

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

June 30, 2004

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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, 2004. 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, 2004 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, 2004 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 8, 2004 on our consideration of Newberry County, South Carolina's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be read in conjunction with the report in considering the results of our audit.

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

*Risk and Emphasis*

Lexington, South Carolina  
November 8, 2004

## MANAGEMENT'S DISCUSSION AND ANALYSIS

**NEWBERRY COUNTY, SOUTH CAROLINA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2004**

**INTRODUCTION**

This narrative overview gives an analysis of the financial activities of the County for the fiscal year ended June 30, 2004. 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, 2004, were \$24,954,982, which represented an increase of \$735,134 from the prior year end. The net assets of the governmental activities funds totaled \$25,998,060. The net deficit of the business-type activities was \$1,043,078.

**Revenues and Expenditures:** Revenues and Other Financing Sources totaled \$20,690,079 and Expenditures and Other Uses totaled \$22,337,323 for all Governmental Funds at the fund level. Accordingly, expenditures and other financing uses exceeded total revenues and other sources by \$1,647,244. Capital Project Fund revenues and other sources totaled \$231,522 and expenditures and other uses totaled \$2,203,190 which decreased fund balance \$1,971,668. This is largely attributable to a transfer of interest income of \$1,144,241, earned in prior years on the Sales Tax Bond, being transferred to the general fund. The general fund used these funds to pay for capital outlays for equipment.

**Lease Purchase:** The County received lease purchase proceeds of \$1,159,546 in the fiscal year ended June 30, 2004. The County used these proceeds to upgrade fire service equipment and vehicles.

**Capital Assets:** The County had capital asset additions in the governmental activities of \$4,377,245 consisting mainly of the Sheriff's building, Magistrates/Jail Complex and Fire Service vehicle and equipment

**NEWBERRY COUNTY, SOUTH CAROLINA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) -  
CONTINUED  
YEAR ENDED JUNE 30, 2004**

**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 \$1,043,078 at year-end. Charges for services totaled \$7,259,658, general revenues totaled \$620, transfer totaled \$294,406 and total expenses were \$7,804,469. The revenues and expenses resulted in a decrease in net assets of \$249,785.

**General Fund/Fund Balance:** Our principal operating fund, the General Fund, had \$15,978,378 in fiscal year 2004 Revenues and Other Financing Sources (Uses), which primarily consisted of property taxes, intergovernmental sources, lease purchase proceeds and transfers from the capital projects fund and \$16,337,767 in expenditures leaving a deficit for the year of \$359,389. The other financing sources included a transfer of \$1,144,241 from the Capital Projects fund to reimburse the General Fund for capital outlays.

**Debt Service:** The County retired \$1,755,000 in principal for governmental activities bonds outstanding and \$201,020 in principal in the business-type activities. The Debt Service Fund Balance increased from \$5,119,711 to \$5,750,640. Bonds payable due are \$9,495,000 at June 30, 2004 in governmental activities and \$11,599,132 in the business-type activities.

**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, 2004**

**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, 2004**

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, 2004**

**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 \$24,954,982 as of June 30, 2004.

The largest portion of the County's net assets (50 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, 2004.

Current assets	\$ 20,322,746
Capital assets	<u>29,747,209</u>
Total assets	<u>50,069,955</u>
Current liabilities	(5,323,442)
Non-current liabilities	<u>(19,791,531)</u>
Total liabilities	<u>(25,114,973)</u>
Net assets	<u>\$ 24,954,982</u>
Net assets -	
Invested in capital assets, net of related debt	\$ 12,475,304
Restricted	7,468,793
Unrestricted	<u>5,010,885</u>
Total net assets	<u>\$ 24,954,982</u>

**NEWBERRY COUNTY, SOUTH CAROLINA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) -  
CONTINUED  
YEAR ENDED JUNE 30, 2004**

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

- The addition of \$4,377,245 in capital assets through the construction of the magistrates/jail complex, purchase of the Sheriff's building, improvements, and purchases of furniture, equipment, and vehicles.
- The operating loss of the General Fund totaling \$359,389 resulting mainly from the transfer to the J.F. Hawkins Nursing Home, an enterprise fund as well as multiple capital outlays.
- Increases in the Debt Service Fund totaling \$630,929, due to actual sales tax revenues that were less than estimated revenues for the retirement of the Sales Tax GO Bond.

**Changes in net assets:** The County's combined governmental and business-type revenues for the fiscal year ended June 30, 2004, were \$26,734,432. The total cost of all programs and services was \$25,999,298. The following table presents a summary of the activity that resulted in changes to total net assets for the fiscal year ended June 30, 2004.

<b>REVENUES:</b>	Amount
Program revenues:	
Charges for services	\$ 7,964,682
Operating grants and contributions	309,855
Capital grants	137,700
General revenues:	
Property taxes	10,280,587
Intergovernmental sources	2,996,458
Fines and assessments	1,546,475
Sales tax	2,703,257
Miscellaneous	795,418
Total revenues	<u>26,734,432</u>

**NEWBERRY COUNTY, SOUTH CAROLINA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) -  
CONTINUED  
YEAR ENDED JUNE 30, 2004**

**EXPENSES:**

Governmental - current	( 16,718,095)
Capital outlays	( 949,509)
Debt service	( 527,225)
J. F. Hawkins Nursing Home	( 7,804,469)
Total expenses	<u>( 25,999,298)</u>
 Increase in net assets	 <u>\$ 735,134</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	\$ 16,718,095	\$ (15,703,216)
Capital outlays	949,509	(811,809)
Debt Service - interest	527,225	(527,225)
J. F. Hawkins Nursing Home	<u>7,804,469</u>	<u>(544,811)</u>
Total expenses	<u>\$ 25,999,298</u>	<u>\$ (17,042,250)</u>

- The cost of all governmental activities this year was \$18,194,829.
- Net cost of governmental activities (\$17,042,250) was financed by general revenues, which are made up of primarily property taxes (\$10,280,587), intergovernmental sources (\$2,996,458), fines and assessments (\$1,546,475), sales tax (\$2,703,257), and other revenue (\$794,798).

**NEWBERRY COUNTY, SOUTH CAROLINA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) -  
CONTINUED  
YEAR ENDED JUNE 30, 2004**

**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 \$17,082,842 a decrease of \$1,647,244 since June 30, 2003. A fund balance of \$9,550,269 or 48.9 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:

\$ 1,478,418 for future capital projects

\$ 5,750,640 for debt service

\$ 239,735 for special revenue

\$ 63,780 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 \$359,389 was the result of transferring 294,406 to the Enterprise fund and funding various capital projects throughout the County. The Debt Service Fund balance showed an increase of \$630,929 from the prior year due to the sales tax collections outpacing debt repayment. The Capital Projects Funds showed a fund balance of \$1,478,418, which is a decrease of \$1,971,668. The decrease was primarily a result of transferring \$1,144,241 to the general fund for capital outlays and spending GO Bond proceeds received in previous fiscal years.

**NEWBERRY COUNTY, SOUTH CAROLINA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) –  
CONTINUED  
YEAR ENDED JUNE 30, 2004**

**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 \$249,785 with unrestricted net assets totaling \$252,755 as of June 30, 2004. The Nursing Home is trying to refinance its notes payable and manage expenses while providing quality care to the residents of Newberry County. 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 \$13,980,165 in General Fund Revenue with actual revenue totaling \$13,887,260 for a difference of \$92,905. The original budget for expenditures was estimated to be \$13,980,165 with the actual expenditures being \$16,337,767 for a difference of \$2,357,602. The results from revenue, expenditures and transfers caused the fund balance to decrease by \$359,389, an unfavorable budget variance of \$359,389. 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, 2004**

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

As of June 30, 2004, the County had invested \$29,747,209 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, 2004.

	Amount
Land	\$ 767,536
Buildings and improvements	31,399,044
Furniture and equipment	10,357,849
Other improvements	<u>2,233,054</u>
 Total	 <u>\$ 44,757,483</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, 2004.

	Amount
General obligation bonds	\$ 9,495,000
Lease purchase	1,095,120
Notes payable – business-type act	11,599,132
Accrued compensated absences	<u>207,305</u>
Total	<u>\$ 28,776,306</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, 2004**

**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 2004 - 2005 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.

**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).

## BASIC FINANCIAL STATEMENTS

STATEMENT OF NET ASSETS  
NEWBERRY COUNTY, SOUTH CAROLINA

June 30, 2004

	PRIMARY GOVERNMENT		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash - Notes B & C	\$ 8,408,167	\$ 23,702	\$ 8,431,869
Investments - Note C	8,426,588	-	8,426,588
Receivables			
Property taxes - delinquent - Note E	877,293	-	877,293
Fines and fees	57,703	-	57,703
Sales tax	778,515	-	778,515
Patient receivables, less allowance for doubtful accounts	-	768,621	768,621
Other	44,999	100,000	144,999
Due from other governments			
State shared revenue	628,828	-	628,828
Grant revenue	119,550	-	119,550
Due from other funds - Note D	88,780	-	88,780
<b>Total Current Assets</b>	<b>19,430,423</b>	<b>892,323</b>	<b>20,322,746</b>
Restricted cash	-	96,720	96,720
Bond issuance cost, less \$14,125 amortization	-	110,933	110,933
<b>Capital Assets</b>			
Land	550,000	217,536	767,536
Buildings	20,569,549	10,829,495	31,399,044
Improvements other than buildings	-	2,233,054	2,233,054
Equipment	8,226,572	2,131,277	10,357,849
Accumulated depreciation	(10,109,864)	(5,108,063)	(15,217,927)
<b>TOTAL ASSETS</b>	<b>\$ 38,666,680</b>	<b>\$ 11,403,275</b>	<b>\$ 50,069,955</b>
<b>LIABILITIES AND NET ASSETS</b>			
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts payable	\$ 623,323	\$ 315,106	\$ 938,429
Accrued expenses	263,850	243,738	507,588
Escrowed funds	459,163	23,883	483,046
Deferred revenue			
Advance billings	-	200,714	200,714
Grant revenue	71,739	-	71,739
Due to other taxing units and others	311,381	-	311,381
Due to other funds	-	63,780	63,780
Accrued interest	141,739	-	141,739
Lease payable, current portion	501,774	-	501,774
Bonds payable, current portion	1,845,000	258,252	2,103,252
<b>Total Current Liabilities</b>	<b>4,217,969</b>	<b>1,105,473</b>	<b>5,323,442</b>
Bonds payable	7,650,000	11,340,880	18,990,880
Compensated absences	207,305	-	207,305
Lease purchase	593,346	-	593,346
<b>TOTAL LIABILITIES</b>	<b>12,668,620</b>	<b>12,446,353</b>	<b>25,114,973</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	13,771,137	(1,295,833)	12,475,304
Restricted for:			
special projects	239,735	-	239,735
debt service	5,750,640	-	5,750,640
capital projects	1,478,418	-	1,478,418
Unrestricted	4,758,130	252,755	5,010,885
<b>TOTAL NET ASSETS</b>	<b>25,998,060</b>	<b>(1,043,078)</b>	<b>24,954,982</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 38,666,680</b>	<b>\$ 11,403,275</b>	<b>\$ 50,069,955</b>

STATEMENT OF ACTIVITIES

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2004

	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	\$ 16,718,095	\$ 705,024	\$ 309,855	\$ -	\$ (15,703,216)	\$ -	\$ (15,703,216)
Capital outlays							
Capital construction & improvements	949,509	-	-	137,700	(811,809)	-	(811,809)
Debt service	527,225	-	-	-	(527,225)	-	(527,225)
Interest & other bond costs							
Total Governmental Activities	<u>18,194,829</u>	<u>705,024</u>	<u>309,855</u>	<u>137,700</u>	<u>(17,042,250)</u>	<u>-</u>	<u>(17,042,250)</u>
Business-Type Activities							
J. F. Hawkins Nursing Home	7,804,469	7,259,658	-	-	(544,811)	-	(544,811)
TOTAL	<u>\$ 25,999,298</u>	<u>\$ 7,964,682</u>	<u>\$ 309,855</u>	<u>\$ 137,700</u>	<u>(17,042,250)</u>	<u>(544,811)</u>	<u>(17,042,250)</u>
General Revenues							
Property Taxes Levied For:							
General Purposes					8,713,729	-	8,713,729
Debt Service					171,046	-	171,046
Transfer Station					1,395,812	-	1,395,812
Intergovernmental sources					2,996,458	-	2,996,458
Fines and assessments					1,546,475	-	1,546,475
Sales tax - debt service					2,703,257	-	2,703,257
Other					794,798	620	795,418
Transfers					(294,406)	294,406	-
Total General Revenues and Transfers					<u>18,027,169</u>	<u>295,026</u>	<u>18,322,195</u>
Change in Net Assets					984,919	(249,785)	735,134
Net Assets, Beginning of Year					<u>25,013,141</u>	<u>(793,293)</u>	<u>24,219,848</u>
NET ASSETS, END OF YEAR					<u>\$ 25,998,060</u>	<u>\$ (1,043,078)</u>	<u>\$ 24,954,982</u>

The accompanying notes are an integral part of this statement.

