

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

June 30, 2008

CONTENTS

Audited Financial Statements

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

Supplemental Information

General Fund

Schedule of Revenues and Expenditures – Budget and Actual		52 - 79
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Special Revenue Fund

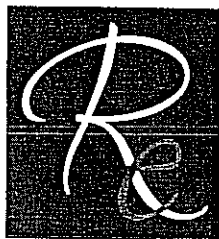
Combining Balance Sheet		80
Combining Statement of Revenue, Expenditures and Changes in Fund Balance		81

Debt Service Fund

Statement of Revenue, Expenditures and Changes in Fund Balance		82
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CONTENTS - CONTINUED

Capital Projects Fund	
Statement of Revenue, Expenditures, and Changes in Fund Balance	83
Trust and Agency Fund	
Combining Balance Sheet.....	84
Single Audit Section	
Auditors' Report on Compliance with Requirements Applicable to Each Major Program and on its Internal Control over Compliance in Accordance with OMB Circular A-133	86 - 87
Schedule of Expenditures of Federal Awards	88
Notes to the Schedule of Expenditures of Federal Awards	89
Schedule of Findings and Questioned Costs	90 - 92
Auditors' Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	93 - 94
State Treasurer's Reports	
Statement of Fines, Assessments and Surcharges	95
Review of Accounting Controls over the Collection, Reporting and Distribution Of Fines and Assessments Collected	96



RISH & ENZASTIGA

Certified Public Accountants

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, 2008. 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, 2008 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, 2008 and for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2008 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.

Rick and Engstler

Lexington, South Carolina
October 30, 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS

**NEWBERRY COUNTY, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2008**

INTRODUCTION

This narrative overview gives an analysis of the financial activities of the County for the fiscal year ended June 30, 2008. 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, 2008, were \$38,536,450, which represented an increase of \$4,686,288 from the prior year end. The net assets of the governmental activities totaled \$40,645,044. The net deficit of the business-type activities was \$2,108,594.
- **Revenues and Expenditures:** Revenues and Other Financing Sources totaled \$34,924,281 and Expenditures and Other Uses totaled \$32,004,075 for all Governmental Funds at the fund level. Accordingly, revenues and other financing sources exceeded total expenditures by \$2,920,206. The general fund increased the fund balance by \$3,363,967, due to higher taxes and fee-in-lieu income. The debt service fund balance increased \$1,448,317 on higher property tax collections. The capital projects fund balance decreased \$1,719,790 for intergovernmental capital improvements paid from the Sales Tax Bond and the lease purchase agreements.
- **Capital Assets:** The County had capital asset additions in the governmental activities of \$5,217,996 consisting of buildings, equipment and vehicles. Depreciation expense in governmental activities was \$2,970,693. This resulted in a net increase of capital assets of \$2,247,303.
- **Business Type Activities:** J. F. Hawkins Nursing Home is an Enterprise Fund that operates as a business enterprise. The total net deficit for the Nursing Home totaled \$2,108,594 at year-end. Charges for services totaled \$8,489,903, general revenues totaled \$64,186, and total expenses were \$9,005,621. The revenues and expenses resulted in a decrease in net assets of \$451,532.
- **General Fund/Fund Balance:** Our principal operating fund, the General Fund, had \$22,616,637 in fiscal year 2008 Revenues and Other Financing Sources (Uses), which primarily consisted of property taxes and intergovernmental sources, and \$19,252,670 in Expenditures and Other Uses leaving a surplus for the year of \$3,363,967.
- **Debt Service:** The County retired \$3,050,000 in principal for governmental activities bonds outstanding. The Debt Service Fund Balance increased from \$6,251,960 to \$7,700,277. Bonds payable are \$24,630,000 at June 30, 2008 in governmental activities. Business type activities outstanding debt at June 30, 2008 was \$10,625,000. Principal payments of \$295,000 were made during the year.

**NEWBERRY COUNTY, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) -
CONTINUED
YEAR ENDED JUNE 30, 2008**

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components: (1) government-wide financial statements; (2) fund financial statements (General, Special Revenue, Debt Service, Capital, Fiduciary, Proprietary), and; (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. A description of these statements and some related definitions follow:

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

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

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

Fund Financial Statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental, proprietary and fiduciary.

**NEWBERRY COUNTY, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) -
CONTINUED
YEAR ENDED JUNE 30, 2008**

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

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

The County maintains its accounting records in conformity with the Governmental Accounting Standards. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General, Special Revenue, Debt Service and Capital Projects Funds, all of which are considered to be major funds.

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

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

Notes to the Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

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

**NEWBERRY COUNTY, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) -
CONTINUED
YEAR ENDED JUNE 30, 2008**

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 \$38,536,450 as of June 30, 2008.

The largest portion of the County's net assets (48 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, 2008.

Current assets	\$ 31,018,143
Non-current assets	50,656,015
Total assets	<u>81,674,158</u>
Current liabilities	(10,677,643)
Non-current liabilities	(32,460,065)
Total liabilities	<u>(43,137,708)</u>
Net assets	<u>\$ 38,536,450</u>
Net assets -	
Invested in capital assets, net of related debt	\$ 18,367,176
Restricted	11,634,021
Unrestricted	<u>8,535,253</u>
Total net assets	<u>\$ 38,536,450</u>

**NEWBERRY COUNTY, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) -
CONTINUED
YEAR ENDED JUNE 30, 2008**

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

- Intergovernmental capital outlays of \$2,267,981.
- The operating gain of the General Fund totaling \$3,363,967 resulting mainly from higher income and reduced spending.
- Increases in the Debt Service Fund totaling \$1,448,317, due to collections of sales tax and higher property taxes.

Changes in net assets: The County's combined governmental and business-type revenues for the fiscal year ended June 30, 2008, were \$40,046,617. The total cost of all programs and services was \$35,360,329. The following table presents a summary of the activity that resulted in changes to total net assets for the fiscal year ended June 30, 2008.

