Rural Fire Control</b>			
<b>Building Inspections</b>			
Personnel	59,787	71,334	(11,547)
Social security	4,574	5,141	(567)
Retirement	4,604	5,127	(523)
Insurance	10,358	10,860	(502)
Workers compensation	1,944	1,944	-
Memberships	500	160	340
Office	4,900	5,158	(258)
Postage	150	23	127
Printing	600	481	119
Subscriptions	500	347	153
Telephone	1,500	1,709	(209)

## SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

## GENERAL FUND

## NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2005

	Final <u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
Building Inspections - continued			
Training	2,000	1,867	133
Vehicle insurance	1,300	1,253	47
Gas, oil, grease	6,000	2,711	3,289
Total Building Inspections	<u>98,717</u>	<u>108,115</u>	<u>(9,398)</u>
Ambulance Substation			
Vehicle insurance	8,750	7,667	1,083
Training	5,100	3,557	1,543
Uniforms	10,200	10,578	(378)
Contracted personnel	349,070	249,358	99,712
Other equipment	39,000	34,530	4,470
Total Ambulance Substation	<u>412,120</u>	<u>305,690</u>	<u>106,430</u>
Flood Management			
Personnel	54,370	44,826	9,544
Social security	4,159	2,962	1,197
Retirement	4,186	2,973	1,213
Insurance	14,721	9,660	5,061
Workers compensation	1,768	1,768	-
Training	915	913	2
Memberships	110	110	-
Office	2,075	1,559	516
Postage	600	619	(19)
Telephone	1,450	1,513	(63)
Travel	2,600	2,523	77
Gas, oil, grease	1,300	582	718
Total Flood Management	<u>88,254</u>	<u>70,008</u>	<u>18,246</u>
TOTAL PUBLIC SAFETY	<u>2,556,391</u>	<u>2,279,319</u>	<u>297,360</u>



SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2005

	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
PUBLIC WORKS & MAINTENANCE			
Public Works			
Personnel	452,008	433,235	18,773
Overtime	6,000	10,118	(4,118)
Social security	36,529	32,324	4,205
Retirement	36,768	29,390	7,378
Insurance	89,435	74,476	14,959
Workers compensation	51,564	51,563	1
Advertising	500	797	(297)
Consulting fees	64,000	47,433	16,567
Utilities	4,000	5,199	(1,199)
Vehicle insurance	18,100	17,132	968
Memberships & dues	300	248	52
Office expense	3,600	4,233	(633)
Postage	1,000	952	48
Printing	400	334	66
Supplies	700	1,398	(698)
Repairs to radio	750	697	53
Telephone	4,400	4,056	344
Repairs to telephone	100	52	48
Training	1,700	284	1,416
Travel	75	90	(15)
Bridge materials	15,000	14,350	650
Cleaning materials	400	139	261
Fertilizer, plants, seeds	500	451	49
Gas, oil, grease	20,000	18,793	1,207
Diesel fuel	60,000	61,883	(1,883)
Safety supplies	2,500	2,250	250
Gravel	150,000	165,749	(15,749)
Asphalt	39,500	25,854	13,646
Pipe	12,500	17,285	(4,785)
Tools	5,000	3,906	1,094
Road signs	15,000	10,441	4,559
Land improvements	230,978	245,755	(14,777)
Uniforms	6,000	5,288	712
Subsistence	250	287	(37)
Total Public Works	<u>1,329,557</u>	<u>1,286,442</u>	<u>43,115</u>