BALANCE SHEET

GOVERNMENTAL FUNDS

NEWBERRY COUNTY, SOUTH CAROLINA

June 30, 2004

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Totals</u>
<b>ASSETS</b>					
Cash - Notes B & C	\$ 2,408,950	\$ 391,086	\$ 4,227,771	\$ 1,380,360	\$ 8,408,167
Investments - Note C	7,651,849	-	696,931	77,808	8,426,588
Receivables					
Property taxes - delinquent - Note E	1,122,242	9,957	47,423	-	1,179,622
Fines and fees	57,703	-	-	-	57,703
Sales tax	-	-	778,515	-	778,515
Other	44,999	-	-	-	44,999
Due from other governments					
State shared revenue	628,828	-	-	-	628,828
Grant revenue	99,300	-	-	20,250	119,550
Due from other funds - Note D	178,349	-	-	-	178,349
	<u>12,192,220</u>	<u>401,043</u>	<u>5,750,640</u>	<u>1,478,418</u>	<u>19,822,321</u>
<b>TOTAL ASSETS</b>					
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 623,323	\$ -	\$ -	\$ -	\$ 623,323
Accrued expenses	263,850	-	-	-	263,850
Escrowed funds	459,163	-	-	-	459,163
Deferred revenue					
Property taxes	920,454	-	-	-	920,454
Grant revenue	-	71,739	-	-	71,739
Due to taxing units and others	311,381	-	-	-	311,381
Due to other funds - Note E	-	89,569	-	-	89,569
	<u>2,578,171</u>	<u>161,308</u>	<u>-</u>	<u>-</u>	<u>2,739,479</u>
<b>TOTAL LIABILITIES</b>					
<b>FUND BALANCES</b>					
Reserved:					
Reserved for capital projects	-	-	-	1,478,418	1,478,418
Reserved for debt service	-	-	5,750,640	-	5,750,640
Reserved for special revenue	-	239,735	-	-	239,735
Reserved for notes receivable	63,780	-	-	-	63,780
Unreserved:					
Undesignated	9,550,269	-	-	-	9,550,269
	<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>TOTAL FUND BALANCES</b>					
<b>TOTAL LIABILITIES AND FUND BALANCES</b>					
	<u>\$ 12,192,220</u>	<u>\$ 401,043</u>	<u>\$ 5,750,640</u>	<u>\$ 1,478,418</u>	<u>\$ 19,822,321</u>

Reconciliation of governmental fund balances to statement of net assets:

Total Fund Balances - Governmental Funds	\$ 17,082,842
Capital assets, net of accumulated depreciation	19,236,257
Bonds payable	(9,495,000)
Leases payable	(1,095,120)
Compensated absences	(207,305)
Accrued interest	(141,739)
Recognition of deferred taxes	618,125
Total Net Assets - Governmental Activities	<u>\$ 25,998,060</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, 2004

Net change in fund balances - total governmental funds		\$ (1,647,244)
<p>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.</p>		
Capital outlays	2,636,614	
Depreciation expense	<u>(1,074,631)</u>	1,561,983
<p>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</p>		
		1,755,000
<p>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.</p>		
Proceeds from lease purchase	(1,159,546)	
Repayment of principal	<u>554,350</u>	(605,196)
<p>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.</p>		
Interest on bonds decreased by:		(23,245)
<p>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.</p>		
		<u>(56,379)</u>
Change in net assets - governmental activities		<u>\$ 984,919</u>

STATEMENT OF REVENUE, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
NEWBERRY COUNTY, SOUTH CAROLINA  
Year Ended June 30, 2004

	General	Special Revenue	Debt Service	Capital Projects	Totals
<b>REVENUE</b>					
Property taxes	\$ 8,683,572	\$ 1,395,812	\$ 171,046	\$ -	\$ 10,250,430
Intergovernmental	3,006,286	248,863	-	137,700	3,392,849
Fines and fees	1,410,467	136,008	-	-	1,546,475
Tipping fees	-	705,024	-	-	705,024
Sales tax	-	-	2,703,257	-	2,703,257
Other	786,935	36,135	15,606	93,822	932,498
<b>TOTAL REVENUE</b>	<b>13,887,260</b>	<b>2,521,842</b>	<b>2,889,909</b>	<b>231,522</b>	<b>19,530,533</b>
<b>EXPENDITURES</b>					
<b>Current</b>					
Legislative	178,952	-	-	-	178,952
Administration	588,811	-	-	-	588,811
Tax assessment & collection	925,934	-	-	-	925,934
Election & registration	95,291	-	-	-	95,291
Administration of Justice	1,126,505	53,862	-	-	1,180,367
Law enforcement	2,229,037	133,601	-	-	2,362,638
Detention	1,266,246	-	-	-	1,266,246
Public safety	2,210,213	-	-	-	2,210,213
Public works & maintenance	3,071,356	-	-	-	3,071,356
Planning & development	212,658	-	-	-	212,658
Education & cultural	278,200	-	-	-	278,200
Agriculture & home economics	75,501	-	-	-	75,501
Public health	113,603	-	-	-	113,603
Social services	195,386	-	-	-	195,386
Transfer station	-	2,149,758	-	-	2,149,758
Intergovernmental	-	50,000	-	-	50,000
Miscellaneous	1,104,222	-	-	-	1,104,222
Emergency telephone reporting	197,796	-	-	-	197,796
<b>Capital outlays</b>					
Capital construction & improvements	2,468,056	-	-	1,058,949	3,527,005
<b>Debt service</b>					
Principal retirement - Note G	-	-	1,755,000	-	1,755,000
Interest	-	-	502,118	-	502,118
Fees & other bond service costs	-	-	1,862	-	1,862
<b>TOTAL EXPENDITURES</b>	<b>16,337,767</b>	<b>2,387,221</b>	<b>2,258,980</b>	<b>1,058,949</b>	<b>22,042,917</b>
Excess/(Deficiency) of Revenue Over/(Under) Expenditures before Other Financing Sources	(2,450,507)	134,621	630,929	(827,427)	(2,512,384)
<b>OTHER FINANCING SOURCES</b>					
Lease purchase proceeds	1,159,546	-	-	-	1,159,546
Transfer In/(Out)	931,572	(81,737)	-	(1,144,241)	(294,406)
Excess/(Deficiency) of Revenue Over/(Under) Expenditures	(359,389)	52,884	630,929	(1,971,668)	(1,647,244)
Fund Balance, Beginning of Year,	9,973,438	186,851	5,119,711	3,450,086	18,730,086
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 9,614,049</b>	<b>\$ 239,735</b>	<b>\$ 5,750,640</b>	<b>\$ 1,478,418</b>	<b>\$ 17,082,842</b>

STATEMENT OF REVENUE, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - GENERAL FUND  
NEWBERRY COUNTY, SOUTH CAROLINA  
Year Ended June 30, 2004

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUE</b>				
Property taxes	\$ 8,321,200	\$ 8,321,200	\$ 8,683,572	\$ 362,372
Intergovernmental	3,369,603	3,369,603	3,006,286	(363,317)
Fines and fees	1,513,672	1,513,672	1,410,467	(103,205)
Other	<u>775,690</u>	<u>2,192,248</u>	<u>786,935</u>	<u>(1,405,313)</u>
<b>TOTAL REVENUE</b>	<u>13,980,165</u>	<u>15,396,723</u>	<u>13,887,260</u>	<u>(1,509,463)</u>
<b>EXPENDITURES</b>				
Current				
Legislative	179,908	182,535	178,952	3,583
Administration	848,411	639,178	588,811	50,367
Tax assessment & collection	1,029,014	942,370	925,934	16,436
Election & registration	105,959	102,784	95,291	7,493
Administration of Justice	1,121,480	1,169,669	1,126,505	43,164
Law enforcement	2,050,547	2,237,297	2,229,037	8,260
Detention	1,356,799	1,277,837	1,266,246	11,591
Public safety	2,362,078	2,680,403	2,210,213	470,190
Public works & maintenance	2,517,726	3,410,041	3,071,356	338,685
Planning & development	344,639	245,879	212,658	33,221
Education & cultural	278,200	278,200	278,200	-
Agriculture & home economics	108,085	101,144	75,501	25,643
Public health	115,367	115,367	113,603	1,764
Social services	250,785	204,290	195,386	8,904
Miscellaneous	937,005	1,154,568	1,104,222	50,346
Emergency telephone reporting	224,162	424,484	197,796	226,688
Capital outlays				
Capital construction & improvements	<u>150,000</u>	<u>2,534,464</u>	<u>2,468,056</u>	<u>66,408</u>
<b>TOTAL EXPENDITURES</b>	<u>13,980,165</u>	<u>17,700,510</u>	<u>16,337,767</u>	<u>1,362,743</u>
Excess/(Deficiency) of Revenue Over/(Under)				
Expenditures before Other Financing Sources	<u>-</u>	<u>(2,303,787)</u>	<u>(2,450,507)</u>	<u>(146,720)</u>
<b>OTHER FINANCING SOURCES/(USES)</b>				
Lease purchase proceeds		1,159,546	1,159,546	-
Transfer In/(Out)	<u>-</u>	<u>1,144,241</u>	<u>931,572</u>	<u>(212,669)</u>
Excess/(Deficiency) of Revenue Over/				
(Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>(359,389)</u>	<u>(359,389)</u>
Fund Balance, Beginning of Year				
			<u>9,973,438</u>	
<b>FUND BALANCE, END OF YEAR</b>				
			<u>\$ 9,614,049</u>	