REVENUES:	Amount
Program revenues:	
Charges for services	\$ 9,457,974
Operating grants and contributions	1,398,789
Capital grants	1,519,747
General revenues:	
Property taxes	18,293,260
Intergovernmental sources	2,553,416
Fines and assessments	1,700,435
Sales tax	3,511,457
Miscellaneous	<u>1,611,539</u>
Total revenues	<u>40,046,617</u>

**NEWBERRY COUNTY, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) -
CONTINUED
YEAR ENDED JUNE 30, 2008**

EXPENSES:

Governmental - current	(23,037,978)
Intergovernmental - capital	
Construction & improvements	(2,267,981)
Debt service	(1,048,749)
J. F. Hawkins Nursing Home	(9,005,621)
 Total expenses	 (35,360,329)
 Increase in net assets	 <u>\$ 4,686,288</u>

Statement of 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	\$ 23,037,978	\$(19,151,371)
Intergovernmental - capital		
Construction & improvements	2,267,981	(2,267,981)
Debt Service - interest	1,048,749	(1,048,749)
J. F. Hawkins Nursing Home	<u>9,005,621</u>	<u>(515,718)</u>
 Total expenses	 <u>\$ 35,360,329</u>	 <u>\$(22,983,819)</u>

- The cost of all activities this year was \$35,360,329.
- Net cost of governmental activities (\$19,151,371) was financed by general revenues, which are made up of primarily property taxes (\$18,023,260), intergovernmental sources (\$2,553,416), fines and assessments (\$1,700,435), sales tax (\$3,511,457), and other revenue (\$1,611,539).
- Net cost of business-type activities (\$515,718) was financed by contributions received in prior year and interest income.

**NEWBERRY COUNTY, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) -
CONTINUED
YEAR ENDED JUNE 30, 2008**

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 \$26,817,886 an increase of \$2,920,206 since June 30, 2007. A fund balance of \$8,224,545 or 26.6 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:

- \$ 6,959,320 for future capital projects
- \$ 7,700,277 for debt service
- \$ 252,010 for special revenue
- \$ 1,452,639 for notes receivable – due from J. F. Hawkins Nursing Home
- \$ 2,229,095 for general fund – future projects

The General Fund is the principal operating fund of the County. The increase in fund balance in the General Fund for the fiscal year was \$3,363,967 was the result of increased property taxes and savings for future projects in FY 08 – 09. The Debt Service Fund balance showed an increase of \$1,448,317 from the prior year due to the collection of higher property taxes. The Capital Projects Funds showed a fund balance of \$8,411,959, a combination of remaining Sales Tax and GO Bonds proceeds.

**NEWBERRY COUNTY, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) -
CONTINUED
YEAR ENDED JUNE 30, 2008**

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 a net loss of \$451,532. Total net deficit was \$2,108,594 with unrestricted net assets totaling \$446,348 as of June 30, 2008. The Nursing Home continues to try and improve the quality of resident services while managing the cash flow of the operations.

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 budgeted \$21,377,857 in General Fund Revenue with actual revenue totaling \$22,616,637 for a difference of \$1,238,780. The budget for expenditures was \$20,643,742 with the actual expenditures being \$18,389,799 for a difference of \$2,253,943. The results from revenue, expenditures and transfers caused the fund balance to increase by \$3,363,967.

CAPITAL ASSETS

As of June 30, 2008, the County had invested \$48,992,973 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 \$2,970,693 for governmental activities and \$609,301 for business-type activities.

The following schedule presents capital asset balances for the fiscal year ended June 30, 2008.

	Amount
Land	\$ 7,221,065
Buildings and improvements	43,197,304
Furniture and equipment	15,410,924
Roads	11,125,462
Construction in progress	3,201,199
Other improvements	<u>2,277,111</u>
Total	<u>\$ 82,433,065</u>

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

**NEWBERRY COUNTY, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) -
CONTINUED
YEAR ENDED JUNE 30, 2008**

DEBT ADMINISTRATION

The following table presents a summary of the County's outstanding long-term debt for the fiscal year ended June 30, 2008.

	Amount
General obligation bonds	\$ 24,630,000
Lease purchase	2,330,117
Notes payable – business-type act	10,625,000
Accrued compensated absences	<u>508,250</u>
Total	<u>\$ 38,093,367</u>

State statutes currently limit the amount of general obligation debt a County may issue to 8 percent of its total assessed valuation. 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, 2008**

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 2008 - 2009 budget. Some of County Council's main goals are to enhance the tax base and job opportunities for Newberry County. This will be done by continuing the refinement of the County's economic development plan. This plan will consist of industrial, commercial and tourism elements. A portion of this plan includes the development of a new industrial park. County staff is currently developing a plan to implement GIS and also developing a plan to enhance the Newberry County Airport. Further, we are studying alternative sources for revenue.

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

**NEWBERRY COUNTY, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) –
CONTINUED
YEAR ENDED JUNE 30, 2008**

CURRENT AND PRIOR YEAR FINANCIAL ANALYSIS

Tables I – VI are presented for additional analysis of the County's finances for the FY 07-08.

Table I – Statement of Net Assets – Governmental Activities – Total current assets increased \$1.9 million over the prior year due to increases in general fund cash and debt service cash. Capital assets increased \$2.2 million net as shown in Note P for capital asset additions and depreciation expense. Total liabilities decreased \$940,750 for net issuance/payments of bond principal and payment of accrued tax refunds.

Table II – Statement of Net Assets – Business-Type Activity – Total assets declined \$783,800. Cash declined \$314,950 and accumulated depreciation increased \$609,301. Total liabilities decreased \$332,268 from the principal payment of \$295,000.

Table IV – Statement of Activities – Governmental Activities – Total revenues increased \$2.1 million. Property taxes increased \$1.363 million. Total expenses decreased \$1.948 million due to decreases in Sales Tax Bond expenses and GO Bond expenses.