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2005

	Final Budget	Actual	Variance Favorable (Unfavorable)
Central Maintenance			
Contracted maintenance	393,926	392,057	1,869
Utilities	5,000	6,380	(1,380)
Fuel	1,000	2,226	(1,226)
Tools	2,808	875	1,933
Capital outlay	3,816	-	3,816
Total Central Maintenance	<u>406,550</u>	<u>401,538</u>	<u>5,012</u>
Building Maintenance			
Personnel	53,592	54,200	(608)
Social security	4,100	3,738	362
Retirement	4,127	3,634	493
Insurance	13,803	11,741	2,062
Workers compensation	197	197	-
Contracted maintenance	20,078	17,441	2,637
Building maintenance	200	116	84
Utilities	141,000	142,582	(1,582)
Vehicle insurance	625	1,295	(670)
Supplies	51,000	63,312	(12,312)
Telephone	2,900	1,904	996
Training	1,000	790	210
Gas, oil, grease	1,200	4,100	(2,900)
Uniforms	650	858	(208)
Capital outlay	60,000	85,000	(25,000)
Tools	800	752	48
Total Building Maintenance	<u>355,272</u>	<u>391,660</u>	<u>(36,388)</u>
Community Hall			
Personnel	8,789	8,991	(202)
Social security	672	663	9
Retirement	677	587	90
Insurance	4,293	3,932	361
Workers compensation	86	86	-
Telephone	950	745	205
Total Community Hall	<u>15,467</u>	<u>15,004</u>	<u>463</u>

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2005

	Final <u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
Collections			
Personnel	88,506	55,000	33,506
Overtime	1,000	339	661
Social security	6,892	3,994	2,898
Retirement	6,847	3,903	2,944
Insurance	17,644	12,754	4,890
Workers compensation	9,707	9,707	-
Contracted personnel	257,624	463,602	(205,978)
Contracted maintenance	448,050	104,910	343,140
Utilities	20,000	20,480	(480)
Vehicle insurance	4,925	1,852	3,073
Office	1,300	994	306
Supplies	4,200	3,935	265
Telephone	6,708	6,782	(74)
Subsistence	640	27	613
Cleaning supplies	500	365	135
Tools and other equipment	21,000	1,158	19,842
	<u>895,543</u>	<u>689,802</u>	<u>205,741</u>
Total Collections			
Transfer Station			
Contracted personnel	1,629,095	1,572,584	56,511
Repairs to equipment	15,000	15,186	(186)
Utilities	7,000	7,032	(32)
Sewer disposal	4,000	2,700	1,300
Supplies	20,000	16,057	3,943
	<u>1,675,095</u>	<u>1,613,559</u>	<u>61,536</u>
Total Transfer Station			
Custodian Services			
Personnel	38,450	41,327	(2,877)
Social security	2,941	3,109	(168)
Retirement	2,961	2,821	140
Insurance	11,698	12,791	(1,093)
Workers compensation	377	377	-
Vehicle insurance	1,300	612	688

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2005

	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
Custodian Services - continued			
Repairs to equipment	500	171	329
Repairs to radio	100	95	5
Cleaning supplies	18,145	19,894	(1,749)
Fertilizer, feed, seed	350	489	(139)
Gas, oil, grease	1,840	1,673	167
Tools	2,000	1,854	146
Telephone	600	608	(8)
Uniforms	575	556	19
Chemicals	956	180	776
	<u>82,793</u>	<u>86,557</u>	<u>(3,764)</u>
Total Custodian Services			
TOTAL PUBLIC WORKS & MAINTENANCE	<u>4,760,277</u>	<u>4,484,562</u>	<u>275,715</u>
PLANNING & DEVELOPMENT			
Central Midlands Regional PC	<u>19,146</u>	<u>19,146</u>	<u>-</u>
Economic Development			
Personnel	60,000	64,410	(4,410)
Social Security	4,590	3,887	703
Retirement	4,620	3,945	675
Insurance	5,628	3,745	1,883
Appropriations	50,000	279,987	(229,987)
Memberships	125	125	-
Office	780	2,364	(1,584)
Postage	137	119	18
Printing	202	202	-
Telephone	1,410	2,551	(1,141)
Training	400	975	(575)
Travel	3,256	3,347	(91)
	<u>131,148</u>	<u>365,657</u>	<u>(234,509)</u>
Total Economic Development			