STATEMENT OF NET ASSETS  
 PROPRIETARY FUNDS  
 NEWBERRY COUNTY, SOUTH CAROLINA

June 30, 2004

	Business-Type Activities
	J. F. Hawkins Nursing Home
<b>ASSETS</b>	
<b>Current Assets</b>	
Cash - Notes B & C	\$ 23,702
Receivables	
Medicaid cost report adjustment	100,000
Patient receivables, less allowance for doubtful accounts	768,621
<b>Total Current Assets</b>	892,323
Restricted cash	96,720
Bond issuance cost, less \$14,125 amortization	110,933
<b>Capital Assets</b>	
Land	217,536
Buildings	10,829,495
Improvements other than buildings	2,233,054
Equipment	2,131,277
Accumulated depreciation	(5,108,063)
<b>TOTAL ASSETS</b>	\$ 11,403,275
<b>LIABILITIES AND NET ASSETS</b>	
<b>LIABILITIES</b>	
<b>Current Liabilities</b>	
Accounts payable	\$ 315,106
Accrued expenses	243,738
Escrowed funds	23,883
Deferred revenue	
Advance billings	200,714
Due to other funds	63,780
Bonds payable, current portion	258,252
<b>Total Current Liabilities</b>	1,105,473
Bonds payable	11,340,880
<b>TOTAL LIABILITIES</b>	12,446,353
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	(1,295,833)
Unrestricted	252,755
<b>TOTAL NET ASSETS</b>	(1,043,078)
<b>TOTAL LIABILITIES AND NET ASSETS</b>	\$ 11,403,275

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, 2004

REVENUE

Net nursing home patient service revenue (net of allowances, contractual adjustments and unbilled services of \$937,668)	\$ 5,799,705
Net Springfield rent, nursing facility and entrance fees	1,383,680
Other revenue	<u>76,273</u>

TOTAL OPERATING REVENUE	<u>7,259,658</u>
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OPERATING EXPENSES

Nursing	2,739,601
Restorative	129,318
Dietary	751,187
Laundry	100,059
Housekeeping	277,309
Maintenance	284,174
Administrative	894,981
Medical records	27,787
Utilities	228,083
Insurance, licenses and property taxes	398,354
Medical supplies	2,875
Interest	885,424
Depreciation and amortization	615,553
Physical therapy	304,333
Pharmacy	122,091
Other ancillary services	<u>43,340</u>

TOTAL OPERATING EXPENSES	<u>7,804,469</u>
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OPERATING INCOME	(544,811)
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NON-OPERATING REVENUE

Unrestricted gifts	120
Interest	<u>500</u>

TOTAL NON-OPERATING-REVENUE	<u>620</u>
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OPERATING TRANSFER IN	<u>294,406</u>
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CHANGE IN NET ASSETS	(249,785)
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Net Assets/(Deficit), Beginning of Year	<u>(793,293)</u>
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NET ASSETS/(DEFICIT), END OF YEAR	<u>\$ (1,043,078)</u>
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STATEMENT OF CASH FLOWS

J. F. HAWKINS NURSING HOME

For the Year Ended June 30, 2004

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Operating income	\$ (544,811)
Adjustments to reconcile operating loss to net cash provided by operating activities	
Depreciation	615,553
Changes in operating assets and liabilities - increase/(decrease) in cash flows	
Accounts receivable	30,465
Medicaid cost report adjustment	(100,000)
Accounts payable	89,231
Accrued payroll	(42,667)
Due to Newberry County - general fund	(1,179)
Advance billings	<u>1,640</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>48,232</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Bond cushion fund - restricted assets	(26,076)
Property, plant, equipment purchased	<u>(148,666)</u>
<b>NET CASH USED BY INVESTING ACTIVITIES</b>	<u>(174,742)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Note payable - principal paid	<u>(201,020)</u>
<b>NET CASH USED BY FINANCING ACTIVITIES</b>	<u>(201,020)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Operating transfer from (to) other funds	<u>294,406</u>
<b>NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES</b>	<u>294,406</u>
<b>NET CHANGE IN CASH AND EQUIVALENTS</b>	(33,124)
Cash and equivalents, Beginning of Year	<u>56,826</u>
<b>CASH AND EQUIVALENTS, END OF YEAR</b>	<u><u>\$ 23,702</u></u>

The accompanying notes are an integral part of this statement.

## STATEMENT OF FIDUCIARY NET ASSETS

## FIDUCIARY FUNDS

## NEWBERRY COUNTY, SOUTH CAROLINA

June 30, 2004

	Fire Departments/ Rescue Squads	Newberry County School District	Other Taxing Units	Total Agency Funds
<b>ASSETS</b>				
Cash and cash equivalents - Note B and C	\$ 298,681	\$ 6,760,387	\$ -	\$ 7,059,068
Investments	-	12,039,103	135,407	12,174,510
<b>TOTAL ASSETS</b>	<b>\$ 298,681</b>	<b>\$ 18,799,490</b>	<b>\$ 135,407</b>	<b>\$ 19,233,578</b>
<b>LIABILITIES</b>				
Due to general fund	\$ 25,000	\$ -	\$ -	\$ 25,000
Due to other entities	273,681	18,799,490	135,407	19,208,578
<b>TOTAL LIABILITIES</b>	<b>\$ 298,681</b>	<b>\$ 18,799,490</b>	<b>\$ 135,407</b>	<b>\$ 19,233,578</b>

The accompanying notes are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS  
NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2004

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.

NOTES TO FINANCIAL STATEMENTS  
NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2004

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.

NOTES TO FINANCIAL STATEMENTS

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2004

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 transfer station, 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.

NOTES TO FINANCIAL STATEMENTS

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2004

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, 2004. At June 30, 2004, 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, 2004

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

NOTES TO FINANCIAL STATEMENTS  
NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2004

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 \$125,058 have been capitalized in the business- activities and amortized over a 20 year period. Amortization for the year ended June 30, 2004 was \$6,252.

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, 2004, the carrying amount of the County's deposits was \$36,188,755, 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 \$637,216 cash on hand at June 30, 2004.

NOTE C - INVESTMENTS

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

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

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

NOTES TO FINANCIAL STATEMENTS

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2004

NOTE C – INVESTMENTS -- continued

The County's investments are categorized below to indicate the level of risk assumed by the entity at June 30, 2004. 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	\$ 15,784,361	\$ --	\$ --	\$ 15,784,361	\$ 15,784,361
Total	\$ 15,784,361	\$ --	\$ --	15,784,361	15,784,361
State treasurer's investment pool				20,404,394	20,404,394
Total Investments and Deposits				\$ 36,188,755	\$ 36,188,755

The County has investments in the S. C. Local Government Investment Pool at June 30, 2004 of \$20,404,394 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	\$ 89,569
General	Agency	25,000
Enterprise	General	63,780
	Total	\$ 178,349

NOTES TO FINANCIAL STATEMENTS

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2004

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, 2004, 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, 2004 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, 2004, the Nursing Home had restricted cash in the amounts of:

Resident funds	\$	23,883
Bond cushion funds		72,837

Resident funds represent amounts held for patient personal needs. Bond cushion funds are amounts held to pay the monthly installments of notes payable.

NOTE G - LONG-TERM DEBT

The following is a summary of long-term debt transactions of the County for the year ended June 30, 2004:

	Balance, <u>July 1, 2003</u>	<u>Additions</u>	<u>Deletions</u>	Balance, <u>June 30, 2004</u>
Bonds payable	\$ 11,250,000	\$ --	\$ 1,755,000	\$ 9,495,000
Landfill Post Closure	890,000	--	10,000	880,000
Lease purchase agreement	489,924	1,159,546	554,350	1,095,120
Accrued vacation	<u>207,305</u>	<u>--</u>	<u>--</u>	<u>207,305</u>
Total Long Term Debt	<u>\$12,837,229</u>	<u>\$ 1,159,546</u>	<u>\$ 2,319,350</u>	<u>\$ 11,677,425</u>

NOTES TO FINANCIAL STATEMENTS  
 NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2004

NOTE G - LONG-TERM DEBT -- continued

Bonds payable at June 30, 2004, 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%.	\$ 500,000
\$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%.	3,870,000
\$11,000,000 Sales Tax Bond, due in annual installments of \$1,375,000 to \$1,775,000 through September 2006; interest rate varies from 4.4% to 4.6%.	<u>5,125,000</u>
Total bonds payable	<u>\$ 9,495,000</u>

Outstanding bonds payable are due as follows at June 30, 2004:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30,			
2005	\$ 1,845,000	\$ 473,975	\$ 2,318,975
2006	1,920,000	385,763	2,305,763
2007	2,005,000	288,063	2,293,063
2008	245,000	237,963	482,963
2009	250,000	222,600	472,600
2010 – 2014	1,190,000	605,542	1,795,542
2015 – 2020	1,375,000	381,005	1,756,005
2021 – 2024	<u>665,000</u>	<u>46,281</u>	<u>711,281</u>
Totals	<u>\$ 9,495,000</u>	<u>\$ 2,641,192</u>	<u>\$ 12,136,192</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, 2003 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, 2004 of \$3,049,750.

NOTES TO FINANCIAL STATEMENTS  
 NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2004

NOTE G - LONG-TERM DEBT - Continued

The Capital Project Sales Tax Bond, listed below was imposed as a result of a favorable vote on the imposition of the Capital Project Sales Tax in Newberry County. The manner of phrasing on the referendum ballot raised the question of strict compliance by the County as to its application to the County's debt limit. However, after due notice was publicly published in a newspaper of general circulation, no challenge was made to the issuance of the bonds secured by Sales Tax proceeds, and in the opinion of County's attorney and bond counsel, the Capital Project Sales Tax Bond were properly approved by the voters and properly issued, and do not count against the County's debt limit.

Sales Tax Bond Payable

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

Lease Purchase Agreements

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. 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 (84 payments). The County entered into an additional lease purchase agreement for \$1,159,546. The annual interest rate is 3.04%. Three annual payments of principal and interest are due in December in the amount of \$410,250. The proceeds were used to purchase equipment and vehicles.

Outstanding lease purchase agreements are due as follows at June 30, 2004:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30,			
2005	\$ 501,774	\$ 46,490	\$ 548,264
2006	445,634	19,927	465,561
2007	49,630	5,681	55,311
2008	51,869	3,442	55,311
2009	<u>46,213</u>	<u>1,103</u>	<u>47,316</u>
Totals	<u>\$ 1,095,120</u>	<u>\$ 76,643</u>	<u>\$ 1,171,763</u>

NOTES TO FINANCIAL STATEMENTS  
 NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2004

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 \$890,000. The County has spent \$179,046 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:

2005	\$	10,000			
2006		10,000			
2007		10,000			
2008		10,000			
2009		10,000			
2010 - 2014		50,000			
2015 - 2019		50,000			
2020 - 2024		50,000			
After 2024		<u>680,000</u>			
 Total	 \$	 <u>880,000</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, 2004:

	Balance, <u>July 1, 2003</u>	<u>Additions</u>	<u>Deletions</u>	Balance, <u>June 30, 2004</u>
Phase I	\$ 4,819,189	\$ --	\$ 81,619	\$ 4,737,570
Phase II	2,421,331	--	28,076	2,393,255
Phase III	2,732,966	--	21,558	2,711,408
Revenue bond	1,449,978	--	48,631	1,401,347
Newberry Federal	367,436	--	11,884	355,552
Bank of Newberry	<u>9,252</u>	<u>--</u>	<u>9,252</u>	<u>--</u>
 Total	 <u>\$11,800,152</u>	 <u>\$ --</u>	 <u>\$ 201,020</u>	 <u>\$ 11,599,132</u>

NOTES TO FINANCIAL STATEMENTS  
NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2004

NOTE G - LONG-TERM DEBT – Continued

J. F. Hawkins -- continued

Notes payable at June 30, 2004, are composed of the following:

Phase I - \$5,141,000 Carolina First, due in monthly installments of \$42,285 including interest, collateralized by Springfield property and revenue, interest rate of 8.75%, 80% of the loan is guaranteed by USDA.	\$ 4,737,570
Phase II - \$2,500,000 USDA, due in monthly installments of \$12,125 including interest of 4.875% through October 2037; collateralized by Springfield property and revenue.	2,393,255
Phase III - \$2,800,000 due in monthly installments of \$22,278 including interest at 8.875% through 2029; collateralized by Springfield property and revenue, 80% of the loan is guaranteed by the USDA.	2,711,408
Revenue Bond - \$1,500,000 due in monthly installments of \$9,705 including interest at 4.75% maturing June 2022, collateralized by patient revenues.	1,401,347
Note due Newberry Federal Savings with monthly payments Of \$3,317 including interest of 7.75%, maturing December 2009 Collateralized by Springfield property	<u>355,552</u>
Total Notes Payable	<u>\$ 11,599,132</u>



NOTES TO FINANCIAL STATEMENTS  
 NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2004

NOTE G - LONG-TERM DEBT – Continued

J. F. Hawkins – continued

The principal amount of notes payable outstanding at June 30, 2004 due in each of the next five fiscal years is as follows:

Year Ending June 30,	<u>Principal</u>
2005	\$ 258,252
2006	278,324
2007	300,055
2008	323,445
2009	348,895
After 2009	<u>10,090,161</u>
Total	<u>\$ 11,599,132</u>

The Nursing Home had interest expenses of \$425,801, \$128,290, \$234,952, \$67,829, \$28,060 and \$492 for the notes payable of Phase I, Phase II, Phase III, Revenue Bond, Newberry Federal Savings and The Bank of Newberry County, respectively. The Nursing Home's debt is not presented in accordance with GASB No. 34 which requires debt to be shown in five year increments until maturity. An amortization schedule for maturities after 2009 can be obtained from the Nursing Home by contacting the Nursing Home directly.

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.

NOTES TO FINANCIAL STATEMENTS  
NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2004

NOTE H - PENSION PLAN -- Continued

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, 2004, 2003, and 2002 was \$2,548,259, \$2,347,445, and \$2,127,820 respectively for SCRS - Local Government and \$2,076,285, \$1,950,180, and \$1,707,140, 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 \$170,733, \$157,279, and \$142,564 and \$213,857, \$200,869, and \$175,835, respectively. The County also paid group life contributions for the past three fiscal years of \$3,822, \$3,521, and \$3,192, for SCRS participants and \$4,152, \$3,900, and \$3,414 to the PORS - Class II. Additionally, accidental death contributions for PORS - Class II were \$4,152, \$3,900, and \$3,414, for the years ended June 30, 2004, 2003 and 2002, respectively.

The Nursing Home participates in the SCRS as listed above. The Nursing Home's covered payroll for the fiscal year ended June 30, 2004 was \$3,185,145 for SCRS - Local Government. The employer contribution requirements for SCRS at 6.7% were \$213,405. The Nursing Home incurred \$4,778 for group life contributions for the fiscal year ended June 30, 2004. The Nursing Home's covered payroll for the years ended June 30, 2003 and 2002 were \$3,114,190 and \$2,677,300, respectively. Employer contributions for those years were \$208,651 and \$179,379, respectively.

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.

NOTES TO FINANCIAL STATEMENTS  
NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2004

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.

NOTE M - FUND BALANCE RESERVATIONS

The following amounts are shown as reserved:

Reserved for notes receivable	\$ 63,780
Reserved for special revenue	239,735
Reserved for debt service	5,750,640
Reserved for capital projects	1,478,418

Reserved for notes receivable represents the amounts due from JF Hawkins-Nursing Home, an enterprise fund of the County. 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.

NOTES TO FINANCIAL STATEMENTS  
 NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2004

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.

1. 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 statements on page 11. 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.
2. The County budgeted notes receivable repayments of \$68,213 and \$16,000 as a revenue source in fiscal year 2004. Repayments of notes receivable are only a reduction in notes receivable and not a revenue source.

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:

	<u>Balance,</u> <u>July 1, 2003</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance,</u> <u>June 30, 2004</u>
Buildings and land	\$ 18,584,413	\$ 2,535,136	\$ --	\$ 21,119,549
Construction in Progress	1,117,186	207,950	(1,325,136)	--
Vehicles and equipment	7,007,908	1,634,159	(415,495)	8,226,572
Accumulated Depreciation	<u>(9,035,233)</u>	<u>(1,074,631)</u>	<u>--</u>	<u>(10,109,864)</u>
Total	<u>\$ 17,674,274</u>	<u>\$ 3,302,614</u>	<u>\$ (1,740,631)</u>	<u>\$ 19,236,257</u>

NOTES TO FINANCIAL STATEMENTS  
 NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2004

NOTE P – CAPITAL ASSETS - Continued

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

	Balance, <u>July 1, 2003</u>	<u>Additions</u>	<u>Deletions</u>	Balance, <u>June 30, 2004</u>
Land	\$ 217,536	\$ --	\$ --	\$ 217,536
Land Improvements	1,296,095	10,500	--	1,306,595
Buildings	10,829,495	--	--	10,829,495
Building Improvements	914,853	11,606	--	926,459
Equipment	2,004,717	126,560	--	2,131,277
Accumulated depreciation	<u>(4,498,762)</u>	<u>(609,301)</u>	--	<u>(5,108,063)</u>
	<u>\$ 10,763,934</u>	<u>\$ (460,635)</u>	<u>\$ --</u>	<u>\$ 10,303,299</u>

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 \$1,043,078 at June 30, 2004. 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 is trying to reduce the interest rates on the notes payable to improve cash flow and operating income.

SUPPLEMENTAL INFORMATION

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2004

	Final <u>Budget</u>	Actual	Variance Favorable <u>(Unfavorable)</u>
Revenue			
Taxes			
Property taxes, current	\$ 7,676,200	\$ 7,936,601	\$ 260,401
Fee in lieu of taxes	350,000	437,947	87,947
Delinquent taxes	200,000	201,788	1,788
Delinquent tax cost	<u>95,000</u>	<u>107,236</u>	<u>12,236</u>
Total Taxes	<u>8,321,200</u>	<u>8,683,572</u>	<u>362,372</u>
Intergovernmental			
Local government	1,644,698	1,601,621	(43,077)
Merchant inventory tax	86,536	86,536	-
Salary supplements	4,725	6,270	1,545
Accomodations tax	28,000	70,516	42,516
National forestry fund	365,860	363,612	(2,248)
C-Fund revenue	850,000	697,074	(152,926)
FAA grant for Airport	242,017	39,718	(202,299)
Airport grant - State Share	13,467	13,467	-
Homeland security grant	99,300	99,300	-
Disaster preparedness	<u>35,000</u>	<u>28,172</u>	<u>(6,828)</u>
Total Intergovernmental	<u>3,369,603</u>	<u>3,006,286</u>	<u>(363,317)</u>
Fines and fees			
Clerk of Court - fees	215,000	204,008	(10,992)
Clerk of Court - fines	70,000	66,638	(3,362)
CCCP fees	59,603	115,282	55,679
Clerk of Court - copies	9,000	11,540	2,540
Central Court	603,203	453,013	(150,190)
Magistrates	4,000	7,851	3,851
Registration and election	25,618	12,402	(13,216)
Vending machines	300	56	(244)
Probate Judge - fees	95,000	78,299	(16,701)
Probate Judge - copies	850	1,391	541
Sheriff - fees	9,000	6,705	(2,295)
Forfeit land commission	-	5,751	5,751
Emergency 911	192,148	246,032	53,884

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2004

	Final <u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Fines and fees - continued			
Marriage license fee/ceremonies	950	5	(945)
Building Inspection	80,000	142,522	62,522
FFP	94,000	21,274	(72,726)
Zoning fee	25,000	23,469	(1,531)
Cable/phone franchise	30,000	14,229	(15,771)
	<u>1,513,672</u>	<u>1,410,467</u>	<u>(103,205)</u>
Total Fines and fees			
Other			
Interest	100,000	125,159	25,159
Veterans affairs	7,162	6,204	(958)
Returned checks	1,200	1,209	9
Health department	11,000	25,382	14,382
Mobile home licenses	1,000	2,075	1,075
Assessor's maps	2,375	1,793	(582)
Rent & utilities	7,425	8,759	1,334
Sale of pipe	1,000	840	(160)
Assessor - copies	1,500	1,718	218
Council on aging	2,210	24,850	22,640
Mapping project	20,000	20,000	-
Soil and Water Conservation	25,000	31,227	6,227
School resource officer	194,832	186,690	(8,142)
Surplus property sale	25,000	-	(25,000)
Insurance proceeds	15,000	27,449	12,449
Miscellaneous	125,000	323,580	198,580
Fund balance reserves	1,652,544	-	(1,652,544)
	<u>2,192,248</u>	<u>786,935</u>	<u>(1,405,313)</u>
Total Other			
TOTAL REVENUE	<u>\$ 15,396,723</u>	<u>\$ 13,887,260</u>	<u>\$ (1,509,463)</u>



SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2004

	Final <u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
Expenditures			
LEGISLATIVE			
County Council			
Personnel	80,218	80,218	-
Overtime	2,570	2,570	-
Social security	5,356	5,356	-
Retirement	5,672	5,672	-
Travel - council	17,806	15,569	2,237
Insurance	36,669	36,669	-
Workers compensation	1,521	1,521	-
Advertising	3,543	2,799	744
Audit	20,917	20,917	-
Office expenses	6,873	6,596	277
Postage	500	351	149
Training	500	325	175
Subsistence	390	389	1
	<u>182,535</u>	<u>178,952</u>	<u>3,583</u>
TOTAL LEGISLATIVE			
ADMINISTRATION			
County Administrator			
Personnel	224,852	198,889	-
Overtime	948	682	266
Social security	10,835	10,835	-
Retirement	9,225	9,225	-
Insurance	20,044	20,044	-
Workers compensation	2,758	2,758	-
Payroll services	14,783	15,790	110
Advertising	6,519	13,737	-
Maintenance	8,500	4,541	-
Copier machine	2,070	1,274	165
Memberships & Dues	1,640	846	60
Office expense	4,550	3,546	4
Postage	4,871	2,905	-
Printing	3,500	3,476	5
Telephone	4,100	2,983	87
Repairs to telephone	150	23	127

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2004

	Final <u>Budget</u>	Actual	Variance Favorable (Unfavorable)
County Administrator - continued			
Training	2,182	1,577	5
Travel	2,557	5,313	-
Gas, oil and grease	7,956	7,956	-
Other Equipment	8,500	8,500	-
Subsistence	<u>4,858</u>	<u>1,064</u>	<u>3,794</u>
Total County Administrator	<u>345,398</u>	<u>315,964</u>	<u>4,623</u>
Miscellaneous Operating			
Salary increase	21,835	13,150	8,685
Contracted maintenance	25,500	18,451	7,049
Insurance	7,389	7,389	-
Tort insurance	50,000	49,931	69
Unemployment insurance	10,472	10,472	-
Bonds	4,600	1,189	3,411
Insurance - buildings	37,731	37,731	-
Subsistence	12,800	11,119	1,681
Blood borne	110	110	-
Chamber dues	175	137	-
Travel	2,546	2,546	-
Legals	<u>120,622</u>	<u>120,622</u>	<u>-</u>
Total Miscellaneous Operating	<u>293,780</u>	<u>272,847</u>	<u>20,895</u>
TOTAL ADMINISTRATION	<u>639,178</u>	<u>588,811</u>	<u>25,518</u>
TAX ASSESSMENT & COLLECTION			
Treasurer's Office			
Personnel	142,254	142,135	119
Overtime	829	789	40
Social security	10,988	10,779	209
Retirement	9,839	9,790	49
Insurance	18,054	18,000	54
Workers compensation	1,513	1,513	-
Advertising	75	75	-
Contracted maintenance	12,440	12,440	-