Table V – Statement of Activities – Business-Type Activities – Total revenues decreased \$89,690. Charges for services increased \$359,382, while contributions and interest income were down \$449,072.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

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

**NEWBERRY COUNTY, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - Continued
YEAR ENDED JUNE 30, 2008**

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

	Governmental Activities		
	2008	2007	Variance
Assets			
Total Current Assets	\$ 29,683,792	\$ 27,734,025	\$ 1,949,767
Capital Assets, net of accumulated depreciation	<u>40,922,915</u>	<u>38,675,612</u>	<u>2,247,303</u>
Total Assets	<u>\$ 70,606,707</u>	<u>\$ 66,409,637</u>	<u>\$ 4,197,070</u>
Liabilities			
Total Current Liabilities	\$ 7,821,598	\$ 7,567,393	\$ 254,205
Non-Current Liabilities	<u>22,140,065</u>	<u>23,335,020</u>	<u>(1,194,955)</u>
Total Liabilities	<u>\$ 29,961,663</u>	<u>\$ 30,902,413</u>	<u>\$ (940,750)</u>
Net Assets			
Invested in capital assets, net of related debt	\$ 20,922,118	\$ 20,752,484	\$ 169,634
Restricted	11,634,021	8,213,697	3,420,324
Unrestricted/(deficit)	<u>8,088,905</u>	<u>6,541,043</u>	<u>1,547,862</u>
Total Net Assets	<u>\$ 40,645,044</u>	<u>\$ 35,507,224</u>	<u>\$ 5,137,820</u>

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

	Business-Type Activities		
	2008	2007	Variance
Assets			
Total Current Assets	\$ 1,334,351	\$ 1,622,827	\$ (288,476)
Other Non-current Assets	1,663,042	1,676,417	(13,375)
Capital Assets, net of accumulated depreciation	<u>8,070,058</u>	<u>8,552,007</u>	<u>(481,949)</u>
Total Assets	<u>\$ 11,067,451</u>	<u>\$ 11,851,251</u>	<u>\$ (783,800)</u>
Liabilities			
Total Current Liabilities	\$ 2,856,045	\$ 2,883,313	\$ (27,268)
Non-Current Liabilities	<u>10,320,000</u>	<u>10,625,000</u>	<u>(305,000)</u>
Total Liabilities	<u>\$ 13,176,045</u>	<u>\$ 13,508,313</u>	<u>\$ (332,268)</u>
Net Assets			
Invested in capital assets, net of related debt	\$ (2,554,942)	\$ (2,367,993)	\$ (186,949)
Unrestricted/(deficit)	<u>446,348</u>	<u>710,931</u>	<u>(264,583)</u>
Total Net Assets	<u>\$ (2,108,594)</u>	<u>\$ (1,657,062)</u>	<u>\$ (451,532)</u>

NEWBERRY COUNTY, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - Continued
YEAR ENDED JUNE 30, 2008

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

	Total Government-Wide Activities		
	2008	2007	Variance
Assets			
Total Current Assets	\$ 31,018,143	\$ 29,356,852	\$ 1,661,291
Other Non-current Assets	1,663,042	1,676,417	(13,375)
Capital Assets, net of accumulated depreciation	<u>48,992,973</u>	<u>47,227,619</u>	<u>1,765,354</u>
Total Assets	<u>\$ 81,674,158</u>	<u>\$ 78,260,888</u>	<u>3,413,270</u>
Total Current Liabilities	\$ 10,677,643	\$ 10,450,706	\$ 226,937
Non-Current Liabilities	<u>32,460,065</u>	<u>33,960,020</u>	<u>(1,499,955)</u>
Total Liabilities	<u>\$ 43,137,708</u>	<u>\$ 44,410,726</u>	<u>\$ (1,273,018)</u>
Net Assets			
Invested in capital assets, net of related debt	\$ 18,367,176	\$ 18,384,491	\$ (17,315)
Restricted	11,634,021	8,213,697	3,420,324
Unrestricted/(deficit)	<u>8,535,253</u>	<u>7,251,974</u>	<u>1,283,279</u>
Total Net Assets	<u>\$ 38,536,450</u>	<u>\$ 33,850,162</u>	<u>\$ 4,686,288</u>

NEWBERRY COUNTY, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - Continued
YEAR ENDED JUNE 30, 2008

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

	Governmental Activities		
	2008	2007	Variance
Revenues			
Program Revenues:			
Charges for Services	\$ 968,071	\$ 1,153,915	\$ (185,844)
Operating Grants	1,398,789	1,658,421	(259,632)
Capital Grants	1,519,747	-	1,519,747
General Revenue:			
Property Taxes	18,293,260	16,929,276	1,363,984
Intergovernmental Sources	2,553,416	2,315,132	238,284
Fines and Assessments	1,700,435	1,501,211	199,224
Sales Tax - Debt Service	3,511,457	3,469,682	41,775
Other	1,547,353	2,324,828	(777,475)
Total Revenues	\$ 31,492,528	\$ 29,352,465	\$ 2,140,063
Expenses			
Current	\$ 23,037,978	\$ 21,587,210	\$ 1,450,768
Capital Construction & Improvements - Intergovernmental	2,267,981	5,682,678	(3,414,697)
Interest and Fees	1,048,749	1,033,073	15,676
Total Expenses	\$ 26,354,708	\$ 28,302,961	\$ (1,948,253)

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

	Business-Type Activities		
	2008	2007	Variance
Revenues			
Program Revenues:			
Charges for Services	\$ 8,489,903	\$ 8,130,521	\$ 359,382
Other	64,186	513,258	(449,072)
Total Revenues	\$ 8,554,089	\$ 8,643,779	\$ (89,690)
Expenses			
J. F. Hawkins Nursing Home	\$ 9,005,621	\$ 8,819,825	\$ 185,796