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2005

	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
Comprehensive Planning			
Personnel	56,502	52,547	3,955
Social security	4,322	3,553	769
Retirement	4,351	3,437	914
Insurance	16,309	13,068	3,241
Workers compensation	1,837	1,837	-
Advertising	1,700	1,447	253
Copier	200	174	26
Memberships and dues	500	485	15
Office expense	4,450	4,168	282
Postage	1,350	1,141	209
Printing	1,500	1,048	452
Books	400	254	146
Telephone	2,000	2,288	(288)
Training	675	294	381
Travel	400	-	400
Gas, oil, and grease	600	267	333
Subsistence	1,300	206	1,094
Vehicle insurance	650	624	26
Capital outlay	3,300	3,045	255
	<u>102,346</u>	<u>89,883</u>	<u>12,463</u>
Total Comprehensive Planning			
Central Carolina Economic Development Alliance	<u>72,000</u>	<u>72,000</u>	<u>-</u>
TOTAL PLANNING & DEVELOPMENT	<u>324,640</u>	<u>546,686</u>	<u>(222,046)</u>
EDUCATION & CULTURE			
Newberry/Saluda Regional Library			
Quarterly - payment	<u>303,580</u>	<u>303,452</u>	<u>128</u>
TOTAL EDUCATION & CULTURE	<u>303,580</u>	<u>303,452</u>	<u>128</u>

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2005

	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>AGRICULTURE &amp; HOME ECONOMICS</b>			
Clemson Extension	16,500	12,237	4,263
Newberry Soil & Water Conservation	25,300	51,453	(26,153)
<b>TOTAL AGRICULTURE &amp; HOME     ECONOMICS</b>	<b>41,800</b>	<b>63,690</b>	<b>(21,890)</b>
<b>PUBLIC HEALTH</b>			
Health Department			
Personnel	51,445	51,445	-
Telephone	2,000	1,788	212
Medical supplies	3,000	3,000	-
<b>Total Health Department</b>	<b>56,445</b>	<b>56,233</b>	<b>212</b>
Beckman Mental Health	15,000	15,000	-
Westview Behavioral	23,330	22,949	381
<b>TOTAL PUBLIC HEALTH</b>	<b>94,775</b>	<b>94,182</b>	<b>593</b>
<b>SOCIAL SERVICES</b>			
Department of Social Services			
Personnel	2,160	2,115	45
P.O. Box rent	68	68	-
Telephone	8,500	4,237	4,263
Emergency	4,200	4,000	200
Office	1,500	160	1,340
Paupers funeral	3,000	3,000	-
Utilities	50,000	40,587	9,413
Capital outlay - land improvements	-	167,057	(167,057)
<b>Total Department of Social Services</b>	<b>69,428</b>	<b>221,224</b>	<b>(151,796)</b>

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2005

	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
Veteran's Affairs			
Personnel	78,732	79,923	(1,191)
Social security	6,023	5,585	438
Retirement	6,062	4,886	1,176
Insurance	16,102	13,127	2,975
Workers compensation	1,512	1,512	-
Advertising	100	-	100
Contracted maintenance	600	600	-
Membership fees	85	65	20
Office expense	2,420	2,327	93
Postage	1,000	999	1
Printing	150	130	20
Subscriptions	150	39	111
Telephone	1,620	689	931
Repairs to telephone	700	-	700
Training	95	75	20
Travel	833	907	(74)
Subsistence	400	501	(101)
Copier expenses	750	666	84
Capital outlay	<u>6,000</u>	<u>6,176</u>	<u>(176)</u>
Total Veteran's Affairs	<u>123,334</u>	<u>118,207</u>	<u>5,127</u>
Council on Aging			
Quarterly appropriation	35,000	35,000	-
Gas, Oil and Grease	<u>18,000</u>	<u>45,642</u>	<u>(27,642)</u>
Total Council on Aging	<u>53,000</u>	<u>80,642</u>	<u>(27,642)</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>258,897</u>	<u>433,208</u>	<u>(174,311)</u>

## SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

## GENERAL FUND

## NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2005

	Final <u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
MISCELLANEOUS			
Airport			
Contracted maintenance	2,000	1,500	500
Maintenance & supplies	1,000	262	738
Consulting	30,000	21,000	9,000
Utilities	3,500	2,699	801
Office expense	50	-	50
Telephone	1,600	366	1,234
Training	500	19	481
Travel	800	800	-
Chemicals	<u>1,160</u>	<u>2,349</u>	<u>(1,189)</u>
Total Airport	<u>40,610</u>	<u>28,995</u>	<u>11,615</u>
Government Association	<u>380</u>	<u>200</u>	<u>180</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>690</u>	<u>690</u>	<u>-</u>
Medically indigent Appropriation	<u>128,890</u>	<u>128,890</u>	<u>-</u>
Ambulance			
Appropriation	440,456	424,186	16,270
Repairs to radio	2,500	515	1,985
Utilities	8,000	7,574	426
Diesel fuel	<u>15,000</u>	<u>28,048</u>	<u>(13,048)</u>
Total Ambulance	<u>465,956</u>	<u>460,323</u>	<u>5,633</u>
Recreation			
Recreation appropriation	<u>120,000</u>	<u>122,075</u>	<u>(2,075)</u>
Total Recreation	<u>120,000</u>	<u>122,075</u>	<u>(2,075)</u>
TOTAL MISCELLANEOUS	<u>835,672</u>	<u>820,319</u>	<u>15,353</u>



SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2005

	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
<b>CAPITAL CONSTRUCTION &amp; IMPROVEMENTS</b>			
Contingency	200,000	465,136	(265,136)
Highway 219 Project	-	218,329	(218,329)
Lease Purchase - equipment	-	152,464	(152,464)
Capital improvement	-	<u>1,016</u>	<u>(1,016)</u>
<b>TOTAL CAPITAL CONSTRUCTION &amp; IMPROVEMENTS</b>	<u>200,000</u>	<u>836,945</u>	<u>(636,945)</u>
<b>TOTAL EXPENDITURES</b>	<u>17,634,454</u>	<u>17,624,741</u>	<u>29,967</u>
Excess/(Deficiency) of Revenue over Expenditures	-	(1,394,513)	(1,394,513)
<b>OTHER FINANCING SOURCES/ (USES)</b>			
Lease purchase proceeds	-	152,464	152,464
Transfer to capital projects	-	(115,903)	(115,903)
Transfers to special revenue	-	<u>(578,533)</u>	<u>(578,533)</u>
<b>TOTAL OTHER FINANCING SOURCES/(USES)</b>	<u>-</u>	<u>(541,972)</u>	<u>(541,972)</u>
Excess of Revenue over Expenditures after other financing sources	<u>\$ -</u>	<u>\$ (1,936,485)</u>	<u>\$ (1,936,485)</u>

COMBINING BALANCE SHEET

SPECIAL REVENUE FUND

NEWBERRY COUNTY, SOUTH CAROLINA

June 30, 2005

	Sheriff's Funds	Sheriff's Grants	Victim's Advocate	Emergency 911	DSS Clerk of Court	Airport Grant	Miscellaneous Grants	Total
<b>ASSETS</b>								
Cash	\$ 172,560	\$ 159,761	\$ 7,435	\$ 239,860	\$ 130,620	\$ -	\$ -	\$ 710,236
Due from general fund	66,948	-	-	-	-	-	-	66,948
Due from grantor	5,706	155,176	-	-	-	42,698	-	203,580
<b>TOTAL ASSETS</b>	<u>\$ 245,214</u>	<u>\$ 314,937</u>	<u>\$ 7,435</u>	<u>\$ 239,860</u>	<u>\$ 130,620</u>	<u>\$ 42,698</u>	<u>\$ -</u>	<u>\$ 980,764</u>
<b>LIABILITIES</b>								
Defeited revenue	\$ 1,500	23,494	\$ -	\$ -	\$ -	\$ -	\$ 4,406	\$ 29,400
Due to general fund	24,189	212,488	7,165	94,530	34,084	42,698	-	415,154
<b>TOTAL LIABILITIES</b>	<u>25,689</u>	<u>235,982</u>	<u>7,165</u>	<u>94,530</u>	<u>34,084</u>	<u>42,698</u>	<u>4,406</u>	<u>444,554</u>
<b>FUND BALANCE</b>								
Reserved for special revenue	219,525	78,955	270	145,330	96,536	-	(4,406)	536,210
<b>TOTAL FUND BALANCE</b>	<u>219,525</u>	<u>78,955</u>	<u>270</u>	<u>145,330</u>	<u>96,536</u>	<u>-</u>	<u>(4,406)</u>	<u>536,210</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 245,214</u>	<u>\$ 314,937</u>	<u>\$ 7,435</u>	<u>\$ 239,860</u>	<u>\$ 130,620</u>	<u>\$ 42,698</u>	<u>\$ -</u>	<u>\$ 980,764</u>