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2004

	Final <u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Treasurer's Office - continued			
Repairs - equipment	3,215	65	3,150
Membership & dues	105	90	15
Office expense	3,861	3,861	-
Postage	32,354	32,354	-
Printing	9,435	6,496	2,939
Telephone	3,000	1,935	1,065
Training	470	470	-
Travel	1,315	718	597
Subsistence	1,300	1,203	97
Smith Data	35,069	33,583	1,486
Capital outlay	<u>16,655</u>	<u>14,655</u>	<u>2,000</u>
Total Treasurer's Office	<u>302,771</u>	<u>290,951</u>	<u>11,820</u>
Auditor's Office			
Personnel	114,112	114,014	98
Social security	8,730	8,526	204
Retirement	7,817	7,810	7
Insurance	15,245	15,245	-
Workers compensation	1,452	1,452	-
Contracted maintenance	12,440	12,156	284
Repairs to equipment	1,193	1,043	150
Memberships & dues	20	20	-
Office expense	3,531	3,530	1
Postage	500	500	-
Printing	10,067	9,599	468
Subscriptions & books	.400	338	62
Telephone	2,300	2,188	112
Training	725	725	-
Travel	935	918	17
Smith Data	34,227	33,583	644
Subsistence	1,725	1,415	310
Capital outlay	<u>11,855</u>	<u>11,668</u>	<u>187</u>
Total Auditor's Office	<u>227,274</u>	<u>224,730</u>	<u>2,544</u>

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2004

	Final <u>Budget</u>	Actual	Variance Favorable <u>(Unfavorable)</u>
Assessor's Office			
Personnel	165,803	165,803	-
Social security	10,973	10,451	522
Retirement	10,722	10,722	-
Insurance	27,647	27,617	30
Workers compensation	2,195	2,195	-
Advertising	448	448	-
Contracted maintenance	72,708	71,580	1,128
Memberships & dues	944	610	334
Office expense	2,550	2,550	-
Postage	4,191	2,369	1,822
Printing	753	605	148
Subscription & books	750	-	750
Telephone	2,250	1,815	435
Repairs to telephone	450	250	200
Training	2,550	1,915	635
Travel	300	-	300
Gas, oil, grease	2,800	555	2,245
Smith Data	8,889	8,889	-
Subsistence	1,400	1,076	324
Vehicle insurance	1,138	603	535
Capital outlay	833	17,280	833
	<u>320,294</u>	<u>327,333</u>	<u>10,241</u>
Total Assessor's Office			
Tax Collector			
Personnel	21,862	21,845	17
Social security	1,688	1,688	-
Retirement	1,481	1,422	59
Insurance	3,401	3,306	95
Workers compensation	618	617	1
Advertising	8,952	8,952	-
Contracted maintenance	1,625	1,622	3
Consulting	11,648	8,925	2,723
Professional services	370	-	370
Memberships & dues	70	70	-
Office expense	1,050	883	167

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2004

	Final <u>Budget</u>	Actual	Variance Favorable (Unfavorable)
Tax Collector - continued			
Postage	24,176	24,176	-
Printing	295	295	-
Supplies - posting	1,080	1,045	35
Telephone	1,385	1,154	231
Repairs to telephone	150	-	150
Training	725	525	200
Travel	700	276	424
Vehicle insurance	652	652	-
Gas, oil, grease	698	208	490
Smith Data	8,000	4,727	3,273
Subscriptions	140	72	68
Subsistence	1,265	460	805
	<u>92,031</u>	<u>82,920</u>	<u>9,111</u>
Total Tax Collector			
	<u>92,031</u>	<u>82,920</u>	<u>9,111</u>
TOTAL TAX ASSESSMENT & COLLECTION	<u>942,370</u>	<u>925,934</u>	<u>33,716</u>
REGISTRATION & ELECTION BOARD			
Personnel	47,612	45,508	2,104
Board members	18,026	17,886	140
Social security	2,949	2,949	-
Retirement	2,733	2,733	-
Insurance	6,809	6,806	3
Workers compensaton	174	174	-
Advertising	1,500	875	625
Contracted maintenance	3,546	3,546	-
Memberships & dues	180	180	-
Office expense	2,200	2,200	-
Postage	2,005	2,005	-
Printing	3,000	1,715	1,285
Batteries, parts	2,200	1,062	1,138
Telephone	3,800	2,920	880

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2004

	Final <u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
Registration and Election Board - continued			
Repairs to telephone	500	170	330
Training	1,300	850	450
Travel	1,950	1,804	146
Subsistence	<u>2,300</u>	<u>1,908</u>	<u>392</u>
 TOTAL REGISTRATION & ELECTION BOARD	 <u>102,784</u>	 <u>95,291</u>	 <u>7,493</u>
 ADMINISTRATION OF JUSTICE			
Criminal & Civil Court			
Personnel	86,000	86,000	-
Personnel - bailiff	10,000	10,000	-
Jury fees	42,273	39,590	2,683
Court expense	2,040	1,714	326
Telephone	2,600	647	1,953
Telephone - family court	2,040	1,318	722
Repairs to telephone	100	100	-
DJJ	<u>3,000</u>	<u>839</u>	<u>2,161</u>
 Total Criminal & Civil Court	 <u>148,053</u>	 <u>140,208</u>	 <u>7,845</u>
 Clerk of Court			
Personnel	119,000	117,442	1,558
Social security	9,104	8,020	1,084
Retirement	8,152	7,331	821
Insurance	12,937	12,937	-
Workers compensation	1,759	1,759	-
Advertising	450	291	159
Contracted maintenance	58,874	53,873	5,001
Repairs to equipment	1,500	-	1,500
Copier	1,900	1,764	136
Memberships & dues	50	50	-
Office expense	2,343	2,343	-
Postage	20,200	20,199	1
Printing	1,157	1,000	157
Telephone	<u>2,301</u>	<u>1,363</u>	<u>938</u>

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2004

	Final <u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
Clerk of Court - continued			
Repairs to telephone	100	-	100
Training	355	350	5
Subsistence	663	561	102
Travel	500	500	-
	<u>241,345</u>	<u>229,783</u>	<u>11,562</u>
Total Clerk of Court			
Family Court - Clerk of Court			
Personnel	82,490	82,427	63
Social security	6,296	6,113	183
Retirement	5,666	5,666	-
Insurance	16,322	16,322	-
Workers compensation	263	263	-
Contracted maintenance	4,000	3,688	312
Repairs to equipment	500	195	305
Copier	700	632	68
Office expense	19,018	19,018	-
Postage	10,000	9,988	12
Printing	10,000	10,000	-
Telephone	1,500	1,044	456
Repairs to telephone	100	-	100
Subsistence	1,050	-	1,050
Training	350	350	-
Travel	325	-	325
Capital outlay	6,820	6,819	1
	<u>165,400</u>	<u>162,525</u>	<u>2,875</u>
Total Family Court - Clerk of Court			
Probate Judge			
Personnel	111,620	111,537	83
Social security	8,447	8,041	406
Retirement	9,571	9,571	-
Insurance	20,926	20,059	867
Workers compensation	1,852	1,852	-
Advertising	300	96	204
Contracted maintenance	6,520	5,913	607

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2004

	Final <u>Budget</u>	Actual	Variance Favorable (Unfavorable)
Probate Judge - continued			
Repairs to equipment	1,500	1,500	-
Membership & dues	300	130	170
Office expense	3,100	3,079	21
Postage	1,125	1,125	-
Printing	800	796	4
Telephone	4,000	1,777	2,223
Repairs to telephone	100	31	69
Education & training	1,340	1,082	258
Travel	2,070	1,584	486
Capital outlay	<u>4,940</u>	<u>3,153</u>	<u>1,787</u>
Total Probate Judge	<u>178,511</u>	<u>171,326</u>	<u>7,185</u>
Probation & Parole Office			
P.O. Box rent	49	38	11
Telephone	<u>2,600</u>	<u>1,298</u>	<u>1,302</u>
Total Probation & Parole Office	<u>2,649</u>	<u>1,336</u>	<u>1,313</u>
Public Defender			
Personnel	38,242	38,213	29
Social security	2,926	2,828	98
Retirement	2,620	2,618	2
Insurance	4,068	4,068	-
Workers compensation	145	145	-
Office expense	1,100	600	500
Postage	900	900	-
Copier	<u>2,000</u>	<u>2,000</u>	<u>-</u>
Total Public Defender	<u>52,001</u>	<u>51,372</u>	<u>629</u>
Coroner			
Personnel	22,253	22,253	-
Social security	1,534	1,534	-
Retirement	2,061	2,053	8
Insurance	3,435	3,414	21
Workers compensation	<u>685</u>	<u>685</u>	<u>-</u>



SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2004

	Final <u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Coroner - continued			
Contracted maintenance	276	82	194
Memberships & dues	320	320	-
Office expense	15	6	9
Postage	132	132	-
Subsistence	1,050	383	667
Telephone	1,884	1,831	53
Training	300	300	-
Travel	3,075	2,895	180
Film & gloves	750	750	-
Post Mortems & BA	38,274	37,555	719
Capital Outlay	<u>4,465</u>	<u>4,080</u>	<u>385</u>
Total Coroner	<u>80,509</u>	<u>78,273</u>	<u>2,236</u>
Magistrate District 2			
Personnel	152,929	152,209	720
Social security	11,752	11,257	495
Retirement	13,439	13,301	138
Insurance	28,679	28,679	-
Workers compensation	1,205	1,205	-
Advertising	45	45	-
Contracted maintenance	4,060	3,605	455
Consulting & tech fees	800	-	800
Memberships	440	440	-
Office expense	10,700	10,700	-
Postage	4,000	3,961	39
Printing	2,455	264	2,191
Telephone	1,300	1,268	32
Repairs to telephone	400	-	400
Training	2,250	2,030	220
Travel	1,885	1,385	500
Subsistence	1,900	1,077	823
Capital outlay	<u>15,000</u>	<u>14,990</u>	<u>10</u>
Total Magistrate District 2	<u>253,239</u>	<u>246,416</u>	<u>6,823</u>

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2004

	Final <u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>Magistrate District 1</b>			
Personnel	9,889	9,889	-
Social security	792	720	72
Retirement	1,050	1,050	-
Insurance	1,097	1,097	-
Membership	125	90	35
Office expense	361	209	152
Postage	112	102	10
Travel	722	722	-
Telephone	600	600	-
	<u>14,748</u>	<u>14,479</u>	<u>269</u>
<b>Total Magistrate District 1</b>			
<b>Magistrate District 4</b>			
Personnel	6,484	6,484	-
Social security	837	382	455
Retirement	687	687	-
Insurance	4,676	4,676	-
Workers compensation	48	48	-
Membership	120	120	-
Office expense	100	90	10
Postage	64	37	27
Travel	600	95	505
Telephone	600	500	100
	<u>14,216</u>	<u>13,119</u>	<u>1,097</u>
<b>Total Magistrate District 4</b>			
<b>Magistrate District 6</b>			
Personnel	10,241	10,241	-
Social security	775	745	30
Retirement	1,000	1,000	-
Insurance	3,438	3,409	29
Workers compensation	38	38	-
Membership	100	100	-
Office expense	1,121	564	557
Postage	110	110	-
Rent	300	300	-