NEWBERRY COUNTY, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - Continued
YEAR ENDED JUNE 30, 2008

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

	Total Government-Wide Activities		
	2008	2007	Variance
Revenues			
Program Revenues:			
Charges for Services	\$ 9,457,974	\$ 9,284,436	\$ 173,538
Operating Grants	1,398,789	1,658,421	(259,632)
Capital Grants	1,519,747	-	1,519,747
General Revenue:			
Property Taxes	18,293,260	16,929,276	1,363,984
Intergovernmental Sources	2,553,416	2,315,132	238,284
Fines and Assessments	1,700,435	1,501,211	199,224
Sales Tax - Debt Service	3,511,457	3,469,682	41,775
Other	<u>1,611,539</u>	<u>2,838,086</u>	<u>(1,226,547)</u>
Total Revenues	<u>\$ 40,046,617</u>	<u>\$ 37,996,244</u>	<u>\$ 2,050,373</u>
Expenses			
Current			
Capital Construction & Improvements - Intergovernmental	\$ 2,267,981	\$ 5,682,678	(3,414,697)
Interest and Fees	1,048,749	1,033,073	15,676
J. F. Hawkins Nursing Home	<u>9,005,621</u>	<u>8,819,825</u>	<u>185,796</u>
Total Expenses	<u>\$ 35,360,329</u>	<u>\$ 37,122,786</u>	<u>\$ (1,762,457)</u>

BASIC FINANCIAL STATEMENTS
PRIMARY GOVERNMENT

STATEMENT OF NET ASSETS
NEWBERRY COUNTY, SOUTH CAROLINA

June 30, 2008

	PRIMARY GOVERNMENT		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets			
Cash - Notes B & C	\$ 7,214,533	\$ 407,308	\$ 7,621,841
Investments - Note C	17,651,493	-	17,651,493
Receivables			
Property taxes - delinquent - Note E	898,680	-	898,680
Fines and fees	99,907	-	99,907
Patient receivables, less allowance for doubtful accounts	-	927,043	927,043
Other	72,359	-	72,359
Due from other governments			
State shared revenue	546,205	-	546,205
Sales tax	893,440	-	893,440
Grant revenue	699,648	-	699,648
Inventory - jet fuel	31,780	-	31,780
Due from business-type activities - Note D	1,575,747	-	1,575,747
Total Current Assets	29,683,792	1,334,351	31,018,143
Restricted cash - Note F	-	1,124,085	1,124,085
Bond issuance cost, less \$22,276 accumulated amortization	-	538,957	538,957
Capital Assets - Note P			
Land	7,003,529	217,536	7,221,065
Buildings	32,367,809	10,829,495	43,197,304
Improvements other than buildings	-	2,277,111	2,277,111
Roads	11,125,462	-	11,125,462
Equipment	13,119,739	2,291,185	15,410,924
Construction in Progress	3,201,199	-	3,201,199
Accumulated depreciation	(25,894,823)	(7,545,269)	(33,440,092)
TOTAL ASSETS	\$ 70,606,707	\$ 11,067,451	\$ 81,674,158
LIABILITIES AND NET ASSETS			
LIABILITIES			
Current Liabilities			
Accrued expenses	\$ 506,367	\$ 658,452	\$ 1,164,819
Escrowed funds	-	25,946	25,946
Deferred revenue			
Advance billings	-	290,900	290,900
Grant revenue	119,472	-	119,472
Due to other taxing units and others	1,511,768	-	1,511,768
Due to governmental activities	-	1,575,747	1,575,747
Accrued interest	355,689	-	355,689
Lease payable, current portion	799,006	-	799,006
Bonds payable, current portion	4,529,296	305,000	4,834,296
Total Current Liabilities	7,821,598	2,856,045	10,677,643
Bonds payable, less current portion	20,100,704	10,320,000	30,420,704
Compensated absences	508,250	-	508,250
Lease purchase, less current portion	1,531,111	-	1,531,111
TOTAL LIABILITIES	29,961,663	13,176,045	43,137,708
NET ASSETS			
Invested in capital assets, net of related debt	20,922,118	(2,554,942)	18,367,176
Restricted for:			
notes receivable	1,452,639	-	1,452,639
special projects	252,010	-	252,010
debt service	7,700,277	-	7,700,277
capital projects, net of related debt	2,229,095	-	2,229,095
Unrestricted	8,088,905	446,348	8,535,253
TOTAL NET ASSETS	40,645,044	(2,108,594)	38,536,450
TOTAL LIABILITIES AND NET ASSETS	\$ 70,606,707	\$ 11,067,451	\$ 81,674,158

STATEMENT OF ACTIVITIES

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2008

	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	\$ 23,037,978	\$ 968,071	\$ 1,398,789	\$ 1,519,747	\$ (19,151,371)	\$ -	\$ (19,151,371)
Capital construction & improvements - intergovernmental	2,267,981	-	-	-	(2,267,981)	-	(2,267,981)
Debt service	1,048,749	-	-	-	(1,048,749)	-	(1,048,749)
Interest & other bond costs							
Total Governmental Activities	26,354,708	968,071	1,398,789	1,519,747	(22,468,101)	-	(22,468,101)
Business-Type Activities							
J. F. Hawkins Nursing Home	9,005,621	8,489,903	-	-	-	(515,718)	(515,718)
TOTAL	\$ 35,360,329	\$ 9,457,974	\$ 1,398,789	\$ 1,519,747	(22,468,101)	(515,718)	(22,983,819)
General Revenues							
Property Taxes Levied For:							
General Purposes					16,962,696	-	16,962,696
Debt Service					1,330,564	-	1,330,564
Intergovernmental sources					2,553,416	-	2,553,416
Fines and assessments					1,700,435	-	1,700,435
Sales tax - debt service					3,511,457	-	3,511,457
Other					1,547,353	64,186	1,611,539
Total General Revenues and Transfers					27,605,921	64,186	27,670,107
Change in Net Assets					5,137,820	(451,532)	4,686,288
Net Assets, Beginning of Year					40,155,552	(1,657,062)	38,498,490
Prior Period Adjustment - Note S					(4,648,328)		
NET ASSETS, END OF YEAR					\$ 40,645,044	\$ (2,108,594)	\$ 38,536,450

The accompanying notes are an integral part of this statement.