COMBINING STATEMENT OF REVENUE, EXPENDITURES  
AND CHANGES IN FUND BALANCE

SPECIAL REVENUE FUND

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2005

Revenue	Sheriff's Funds	Sheriff Grants	Victim's Advocate	Emergency 911	DSS Clerk of Court	Airport Grant	C-Funds	Miscellaneous Grants	Total
Intergovernmental									
Federal grants									
State grants		\$ 212,343			\$ 33,543	\$ 55,940			\$ 301,826
Other							634,483	2,095	636,578
Assessments	78,275		91,045	215,340					409,660
Interest	72		476					25,000	548
Miscellaneous	106,720								106,720
<b>Total Revenue</b>	<b>185,067</b>	<b>212,343</b>	<b>91,521</b>	<b>215,340</b>	<b>33,543</b>	<b>55,940</b>	<b>634,483</b>	<b>27,095</b>	<b>1,455,332</b>
Expenditures									
Personnel									
Operating	14,715	39,452	86,317	69,994					156,311
Capital outlays	19,912	159,582	4,934	175,248	42,011	55,940	670,745	31,801	1,034,846
Intergovernmental				25,272					204,766
<b>Total Expenditures</b>	<b>34,627</b>	<b>199,034</b>	<b>91,251</b>	<b>270,514</b>	<b>42,011</b>	<b>55,940</b>	<b>670,745</b>	<b>341,467</b>	<b>1,737,390</b>
Other financing sources									
Transfer in/(out)				200,504			36,262	341,767	578,533
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</b>	<b>150,440</b>	<b>13,309</b>	<b>270</b>	<b>145,330</b>	<b>(8,468)</b>			<b>(4,406)</b>	<b>296,475</b>
Fund balance, beginning of year	69,085	65,646			105,004				239,735
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 219,525</b>	<b>\$ 78,955</b>	<b>\$ 270</b>	<b>\$ 145,330</b>	<b>\$ 96,536</b>	<b>\$</b>	<b>\$</b>	<b>(4,406)</b>	<b>\$ 536,210</b>

STATEMENT OF REVENUE, EXPENDITURES AND  
CHANGES IN FUND BALANCE

DEBT SERVICE FUND

Year Ended June 30, 2005

REVENUE

Property Taxes	
1995 GO Bond	\$ 107,272
2001 GO Bond	253,429
Sales Taxes	2,185,684
Interest	<u>75,922</u>

TOTAL REVENUE 2,622,307

EXPENDITURES

Principal	
1995 GO Bond	50,000
2001 GO Bond	145,000
Sales Tax Bond	5,125,000
Interest	
1995 GO Bond	27,150
2001 GO Bond	196,793
Sales Tax Bond	356,000
Fees	
1995 GO Bond	1,082
2001 GO Bond	800
Sales Tax Bond	<u>52,122</u>

TOTAL EXPENDITURES 5,953,947

OTHER FINANCING USES

Transfer to Capital Projects Fund (1,704,204)

EXCESS/(DEFICIENCY) OF REVENUE  
OVER EXPENDITURES (5,035,844)

Fund balance, beginning of year 5,750,640

FUND BALANCE, END OF YEAR \$ 714,796

STATEMENT OF REVENUE, EXPENDITURES AND  
CHANGES IN FUND BALANCE

CAPITAL PROJECTS FUND

Year Ended June 30, 2005

REVENUE

Interest \$ 6,000

TOTAL REVENUE 6,000

EXPENDITURES

Capital Outlays

Capital Outlays - Gravity Sewer System 1,206,451

Capital Outlays - ST 34 & 219 145,466

Capital Outlays - Sales Tax Excess Funds 1,240,330

Capital Outlays - Miscellaneous 203,110

TOTAL EXPENDITURES 2,795,357

OTHER FINANCING SOURCES/(USES)