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2004

	Final <u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
Magistrate District 6 - continued			
Subscriptions and books	350	245	105
Training	250	224	26
Travel	1,000	417	583
Telephone	<u>275</u>	<u>275</u>	<u>-</u>
Total Magistrate District 6	<u>18,998</u>	<u>17,668</u>	<u>1,330</u>
 TOTAL ADMINISTRATION OF JUSTICE	 <u>1,169,669</u>	 <u>1,126,505</u>	 <u>43,164</u>
 LAW ENFORCEMENT			
Sheriff's Department			
Personnel	1,083,777	1,083,777	-
Overtime	31,557	31,557	-
School resource officer - salary and benefits	198,018	198,017	1
School safety officer	67,000	66,246	754
Homeland security grant	99,300	99,300	-
Victims assistance	23,000	22,789	211
Social security	79,562	79,562	-
Retirement	107,115	107,115	-
Insurance	135,420	135,420	-
Workers compensation	37,585	37,585	-
Advertising	200	200	-
Contracted maintenance	22,152	22,152	-
Consulting & tech fees	500	437	63
Copier	2,150	1,555	595
Professional services	1,000	350	650
Vehicle insurance	43,803	43,803	-
Bonds - employees	2,600	2,450	150
Membership & dues	3,515	3,499	16
Office expense	5,450	5,450	-
Postage	1,000	947	53
Printing	3,980	3,980	-
Transportation of prisoners	2,500	2,246	254
Repairs to radio	1,000	993	7
Telephone	5,175	5,027	148

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2004

	Final <u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
Sheriff's Department - continued			
Repairs to telephone	100	86	14
Training	1,720	1,684	36
Travel	600	-	600
Subsistence	3,894	2,877	1,017
Ammo & guns	3,745	2,497	1,248
Cleaning supplies	500	497	3
Gas, oil, grease	102,100	102,100	-
Medicals	1,800	1,750	50
Police supplies	2,750	2,750	-
Photo supplies	1,300	1,242	58
Books	474	452	22
Supplies	2,500	2,461	39
Air patrols	800	-	800
Uniforms	20,000	19,908	92
Grant match	3,750	3,750	-
Special law enforcement	2,250	2,233	17
Capital outlay	110,000	109,960	40
Bloodhounds	3,855	3,572	283
Office furniture	12,000	11,503	497
Other equipment	4,000	3,596	404
Crime prevention	1,000	872	128
Project Near	800	790	10
	<u>2,237,297</u>	<u>2,229,037</u>	<u>8,260</u>
Total Sheriff's Department			
	<u>2,237,297</u>	<u>2,229,037</u>	<u>8,260</u>
TOTAL LAW ENFORCEMENT			
	<u>2,237,297</u>	<u>2,229,037</u>	<u>8,260</u>
DETENTION			
Corrections			
Personnel	547,048	547,048	-
Overtime	63,303	63,303	-
Social security	43,683	43,682	1
Retirement	57,963	57,963	-
Insurance	101,726	101,726	-
Workers compensation	25,017	25,017	-
Advertising	800	377	423
Contracted maintenance	11,272	11,192	80

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2004

	Final <u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Corrections - continued			
Repairs to equipment	1,600	1,600	-
Copier machine	1,200	1,030	170
Utilities	59,607	59,607	-
Vehicle insurance	3,000	3,000	-
Memberships & dues	253	56	197
Office expense	5,000	5,000	-
Postage	136	136	-
Printing	1,500	1,492	8
Repairs to radio	500	487	13
Telephone	3,300	3,300	-
Repairs to telephone	100	56	44
Training	2,230	495	1,735
Training - medical	1,100	1,015	85
Travel	5,065	1,005	4,060
Subsistence	2,400	1,618	782
Bedding	6,000	5,973	27
Chemicals	2,560	2,531	29
Cleaning materials	5,000	4,910	90
Food	148,219	148,219	-
Gas, oil, grease	1,700	1,173	527
Medical	80,000	79,930	70
Drugs	35,000	35,000	-
Police supplies	1,500	1,452	48
Books	300	289	11
Clothing	7,500	5,950	1,550
Uniforms	10,055	9,777	278
DYS Juvenile	5,050	4,950	100
Kitchen supplies	1,500	1,489	11
Capital outlay	34,300	33,088	1,212
Photo ID equipment	1,350	1,310	40
	<u>1,277,837</u>	<u>1,266,246</u>	<u>11,591</u>
Total Corrections	<u>1,277,837</u>	<u>1,266,246</u>	<u>11,591</u>
TOTAL DETENTION	<u>1,277,837</u>	<u>1,266,246</u>	<u>11,591</u>

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2004

	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>PUBLIC SAFETY</b>			
Public Safety			
Personnel	64,475	64,319	156
Social security	4,856	4,267	589
Retirement	4,348	4,010	338
Insurance	6,871	6,769	102
Workers compensation	1,376	1,376	-
Contracted maintenance	7,064	3,545	3,519
Repairs to equipment	200	-	200
Copier machine	300	279	21
Vehicle insurance	670	670	-
Office expense	2,100	1,455	645
Postage	177	177	-
Telephone	3,356	2,846	510
Training	1,000	1,000	-
Gas, oil, grease	800	648	152
Photo supplies	500	-	500
Safety supplies	700	640	60
Other equipment	34,000	34,000	-
Travel	450	-	450
Total Public Safety	<u>133,243</u>	<u>126,001</u>	<u>7,242</u>
Public Safety Grant			
Contracted maintenance	3,500	3,081	419
Telephone	3,500	3,500	-
Repairs to telephone	500	-	500
Training	3,000	878	2,122
Capital outlay	6,918	5,500	1,418
Total Public Safety Grant	<u>17,418</u>	<u>12,959</u>	<u>4,459</u>
Animal Control			
Personnel	80,534	80,534	-
Emergency call	4,593	4,593	-
Social security	6,946	5,957	989
Retirement	6,220	5,348	872
Insurance	17,371	16,604	767

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2004

	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Animal Control - continued			
Workers compensation	2,240	2,240	-
Advertising	1,053	950	103
Utilities	4,010	4,010	-
Insurance vehicles	1,591	1,591	-
Memberships and dues	199	180	19
Office expense	4,348	4,348	-
Postage	111	111	-
Repairs to equipment	594	347	247
Telephone	2,752	2,635	117
Training	1,220	859	361
Travel	206	206	-
Subsistence	735	660	75
Cleaning supplies	2,594	2,138	456
Dog food	1,672	1,117	555
Gas, oil and grease	4,096	3,526	570
Medical and surgical	6,054	4,927	1,127
Medication	5,754	5,482	272
Capital outlay	2,500	2,275	225
	<hr/>	<hr/>	<hr/>
Total Animal Control	157,393	150,638	6,755
	<hr/>	<hr/>	<hr/>
Communications			
Personnel	262,061	262,061	-
Overtime	11,912	11,912	-
Social security	21,303	19,070	2,233
Retirement	21,249	17,165	4,084
Insurance	53,086	53,086	-
Workers compensation	988	988	-
Advertising	200	86	114
Contracted maintenance	19,720	19,716	4
Copier expense	800	608	192
Memberships & dues	120	95	25
Office expense	6,225	6,026	199
Postage	37	-	37
Printing	140	-	140
Repairs to equipment	1,000	689	311

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2004

	Final <u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Communications - continued			
Subsistence	995	954	41
Telephone	3,250	3,046	204
Training	1,000	414	586
Travel	<u>465</u>	<u>310</u>	<u>155</u>
Total Communications	<u>404,551</u>	<u>396,226</u>	<u>8,325</u>
Board of Rescue Squads			
Utilities	12,000	12,000	-
Workers compensation	7,800	7,800	-
Vehicle insurance	14,360	14,360	-
EMS grant match	22,000	17,411	4,589
Repairs to equipment	3,454	2,345	1,109
Repairs to radio	2,278	1,140	1,138
Training	14,400	10,890	3,510
Gas, oil, grease	6,000	4,713	1,287
Medical supplies	16,822	16,822	-
Rescue supplies	13,875	13,875	-
Other equipment	34,854	29,463	5,391
Capital outlay	<u>555</u>	<u>555</u>	<u>-</u>
Total Board of Rescue Squads	<u>148,398</u>	<u>131,374</u>	<u>17,024</u>
Hazardous Materials			
Contracted maintenance	2,644	-	2,644
Office expenses	520	508	12
Medical	5,875	5,128	747
Telephone	225	44	181
Training	2,000	1,620	380
Supplies	<u>17,036</u>	<u>16,615</u>	<u>421</u>
Total Hazardous Materials	<u>28,300</u>	<u>23,915</u>	<u>4,385</u>



SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2004

	Final <u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>Board of Rural Fire Control</b>			
Workers compensation	17,219	17,219	-
Shared revenue	134,367	134,367	-
Contracted maintenance	2,100	2,100	-
Utilities	21,475	21,075	400
Vehicle insurance	26,926	26,926	-
Office expense	89	89	-
Repairs to equipment	2,165	2,165	-
Repairs to auto	12,387	12,387	-
Repairs to radio	5,350	5,350	-
Telephone	600	-	600
Training	500	346	154
Janitorial supplies	950	847	103
Gas, oil, grease	11,285	11,285	-
Fire supplies	49,885	49,885	-
Lease purchase payment	410,250	410,250	-
Other equipment	18,671	18,671	-
Capital outlay	580,590	170,340	410,250
<b>Total Board of Rural Fire Control</b>	<u>1,294,809</u>	<u>883,302</u>	<u>411,507</u>
<b>Building Inspections</b>			
Personnel	57,310	55,083	2,227
Social security	4,384	4,031	353
Retirement	3,926	3,909	17
Insurance	14,290	14,290	-
Workers compensation	1,620	1,619	1
Consulting fees	100	100	-
Memberships	500	100	400
Office	3,903	3,902	1
Postage	45	37	8
Printing	1,198	913	285
Subscriptions	250	60	190
Telephone	1,675	1,659	16
Vehicle insurance	1,300	1,300	-
Gas, oil, grease	3,834	2,508	1,326
<b>Total Building Inspections</b>	<u>94,335</u>	<u>89,511</u>	<u>4,824</u>

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2004

	Final <u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Ambulance Substation			
Vehicle insurance	6,298	5,798	500
Training	5,040	3,062	1,978
Uniforms	10,046	9,858	188
Contracted personnel	217,332	217,332	-
Capital outlay	105,000	104,887	113
Other equipment	4,997	4,870	127
	<u>348,713</u>	<u>345,807</u>	<u>2,906</u>
Total Ambulance Substation			
Flood Management			
Personnel	53,134	48,434	4,700
Social security	4,065	3,158	907
Retirement	3,640	3,009	631
Insurance	11,667	11,667	-
Workers compensation	1,502	1,502	-
Training	2,586	2,506	80
Memberships	100	100	-
Office	1,525	1,352	173
Postage	650	650	-
Telephone	924	923	1
Travel	800	800	-
Gas, oil, grease	950	294	656
	<u>81,543</u>	<u>74,395</u>	<u>7,148</u>
Total Flood Management			
TOTAL PUBLIC SAFETY			
	<u>2,680,403</u>	<u>2,210,213</u>	<u>470,190</u>
PUBLIC WORKS & MAINTENANCE			
Public Works			
Personnel	410,614	408,472	2,142
Overtime	6,224	6,224	-
Social security	30,775	30,775	-
Retirement	28,553	28,271	282
Insurance	62,107	62,107	-