BALANCE SHEET
GOVERNMENTAL FUNDS
NEWBERRY COUNTY, SOUTH CAROLINA
June 30, 2008

	General	Special Revenue	Debt Service	Capital Projects	Totals
ASSETS					
Cash - Notes B & C	\$ 2,113,206	\$ 734,451	\$ 21,547	\$ 4,345,329	\$ 7,214,533
Investments - Note C	8,294,077	-	6,743,425	2,613,991	17,651,493
Receivables					
Property taxes - delinquent - Note E	808,390	-	90,290	-	898,680
Fines and fees	99,907	-	-	-	99,907
Other	72,359	-	-	-	72,359
Due from other governments					
State shared revenue	546,205	-	-	-	546,205
Sales tax	-	-	893,440	-	893,440
Grant revenue	-	699,648	-	-	699,648
Inventory - jet fuel	-	31,780	-	-	31,780
Due from other funds - Note D	<u>1,223,447</u>	<u>5,942</u>	<u>-</u>	<u>1,452,639</u>	<u>2,682,028</u>
TOTAL ASSETS	<u>\$ 13,157,591</u>	<u>\$ 1,471,821</u>	<u>\$ 7,748,702</u>	<u>\$ 8,411,959</u>	<u>\$ 30,790,073</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accrued expenses	\$ 506,367	\$ -	\$ -	\$ -	\$ 506,367
Deferred revenue					
Property taxes	679,874	-	48,425	-	728,299
Grant revenue	-	119,472	-	-	119,472
Due to taxing units and others	1,511,768	-	-	-	1,511,768
Due to other funds - Note D	<u>5,942</u>	<u>1,100,339</u>	<u>-</u>	<u>-</u>	<u>1,106,281</u>
TOTAL LIABILITIES	<u>2,703,951</u>	<u>1,219,811</u>	<u>48,425</u>	<u>-</u>	<u>3,972,187</u>
FUND BALANCES					
Reserved:					
Reserved for notes receivable	-	-	-	1,452,639	1,452,639
Reserved for capital projects	2,229,095	-	-	6,959,320	9,188,415
Reserved for debt service	-	-	7,700,277	-	7,700,277
Reserved for special revenue	-	252,010	-	-	252,010
Unreserved:					
Undesignated	<u>8,224,545</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,224,545</u>
TOTAL FUND BALANCES	<u>10,453,640</u>	<u>252,010</u>	<u>7,700,277</u>	<u>8,411,959</u>	<u>26,817,886</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 13,157,591</u>	<u>\$ 1,471,821</u>	<u>\$ 7,748,702</u>	<u>\$ 8,411,959</u>	<u>\$ 30,790,073</u>

Reconciliation of governmental fund balances to
statement of net assets:

Total Fund Balances - Governmental Funds	\$ 26,817,886
Capital assets, net of accumulated depreciation	40,922,915
Bonds payable	(24,630,000)
Leases payable	(2,330,117)
Compensated absences	(508,250)
Accrued interest	(355,689)
Recognition of deferred taxes	<u>728,299</u>
Total Net Assets - Governmental Activities	<u>\$ 40,645,044</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, 2008

Net change in fund balances - total governmental funds		\$ 2,920,206
<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	5,217,996	
Depreciation expense	<u>(2,970,693)</u>	2,247,303
<p>Repayment/(Issuance) of bond principal is an expenditure/(other financing source) in the governmental funds, but it reduces/(increases) long-term liabilities in the statement of net assets and does not affect the statement of activities</p>		
	(2,900,000)	
	<u>3,050,000</u>	150,000
<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>		
Issuance of lease purchase proceeds	(1,088,622)	
Repayment of principal	<u>580,743</u>	(507,879)
<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 and lease purchase increased by:		(80,953)
<p>In the statement of activities, compensated absences are measured by the amounts expended during the year. In governmental funds, expenditures for this item are measured by the amount of financial resources used.</p>		
		(147,726)
<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>556,869</u>
Change in net assets - governmental activities		<u>\$ 5,137,820</u>

STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
NEWBERRY COUNTY, SOUTH CAROLINA
Year Ended June 30, 2008