Transfer from General Fund 115,903

Transfer from Debt Service 1,704,204

EXCESS OF REVENUE

OVER EXPENDITURES (969,250)

Fund balance, beginning of year 1,478,418

FUND BALANCE, END OF YEAR \$ 509,168

COMBINING BALANCE SHEET

TRUST AND AGENCY FUND

NEWBERRY COUNTY, SOUTH CAROLINA

June 30, 2005

	Newberry County Schools Construction	Newberry County Schools Operations	Newberry Schools Sinking Funds	Fire/Rescue Squads	Total
ASSETS					
Cash	\$ 2,669,725	\$ 419,472	\$ 842,439	\$ 220,544	\$ 4,152,180
Investments	<u>-</u>	<u>4,739,328</u>	<u>4,828,059</u>	<u>-</u>	<u>9,567,387</u>
TOTAL ASSETS	<u>\$ 2,669,725</u>	<u>\$ 5,158,800</u>	<u>\$ 5,670,498</u>	<u>\$ 220,544</u>	<u>\$ 13,719,567</u>
LIABILITIES					
Due to taxing units and others	<u>\$ 2,669,725</u>	<u>\$ 5,158,800</u>	<u>\$ 5,670,498</u>	<u>\$ 220,544</u>	<u>\$ 13,719,567</u>
TOTAL LIABILITIES	<u>\$ 2,669,725</u>	<u>\$ 5,158,800</u>	<u>\$ 5,670,498</u>	<u>\$ 220,544</u>	<u>\$ 13,719,567</u>

**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 between the finance department and the Treasurer's office. Entries are made between funds, which result in individual funds being out of balance.

*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.

*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.

*Recommendation:* A self-balancing fund accounting should be maintained by training accounting staff in the proper methodology of fund 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.

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2005

3. Clerk of Court – Years Ended June 30, 1995 - Present

*Condition:* The Clerk of Court's bank account for the County has not been reconciled since May 2005.

*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 behind in performing the duties.

**Section III – Federal Award Findings and Questioned Costs**

No federal awards findings and questioned costs.



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, 2005, and have issued our report thereon dated November 16, 2005. 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.

Lexington, South Carolina  
November 16, 2005

*Rish and Enzastiga*



Statement of Fines, Assessments and Surcharges

Newberry County, South Carolina

Year Ended June 30, 2005

	<u>Total</u>	<u>State Portion</u>	<u>County Portion</u>
Public Defender Application Fees	\$ 3,280	\$ 3,280	\$ -
Marriage License Fee	5,060	5,060	-
Circuit/Family Court Fines	14,920	14,920	-
Circuit/Family Court Filing Fees	154,944	154,944	-
General Sessions - Assessments - DUI	3,031	3,031	-
Magistrates Court - Assessments - DUI	11,620	11,620	-
Magistrates - Surcharge - DUI	5,700	5,700	-
Magistrates - Drug Surcharge	5,800	5,800	-
General Sessions - Other Assessments	20,816	13,758	7,058
Magistrates Court - Other Assessments	338,725	300,564	38,161
General Sessions - Surcharges	57,254	44,217	13,037
Magistrates Court - Surcharges	165,050	141,800	23,250
	<u>\$ 786,200</u>	<u>\$ 704,694</u>	<u>\$ 81,506</u>



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

Newberry County, South Carolina

Year Ended June 30, 2005

**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.

**Submission of Reports**

*Condition:* The South Carolina State Treasurer's Court Revenue Remittance Forms are not filed monthly on or before the 15<sup>th</sup> of every month.

*Criteria:* The Forms are required to be submitted monthly on or before the 15<sup>th</sup> of each month.

*Effect:* Because the Forms are not submitted according to the time requirements of the State Treasurer's Office, the Forms are not received in a timely manner.

*Recommendation:* Procedures should be implemented to ensure that the Forms are sent to the State Treasurer's Office on or before the 15<sup>th</sup> of the month.