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2004

	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Public Works - continued			
Workers compensation	37,056	37,056	-
Advertising	4,966	4,962	4
Consulting fees	43,255	43,104	151
Utilities	5,500	5,494	6
Vehicle insurance	18,100	18,100	-
Memberships & dues	130	130	-
Office expense	500	500	-
Postage	309	302	7
Printing	249	245	4
Supplies	700	700	-
Repairs to radio	750	503	247
Telephone	4,400	3,368	1,032
Repairs to telephone	150	150	-
Training	2,065	1,136	929
Travel	326	286	40
Bridge materials	10,240	10,133	107
Cleaning materials	400	370	30
Fertilizer, plants, seeds	600	596	4
Gas, oil, grease	16,340	16,340	-
Diesel fuel	54,900	53,621	1,279
Safety supplies	2,400	1,606	794
Gravel	215,165	215,165	-
Asphalt	13,630	10,833	2,797
CTC Consulting	24,000	24,000	-
Pipe	8,500	8,299	201
Tools	3,380	2,376	1,004
Road signs	15,000	14,351	649
CTC Reimbursement	850,000	720,269	129,731
Land improvements	78,024	35,445	42,579
Uniforms	2,080	2,080	-
Capital outlay	12,192	11,033	1,159
	<u>1,963,580</u>	<u>1,778,402</u>	<u>185,178</u>
Total Public Works			

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2004

	Final Budget	Actual	Variance Favorable (Unfavorable)
Central Maintenance			
Personnel	358,289	350,917	7,372
Capital outlay	<u>22,543</u>	<u>22,543</u>	<u>-</u>
Total Central Maintenance	<u>380,832</u>	<u>373,460</u>	<u>7,372</u>
Building Maintenance			
Personnel	49,402	43,819	5,583
Social security	3,779	2,935	844
Retirement	3,384	2,714	670
Insurance	8,276	8,276	-
Workers compensation	1,376	1,376	-
Contracted maintenance	16,849	14,633	2,216
Advertising	78	45	33
Utilities	135,800	133,186	2,614
Vehicle insurance	677	676	1
Supplies	35,455	34,326	1,129
Telephone	1,200	1,200	-
Gas, oil, grease	1,057	1,057	-
Uniforms	350	350	-
Capital outlay	20,600	20,600	-
Tools	<u>2,950</u>	<u>2,928</u>	<u>22</u>
Total Building Maintenance	<u>281,233</u>	<u>268,121</u>	<u>13,112</u>
Special Projects			
Other - Jail renovations, Capital outlays	702,534	578,383	124,151
Recycling	<u>9,850</u>	<u>2,408</u>	<u>7,442</u>
Total Special Projects	<u>712,384</u>	<u>580,791</u>	<u>131,593</u>

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2004

	Final <u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Community Hall			
Personnel	7,363	7,363	-
Social security	529	529	-
Retirement	501	462	39
Insurance	3,377	3,363	14
Workers compensation	61	61	-
Contracted maintenance	2,280	2,280	-
Telephone	950	875	75
	<u>15,061</u>	<u>14,933</u>	<u>128</u>
Total Community Hall			
Custodian Services			
Personnel	25,661	25,661	-
Social security	1,866	1,866	-
Retirement	1,589	1,589	-
Insurance	6,426	6,426	-
Workers compensation	178	178	-
Vehicle insurance	544	544	-
Repairs to equipment	387	336	51
Repairs to radio	100	50	50
Cleaning supplies	17,330	16,828	502
Fertilizer, feed, seed	195	-	195
Gas, oil, grease	1,274	1,274	-
Tools	231	230	1
Telephone	540	458	82
Chemicals	630	209	421
	<u>56,951</u>	<u>55,649</u>	<u>1,302</u>
Total Custodian Services			
TOTAL PUBLIC WORKS & MAINTENANCE	<u>3,410,041</u>	<u>3,071,356</u>	<u>338,685</u>
PLANNING & DEVELOPMENT			
Development Board	<u>32,750</u>	<u>8,985</u>	<u>23,765</u>
Central Midlands Regional PC	<u>19,146</u>	<u>19,146</u>	<u>-</u>

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2004

	Final Budget	Actual	Variance Favorable (Unfavorable)
Comprehensive Planning			
Personnel	57,245	57,245	-
Contracted personnel	29,209	29,209	-
Social security	3,864	3,864	-
Retirement	3,278	3,278	-
Insurance	4,406	4,406	-
Workers compensation	1,547	1,547	-
Advertising	2,578	1,522	1,056
Copier	416	-	416
Legals	148	148	-
Memberships and dues	500	135	365
Office expense	5,074	4,699	375
Postage	1,600	1,599	1
Printing	1,069	1,069	-
Books	550	538	12
Telephone	2,500	1,953	547
Training	2,544	-	2,544
Travel	755	25	730
Gas, oil, and grease	3,000	557	2,443
Subsistence	1,050	83	967
Vehicle insurance	650	650	-
	<u>121,983</u>	<u>112,527</u>	<u>9,456</u>
Total Comprehensive Planning			
Central Carolina Economic Development Alliance	<u>72,000</u>	<u>72,000</u>	<u>-</u>
TOTAL PLANNING & DEVELOPMENT	<u>245,879</u>	<u>212,658</u>	<u>33,221</u>
EDUCATION & CULTURE			
Newberry/Saluda Regional Library			
Quarterly - payment	<u>278,200</u>	<u>278,200</u>	<u>-</u>
TOTAL EDUCATION & CULTURE	<u>278,200</u>	<u>278,200</u>	<u>-</u>

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2004

	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>AGRICULTURE &amp; HOME ECONOMICS</b>			
Clemson Extension	60,489	34,846	25,643
Newberry Soil & Water Conservation	40,655	40,655	-
<b>TOTAL AGRICULTURE &amp; HOME     ECONOMICS</b>	<u>101,144</u>	<u>75,501</u>	<u>25,643</u>
<b>PUBLIC HEALTH</b>			
Health Department			
Personnel	48,855	48,855	-
Telephone	2,400	1,688	712
Medical supplies	4,200	3,750	450
<b>Total Health Department</b>	<u>55,455</u>	<u>54,293</u>	<u>1,162</u>
Beckman Mental Health	15,000	15,000	-
Westview Behavioral	22,412	21,810	602
Agency for the Developmentally Disabled	22,500	22,500	-
<b>TOTAL PUBLIC HEALTH</b>	<u>115,367</u>	<u>113,603</u>	<u>1,764</u>
<b>SOCIAL SERVICES</b>			
Department of Social Services			
Personnel	5,334	5,334	-
P.O. Box rent	64	64	-
Telephone	8,500	4,464	4,036
Emergency	4,000	4,000	-
Paupers funeral	4,500	4,500	-
<b>Total Department of Social Services</b>	<u>22,398</u>	<u>18,362</u>	<u>4,036</u>

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2004

	Final <u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
Veteran's Affairs			
Personnel	72,938	72,938	-
Social security	5,364	5,021	343
Retirement	5,049	5,049	-
Insurance	12,699	10,902	1,797
Workers compensation	1,265	1,265	-
Advertising	104	104	-
Contracted maintenance	600	600	-
Membership fees	85	65	20
Office expense	3,782	3,775	7
Postage	677	677	-
Printing	156	156	-
Subscriptions	44	39	5
Telephone	2,620	1,632	988
Repairs to telephone	315	315	-
Training	70	60	10
Travel	847	842	5
Subsistence	436	436	-
Copier expenses	761	761	-
Total Veteran's Affairs	<u>107,812</u>	<u>104,637</u>	<u>3,175</u>
Council on Aging			
Quarterly appropriation	32,945	32,945	-
Gas, Oil and Grease	<u>28,000</u>	<u>26,307</u>	<u>1,693</u>
Total Council on Aging	<u>60,945</u>	<u>59,252</u>	<u>1,693</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>204,290</u>	<u>195,386</u>	<u>8,904</u>



SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2004

	Final <u>Budget</u>	Actual	Variance Favorable (Unfavorable)
<b>MISCELLANEOUS</b>			
<b>Airport</b>			
Contracted maintenance	2,000	2,000	-
Maintenance & supplies	1,000	616	384
Consulting	30,000	10,826	19,174
Utilities	3,500	2,679	821
Office expense	50	-	50
Telephone	1,600	811	789
Training	500	-	500
Travel	860	709	151
Chemicals	1,100	1,100	-
Capital outlay	20,000	4,174	15,826
Airport grant	<u>44,131</u>	<u>44,131</u>	<u>-</u>
<b>Total Airport</b>	<u>104,741</u>	<u>67,046</u>	<u>37,695</u>
Government Association	<u>380</u>	<u>100</u>	<u>280</u>
Newberry County School District	<u>70,000</u>	<u>70,000</u>	<u>-</u>
S.C. Association of Counties	<u>9,148</u>	<u>9,146</u>	<u>2</u>
National Association of Counties	<u>643</u>	<u>671</u>	<u>(28)</u>
Medically indigent Appropriation	<u>129,213</u>	<u>129,213</u>	<u>-</u>
Piedmont Tech Appropriation	<u>238,839</u>	<u>238,839</u>	<u>-</u>
Ambulance			
Appropriation	317,664	317,664	-
Repairs to radio	1,500	1,390	110
Utilities	1,467	1,467	-
Diesel fuel	16,216	16,216	-
Capital outlay	<u>85,034</u>	<u>85,034</u>	<u>-</u>
<b>Total Ambulance</b>	<u>421,881</u>	<u>421,771</u>	<u>110</u>

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2004

	Final Budget	Actual	Variance Favorable (Unfavorable)
Recreation			
Recreation appropriation	<u>120,000</u>	<u>111,586</u>	<u>8,414</u>
Total Recreation	<u>120,000</u>	<u>111,586</u>	<u>8,414</u>
Accomodations tax	<u>59,723</u>	<u>55,850</u>	<u>3,873</u>
TOTAL MISCELLANEOUS	<u>1,154,568</u>	<u>1,104,222</u>	<u>50,346</u>
EMERGENCY 911			
Personnel - Admin Assist	45,591	45,591	-
Social security	3,314	3,216	98
Retirement	3,121	3,121	-
Insurance	8,818	8,818	-
Workers compensation	74	74	-
Advertising	2,750	2,709	41
Contracted maintenance	34,261	3,450	30,811
Copier	250	244	6
Vehicle insurance	600	-	600
Membership and dues	450	430	20
Office expenses	2,195	2,098	97
Postage	500	444	56
Printing	1,500	302	1,198
Lease purchase	55,350	55,311	39
Vehicle maintenance	400	-	400
Training	4,300	1,850	2,450
Subsistence	1,370	228	1,142
Gas, oil and grease	500	168	332
Publications	200	-	200
Coordinator telephone	1,350	1,350	-
911 phone charges - BellSouth	95,590	59,575	36,015
Capital outlay	<u>162,000</u>	<u>8,817</u>	<u>153,183</u>
TOTAL EMERGENCY 911	<u>424,484</u>	<u>197,796</u>	<u>226,688</u>