	General	Special Revenue	Debt Service	Capital Projects	Totals
REVENUE					
Property taxes	\$ 16,454,252	\$ -	\$ 1,282,139	\$ -	\$ 17,736,391
Intergovernmental	2,648,405	2,510,996	-	-	5,159,401
Fines and fees	2,303,387	356,306	-	-	2,659,693
Sales tax	-	-	3,511,457	-	3,511,457
Other	1,210,593	143,928	199,538	314,658	1,868,717
TOTAL REVENUE	22,616,637	3,011,230	4,993,134	314,658	30,935,659
EXPENDITURES					
Current					
Legislative	248,821	-	-	-	248,821
Administration	1,035,427	-	-	-	1,035,427
Tax assessment & collection	1,563,632	-	-	-	1,563,632
Election & registration	167,743	-	-	-	167,743
Administration of Justice	1,488,706	-	-	-	1,488,706
Law enforcement	3,044,680	391,443	-	-	3,436,123
Detention	1,609,275	-	-	-	1,609,275
Public safety	3,112,360	-	-	-	3,112,360
Public works & maintenance	4,697,431	645,959	-	-	5,343,390
Planning & development	354,544	-	-	-	354,544
Agriculture & home economics	75,842	-	-	-	75,842
Public health	43,362	-	-	-	43,362
Social services	333,463	-	-	-	333,463
Intergovernmental	-	743,189	-	-	743,189
Miscellaneous	517,005	155,524	-	-	672,529
Emergency telephone reporting	-	271,896	-	-	271,896
Capital outlays					
Capital construction & improvements	97,508	1,734,622	-	5,653,847	7,485,977
Debt service					
Principal retirement - Note G	-	-	3,050,000	-	3,050,000
Interest	-	-	962,893	-	962,893
Fees & other bond service costs	-	-	4,903	-	4,903
TOTAL EXPENDITURES	18,389,799	3,942,633	4,017,796	5,653,847	32,004,075
Excess/(Deficiency) of Revenue Over/(Under)					
Expenditures before Other Financing Sources	4,226,838	(931,403)	975,338	(5,339,189)	(1,068,416)
OTHER FINANCING SOURCES					
Bond proceeds	-	-	-	2,900,000	2,900,000
Lease purchase proceeds	-	-	-	1,088,622	1,088,622
Transfer In/(Out)	(862,871)	759,115	472,979	(369,223)	-
Excess/(Deficiency) of Revenue Over/(Under) Expenditures					
	3,363,967	(172,288)	1,448,317	(1,719,790)	2,920,206
Fund Balance, Beginning of Year,	7,089,673	424,298	6,251,960	10,131,749	23,897,680
FUND BALANCE, END OF YEAR	\$ 10,453,640	\$ 252,010	\$ 7,700,277	\$ 8,411,959	\$ 26,817,886

STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND
NEWBERRY COUNTY, SOUTH CAROLINA
Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUE				
Property taxes	\$ 15,345,987	\$ 15,345,987	\$ 16,454,252	\$ 1,108,265
Intergovernmental	2,552,103	2,552,103	2,648,405	96,302
Fines and fees	2,311,735	2,311,735	2,303,387	(8,348)
Other	<u>1,486,275</u>	<u>1,168,032</u>	<u>1,210,593</u>	<u>42,561</u>
TOTAL REVENUE	<u>21,696,100</u>	<u>21,377,857</u>	<u>22,616,637</u>	<u>1,238,780</u>
EXPENDITURES				
Current				
Legislative	280,982	270,856	248,821	22,035
Administration	1,264,482	1,203,195	1,035,427	167,768
Tax assessment & collection	1,639,964	1,668,928	1,563,632	105,296
Election & registration	144,986	152,126	167,743	(15,617)
Administration of Justice	1,555,391	1,536,221	1,488,706	47,515
Law enforcement	3,097,283	3,165,827	3,044,680	121,147
Detention	1,758,070	1,758,037	1,609,275	148,762
Public safety	3,376,578	3,358,663	3,112,360	246,303
Public works & maintenance	5,626,407	5,377,945	4,697,431	680,514
Planning & development	461,952	462,452	354,544	107,908
Agriculture & home economics	123,437	65,152	75,842	(10,690)
Public health	43,330	43,330	43,362	(32)
Social services	344,164	344,126	333,463	10,663
Miscellaneous	643,084	642,149	517,005	125,144
Capital outlays				
Capital construction & improvements	<u>601,875</u>	<u>594,735</u>	<u>97,508</u>	<u>497,227</u>
TOTAL EXPENDITURES	<u>20,961,985</u>	<u>20,643,742</u>	<u>18,389,799</u>	<u>2,253,943</u>
Excess/(Deficiency) of Revenue Over/(Under)				
Expenditures before Other Financing Sources	<u>734,115</u>	<u>734,115</u>	<u>4,226,838</u>	<u>3,492,723</u>
OTHER FINANCING SOURCES/(USES)				
Surplus property sale	25,000	25,000	-	(25,000)
Transfer In/(Out)	<u>(759,115)</u>	<u>(759,115)</u>	<u>(862,871)</u>	<u>(103,756)</u>
Excess/(Deficiency) of Revenue Over/ (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>3,363,967</u>	<u>3,363,967</u>
Fund Balance, Beginning of Year			<u>7,089,673</u>	
FUND BALANCE, END OF YEAR			<u>\$ 10,453,640</u>	

STATEMENT OF NET ASSETS

PROPRIETARY FUNDS

NEWBERRY COUNTY, SOUTH CAROLINA

June 30, 2008

	Business-Type Activities
	J. F. Hawkins Nursing Home
ASSETS	
Current Assets	
Cash - Notes B & C	\$ 407,308
Receivables	
Patient receivables, less allowance for doubtful accounts	927,043
Total Current Assets	<u>1,334,351</u>
Restricted cash - Note F	1,124,085
Bond issuance cost, less \$22,276 amortization	538,957
Capital Assets - Note P	
Land	217,536
Buildings	10,829,495
Improvements other than buildings	2,277,111
Equipment	2,291,185
Accumulated depreciation	<u>(7,545,269)</u>
TOTAL ASSETS	<u>\$ 11,067,451</u>
LIABILITIES AND NET ASSETS	
LIABILITIES	
Current Liabilities	
Accrued expenses	\$ 658,452
Escrowed funds	25,946
Deferred revenue	
Advance billings	290,900
Due to general fund - operating	226,599
Bonds payable, current portion	<u>305,000</u>
Total Current Liabilities	<u>1,506,897</u>
Due to general fund - long term	1,349,148
Bonds payable	<u>10,320,000</u>
TOTAL LIABILITIES	<u>13,176,045</u>
NET ASSETS	
Invested in capital assets, net of related debt	(2,554,942)
Unrestricted	<u>446,348</u>
TOTAL NET ASSETS	<u>(2,108,594)</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 11,067,451</u>

The accompanying notes are an integral part of this statement.

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

J. F. HAWKINS NURSING HOME

For the Year Ended June 30, 2008

REVENUE

Net nursing home patient service revenue (net of allowances, contractual adjustments and unbilled services of \$975,655)	\$ 6,582,667
Net Springfield rent, nursing facility and entrance fees	1,839,482
Other revenue	<u>67,754</u>
TOTAL OPERATING REVENUE	<u>8,489,903</u>

OPERATING EXPENSES

Nursing	3,417,458
Restorative	188,158
Dietary	1,074,149
Laundry	94,040
Housekeeping	288,663
Maintenance	263,353
Administrative	1,124,191
Medical records	41,421
Utilities	317,844
Insurance, licenses and property taxes	632,947
Medical supplies	57,842
Interest	486,968
Depreciation and amortization	615,468
Physical therapy	242,349
Pharmacy	135,408
Other ancillary services	<u>25,362</u>
TOTAL OPERATING EXPENSES	<u>9,005,621</u>

OPERATING INCOME	(515,718)
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NON-OPERATING ITEMS

Interest	54,608
Contributions	<u>9,578</u>
TOTAL NON-OPERATING ITEMS	<u>64,186</u>

CHANGE IN NET ASSETS	(451,532)
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Net Assets/(Deficit), Beginning of Year	<u>(1,657,062)</u>
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NET ASSETS/(DEFICIT), END OF YEAR	<u>\$ (2,108,594)</u>
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STATEMENT OF CASH FLOWS

J. F. HAWKINS NURSING HOME

For the Year Ended June 30, 2008

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers and patients	8,468,613
Payments to employees	(4,369,591)
Payments to vendors	<u>(4,063,104)</u>

NET CASH PROVIDED BY OPERATING ACTIVITIES 35,918

CASH FLOWS FROM INVESTING ACTIVITIES

Bond cushion fund - restricted assets	7,298
Interest earned	54,608
Property, plant, equipment purchased	<u>(127,352)</u>

NET CASH USED BY INVESTING ACTIVITIES (65,446)

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Bond payable - principal paid	<u>(295,000)</u>
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NET CASH USED BY FINANCING ACTIVITIES (295,000)

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Contributions	<u>9,578</u>
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NET CASH PROVIDED BY NONCAPITAL
FINANCING ACTIVITIES 9,578

NET CHANGE IN CASH AND EQUIVALENTS (314,950)

Cash and equivalents, Beginning of Year 722,258

CASH AND EQUIVALENTS, END OF YEAR \$ 407,308

STATEMENT OF CASH FLOWS

J. F. HAWKINS NURSING HOME

For the Year Ended June 30, 2008

CASH FLOWS FROM OPERATING ACTIVITIES

Operating income	\$ (515,718)
Adjustments to reconcile operating loss to net cash provided by operating activities	
Depreciation and amortization	615,468
Changes in operating assets and liabilities - increase/(decrease) in cash flows	
Accounts receivable	(46,971)
Prepaid items	20,497
Accrued expenses	(43,625)
Due to Newberry County - general fund	(19,414)
Advance billings	<u>25,681</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>35,918</u>

Supplemental Information

Cash payments of interest	<u>\$ 489,160</u>
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STATEMENT OF FIDUCIARY NET ASSETS

FIDUCIARY FUNDS

NEWBERRY COUNTY, SOUTH CAROLINA

June 30, 2008

	Newberry County School District	Fire Departments/ Rescue Squads	Newberry County Library Construction	Total Agency Funds
ASSETS				
Cash and cash equivalents - Note B and C	\$ 1,559,755	\$ 348,088	\$ -	\$ 1,907,843
Investments	<u>11,859,023</u>	<u>-</u>	<u>1,295,682</u>	<u>13,154,705</u>
TOTAL ASSETS	<u>\$ 13,418,778</u>	<u>\$ 348,088</u>	<u>\$ 1,295,682</u>	<u>\$ 15,062,548</u>
LIABILITIES				
Due to other entities	\$ 13,418,778	\$ 348,088	\$ 1,295,682	\$ 15,062,548
TOTAL LIABILITIES	<u>\$ 13,418,778</u>	<u>\$ 348,088</u>	<u>\$ 1,295,682</u>	<u>\$ 15,062,548</u>

The accompanying notes are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS
NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2008

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, 2008

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. 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 Countys, 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.

NOTES TO FINANCIAL STATEMENTS
NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--Continued

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.

Special Revenue Fund – Major Fund

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

Capital Projects Fund - Major Fund

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

Debt Service Fund – Major Fund

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

PROPRIETARY FUND

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

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

NOTES TO FINANCIAL STATEMENTS
NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

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.

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 has fuel facilities at the County Airport. Inventory consisting of jet fuel had a cost of \$31,780 at June 30, 2008. The County values its inventory at cost.

NOTES TO FINANCIAL STATEMENTS
NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

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, 2008. At June 30, 2008, the liability for accrued vacation benefits recorded in the governmental activities was \$508,250.

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

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, 2008. 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.

NOTES TO FINANCIAL STATEMENTS
NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

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.

Bond Issuance Costs

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

Bond issuance costs incurred in the amount of \$561,233 have been capitalized in the business- activities and amortized over a 25 year period. Amortization expense for the year ended June 30, 2008 was \$6,167.

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, 2008, the carrying amount of the County's deposits was \$10,653,769 (\$7,621,841 for the primary government, \$1,124,085 for primary government restricted cash and \$1,907,843 for the Agency Funds), which were covered by federal depository insurance, federal savings and loan insurance or by collateral held in the pledging banks' trust departments in the County's name or by their agents in the County's name. The carrying amount of the County's deposits also included \$222,288 cash on hand at June 30, 2008.