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2004

	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>CAPITAL CONSTRUCTION &amp; IMPROVEMENTS</b>			
Sheriff's Building	1,000,000	1,000,000	-
Jail/Magistrates Complex	104,144	37,736	66,408
Lease Purchase - vehicles	1,159,546	1,159,546	-
Capital improvement	<u>270,774</u>	<u>270,774</u>	<u>-</u>
<b>TOTAL CAPITAL CONSTRUCTION &amp; IMPROVEMENTS</b>	<u>2,534,464</u>	<u>2,468,056</u>	<u>66,408</u>
<b>TOTAL EXPENDITURES</b>	<u>17,700,510</u>	<u>16,337,767</u>	<u>1,355,174</u>
Excess/(Deficiency) of Revenue over Expenditures	(2,303,787)	(2,450,507)	(146,720)
<b>OTHER FINANCING SOURCES/ (USES)</b>			
Lease purchase proceeds	1,159,546	1,159,546	-
Transfer from capital projects	1,144,241	1,144,241	-
Transfer to enterprise fund - JF Hawkins Nursing Hm	-	(294,406)	(294,406)
Transfers from special revenue	<u>-</u>	<u>81,737</u>	<u>81,737</u>
<b>TOTAL OTHER FINANCING SOURCES/(USES)</b>	<u>2,303,787</u>	<u>2,091,118</u>	<u>(212,669)</u>
Excess of Revenue over Expenditures after other financing sources	<u>\$ -</u>	<u>\$ (359,389)</u>	<u>\$ (359,389)</u>

COMBINING BALANCE SHEET

SPECIAL REVENUE FUND

NEWBERRY COUNTY, SOUTH CAROLINA

June 30, 2004

	Sheriff's Funds	Sheriff's Grants	Victim's Rights	DSS Clerk of Court	Transfer Station	Total
<b>ASSETS</b>						
Cash	\$ 69,085	\$ 157,818	\$ 59,179	\$ 105,004	\$ -	\$ 391,086
Taxes receivable, net	-	-	-	-	9,957	9,957
<b>TOTAL ASSETS</b>	<u>\$ 69,085</u>	<u>\$ 157,818</u>	<u>\$ 59,179</u>	<u>\$ 105,004</u>	<u>\$ 9,957</u>	<u>\$ 401,043</u>
<b>LIABILITIES</b>						
Deferred revenue	\$ -	\$ 71,739	\$ -	\$ -	\$ -	\$ 71,739
Due to general fund	-	20,433	59,179	-	9,957	89,569
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>92,172</u>	<u>59,179</u>	<u>-</u>	<u>9,957</u>	<u>161,308</u>
<b>FUND BALANCE</b>						
Reserved for special revenue	69,085	65,646	-	105,004	-	239,735
<b>TOTAL FUND BALANCE</b>	<u>69,085</u>	<u>65,646</u>	<u>-</u>	<u>105,004</u>	<u>-</u>	<u>239,735</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 69,085</u>	<u>\$ 157,818</u>	<u>\$ 59,179</u>	<u>\$ 105,004</u>	<u>\$ 9,957</u>	<u>\$ 401,043</u>

COMBINING STATEMENT OF REVENUE, EXPENDITURES  
AND CHANGES IN FUND BALANCE

SPECIAL REVENUE FUND

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2004

	Sheriff's Funds	Sheriff Block Grant	Victim's Rights	DSS Clerk of Court	Transfer Station	Miscellaneous Grants	Total
<b>Revenue</b>							
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 1,395,812	\$ -	\$ 1,395,812
Intergovernmental							
Federal grants	15,384	31,215	-	135,942	-	50,000	232,541
State grants	-	-	-	-	16,322	-	16,322
Other							
Assessments	1,630	-	123,396	-	10,982	-	136,008
Tipping fees	-	-	-	-	705,024	-	705,024
Interest	135	995	131	19	-	-	1,280
Miscellaneous	13,237	-	-	-	21,618	-	34,855
<b>Total Revenue</b>	<u>30,386</u>	<u>32,210</u>	<u>123,527</u>	<u>135,961</u>	<u>2,149,758</u>	<u>50,000</u>	<u>2,521,842</u>
<b>Expenditures</b>							
Personnel	-	32,210	59,179	-	61,690	-	153,079
Operating	16,548	-	25,664	53,862	2,088,068	-	2,184,142
Intergovernmental	-	-	-	-	-	50,000	50,000
<b>Total Expenditures</b>	<u>16,548</u>	<u>32,210</u>	<u>84,843</u>	<u>53,862</u>	<u>2,149,758</u>	<u>50,000</u>	<u>2,387,221</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</b>	13,838	-	38,684	82,099	-	-	134,621
<b>Other financing sources</b>							
Transfer in/(out)	(8,707)	-	(62,904)	(10,126)	-	-	(81,737)
<b>Fund balance, beginning of year</b>	<u>63,954</u>	<u>65,646</u>	<u>24,220</u>	<u>33,031</u>	<u>-</u>	<u>-</u>	<u>186,851</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 69,085</u>	<u>\$ 65,646</u>	<u>\$ -</u>	<u>\$ 105,004</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 239,735</u>

STATEMENT OF REVENUE, EXPENDITURES AND  
CHANGES IN FUND BALANCE

DEBT SERVICE FUND

Year Ended June 30, 2004

REVENUE

Property Taxes	
1995 GO Bond	\$ 49,376
1998 GO Bond	43,198
2001 GO Bond	78,472
Sales Taxes	2,703,257
Interest	<u>15,606</u>

TOTAL REVENUE 2,889,909

EXPENDITURES

Principal	
1995 GO Bond	50,000
2001 GO Bond	130,000
Sales Tax Bond	1,575,000
Interest	
1995 GO Bond	29,825
2001 GO Bond	205,243
Sales Tax Bond	267,050
Fees	
1995 GO Bond	1,082
Sales Tax Bond	<u>780</u>

TOTAL EXPENDITURES 2,258,980

EXCESS/(DEFICIENCY) OF REVENUE  
OVER EXPENDITURES 630,929

Fund balance, beginning of year 5,119,711

FUND BALANCE, END OF YEAR \$ 5,750,640

STATEMENT OF REVENUE, EXPENDITURES AND  
CHANGES IN FUND BALANCE

CAPITAL PROJECTS FUND

Year Ended June 30, 2004

REVENUE

VOTIS Grant	\$ 137,700
Interest	<u>93,822</u>
TOTAL REVENUE	<u>231,522</u>

EXPENDITURES

Capital Outlays	
Capital Outlays - 2001 GO Bond	921,249
Capital Outlays - VOTIS Grant	<u>137,700</u>
TOTAL EXPENDITURES	<u>1,058,949</u>

OTHER FINANCING SOURCES/(USES)

Transfer to General Fund	(1,144,241)
EXCESS OF REVENUE OVER EXPENDITURES	(1,971,668)
Fund balance, beginning of year	<u>3,450,086</u>
FUND BALANCE, END OF YEAR	<u>\$ 1,478,418</u>

COMBINING BALANCE SHEET

TRUST AND AGENCY FUND

NEWBERRY COUNTY, SOUTH CAROLINA

June 30, 2004

	Newberry County Schools Construction	Newberry County Schools Operations	Newberry Schools Sinking Funds	Fire/Rescue Squads	Parks Commission	Total
<b>ASSETS</b>						
Cash	\$ 5,947,991	\$ 812,353	\$ 43	\$ 298,681	\$ -	\$ 7,059,068
Investments	-	6,058,199	5,980,904	-	135,407	12,174,510
<b>TOTAL ASSETS</b>	<b>\$ 5,947,991</b>	<b>\$ 6,870,552</b>	<b>\$ 5,980,947</b>	<b>\$ 298,681</b>	<b>\$ 135,407</b>	<b>\$ 19,233,578</b>
<b>LIABILITIES</b>						
Due to general fund	\$ -	\$ -	\$ -	\$ 25,041	\$ -	\$ 25,041
Due to taxing units and others	5,947,991	6,870,552	5,980,947	273,640	135,407	19,208,537
<b>TOTAL LIABILITIES</b>	<b>\$ 5,947,991</b>	<b>\$ 6,870,552</b>	<b>\$ 5,980,947</b>	<b>\$ 298,681</b>	<b>\$ 135,407</b>	<b>\$ 19,233,578</b>



SINGLE AUDIT SECTION

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

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

Compliance

We have audited the compliance of Newberry County, South Carolina (the County) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2004. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2004.

Internal Control over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

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

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

*Risk and Engstrom*

Lexington, South Carolina  
November 8, 2004

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2004

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Housing and Urban Development			
Community Development Block Grant	14.228	4-P-01-004	<u>50,000</u>
Total U.S. Department of Housing and Urban Development			<u>50,000</u>
U.S. Department of Health and Human Services			
Thru SC Department of Social Services Health and Human Services	93.563	G-04SC4004	135,942
Thru SC Department of Social Services Health and Human Services	93.558	G01SCTANF	15,384
Thru SC Department of Social Services County Administrative Expense FFP	Multiple		<u>21,274</u>
Total U.S. Department of Health and Human Services			<u>172,600</u>
Federal Emergency Management Agency			
Homeland Security	83.554		<u>332,244</u>
Total Federal Emergency Management Agency			<u>332,244</u>
U.S. Department of Justice			
VOTIS - Violent Crime Control	16.586	V9809	137,700
Law Enforcement Block Grant	16.592	2003-LB-BX-1538	<u>31,215</u>
Total U.S. Department of Justice			<u>168,915</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 723,759</u>

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NEWBERRY COUNTY, SOUTH CAROLINA

Year ended June 30, 2004

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 2 – MAJOR PROGRAMS

The County had one Type A programs as defined by circular A-133. The Homeland Security grant , CFDA # 83.554, in the amount of \$332,244, was tested as a major program

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

NEWBERRY COUNTY, SOUTH CAROLINA

For the Year Ended June 30, 2004

**Section I - Summary of Auditor's Results**

Financial Statements

Type of auditor's report issued - unqualified

Internal control over financial reporting:

A. Material weaknesses identified?  X  Yes   No

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

Noncompliance material to financial statements noted?   Yes  X  No

Federal Awards

Internal control over major programs:

A. Material weaknesses identified?   Yes  X  No

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

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

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

Identification of major programs:

CFDA Number

Name of Federal Program or Cluster

83.554

Homeland Security

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

Low-Risk Auditee   Yes  X  No

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2004

**Section II – Financial Statement Findings**

REPORTABLE CONDITIONS

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

*Condition:* The general ledger used by the County needs to utilize proper fund accounting 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:* Both offices are working together to create and implement a solution to alleviate this problem. These procedures will be reviewed by the independent auditor once they have been completed.

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

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

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

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

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

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2004

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 October 2003.

*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.

4. Building Inspections and Zoning

*Condition:* The departments of Building Inspections and Zoning are collecting fees and not turning them over to the County Treasurer for deposit in a timely manner. Additionally, receipts are not reconciled to the County's general ledger.

*Criteria:* All fees should be deposited in the bank within 3 – 5 banking days. Individual receipts should be reconciled to the general ledger monthly.

*Effect:* Because of the delay in depositing fees and reconciling receipts to the general ledger, errors and irregularities may occur and not be detected in a timely manner.

*Recommendation:* All fees should be deposited to the County Treasurer within 3 banking days. Receipts should be reconciled to deposits made with the Treasurer's office to ensure the validity and completeness of the receipts.

*Response:* The Building Inspections and Zoning departments will perform the recommended procedures.

**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, 2004, and have issued our report thereon dated November 8, 2004. 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 on pages 87- 88 as items 1 through 4.

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 4 in the Schedule of Findings and Questioned Costs, pages 87- 88, 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 8, 2004

*Rish and Enzastiga*