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, 2008

NOTE C – INVESTMENTS – continued

The County's investments are categorized below to indicate the level of risk assumed by the entity at June 30, 2008. 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	\$ 10,653,769	\$ --	\$ --	\$ 10,653,769	\$ 10,653,769
Total	\$ 10,653,769	\$ --	\$ --		
State treasurer's investment pool				17,651,493	17,651,493
State treasurer's investment pool – Agency funds				13,154,705	13,154,705
Total Investments and Deposits				\$ 41,459,967	\$ 41,459,967

The County has investments in the S. C. Local Government Investment Pool at June 30, 2008 of \$30,806,198 (\$17,651,493 for the primary government and \$13,154,705 for the Agency Funds) which are not categorized because they are not evidenced by securities that exist in physical or book entry form. The investment pool is managed by the State Treasurer and the fair value of the County's position equals the value of the pool's shares. Shares may lose value and fall below original cost.

NOTE D - INTERFUND RECEIVABLES AND PAYABLES

Due from/to other funds:

Receivable Fund	Payable Fund	Amount
General	Special Revenue	\$ 1,100,339
Special Revenue	General	5,942
Enterprise	General	123,108
Enterprise	Capital Projects	1,452,639
	Total	\$ 2,682,028

NOTES TO FINANCIAL STATEMENTS

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2008

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, 2008, 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, 2008 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, 2008, the Nursing Home had restricted cash in the amounts of:

Resident funds	\$	25,946
Bond cushion funds		1,098,139

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

NOTE G - LONG-TERM DEBT

The following is a summary of long-term debt transactions of the County for the year ended June 30, 2008:

	<u>Balance,</u> <u>July 1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance,</u> <u>June 30, 2008</u>
Bonds payable	\$ 24,780,000	\$ 2,900,000	\$ (3,050,000)	\$ 24,630,000
Lease purchase agreement	1,822,238	1,088,622	(580,743)	2,330,117
Accrued vacation	<u>360,524</u>	<u>147,726</u>	<u>—</u>	<u>508,250</u>
Total Long Term Debt	<u>\$ 26,962,762</u>	<u>\$ 4,136,348</u>	<u>\$ (3,630,743)</u>	<u>\$ 27,468,367</u>

NOTES TO FINANCIAL STATEMENTS
 NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2008

NOTE G - LONG-TERM DEBT -- continued

Bonds payable at June 30, 2008, are composed of the following:

\$800,000 General Obligation Bonds, Series 1995, due in annual installments of \$25,000 to \$75,000 through September 1, 2010; interest rate varies from 5.2% to 7.2%. Current amount due \$75,000	\$ 225,000
\$4,000,000 General Obligation Bonds of 2001, due in annual installments of \$130,000 to \$345,000 through March 2021; interest rate varies from 4.50% to 6.5%. Current amount due \$175,000	3,255,000
Special Source Revenue Bond – 2006 - due in annual installments of \$195,000 - \$455,000 through April 2026; interest rate 3.99%. Current amount due \$235,000	5,990,000
\$15,150,000 - 2005 A Bonds, due in annual installments of \$1,500,000 to \$2,650,000 through April 2013; interest rate varies from 3.00% to 3.50%. Current amount due \$2,100,000	11,650,000
\$2,000,000 General Obligation Bonds, Series 2005, due in annual installments of \$265,000 to \$610,000 through March 2009; interest rate varies from 4.40% to 4.80%. Current amount due \$610,000	610,000
\$700,000 General Obligation Bonds, Series 2007 A, due in annual installments of \$17,533 to \$92,072 through September 2017; interest rate 4.16%. Current amount due \$50,000	700,000
\$1,000,000 General Obligation Bonds, Series 2007 B, due in annual installments of \$11,015 to \$121,711 through September 2017; interest rate 3.74%. Current amount due \$84,296	1,000,000
Special Source Revenue Bond – 2007 - due an annual installment of \$1,200,000. The County refinanced this obligation in FY 08 – 09. Current amount due \$1,200,000	<u>1,200,000</u>
 Total bonds payable	 <u>\$ 24,630,000</u>

NOTES TO FINANCIAL STATEMENTS
NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2008

NOTE G - LONG-TERM DEBT – Continued

Outstanding bonds payable are due as follows at June 30, 2008:

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 4,529,296	\$ 1,005,419	\$ 5,534,715
2010	2,852,450	790,237	3,642,687
2011	2,975,721	660,221	3,635,942
2012	3,024,115	551,514	3,575,629
2013	3,312,636	450,350	3,762,986
2014 – 2018	3,775,782	1,340,726	5,116,508
2019 – 2023	2,850,000	520,282	3,370,282
2024 – 2026	<u>1,310,000</u>	<u>105,835</u>	<u>1,415,835</u>
Totals	<u>\$ 24,630,000</u>	<u>\$ 5,424,584</u>	<u>\$ 30,054,584</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, 2007 assessed property valuation, the County is below its legal debt limit of \$8,202,871.

Special Source Revenue Bonds

The Special Source Revenue Bonds were used to purchase land for industrial parks to attract new business and investment in the County. The Revenue Bonds are going to be paid for using the County's fee-in-lieu payments received.

Sales Tax Bond Payable

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

Bond Anticipation Note

The County issued a Bond Anticipation Note for the Newberry County Library for \$1,300,000 at an annual interest rate of 2.42%. The note matures May 2009. The County anticipates raising funds through the sale of property and other sources to pay for the bond. If the funding is not successful, the County will need to levy millage to pay for the note.

NOTES TO FINANCIAL STATEMENTS
 NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2008

NOTE G - LONG-TERM DEBT – Continued

Lease Purchase Agreements

Lease Purchase 2002 for \$332,488 was used to purchase E-911 Equipment. The annual interest rate for this agreement is 4.42% with monthly payments of \$4,609 for seven years through May 2009 (84 payments).

Lease Purchase 2005 was used to purchase County Capital Assets in the amount of \$2,500,000. Annual principal and interest payments of \$548,070 are due annually in December from 2008 to 2009. The annual interest rate is 3.14%.

Lease Purchase 2007 was used to buy equipment for \$200,000. The annual interest rate is 3.97%. Annual payments of \$33,285 of principal and interest are due in October from 2008 – 2012.

Lease Purchase 2008 was used to buy equipment for \$1,088,622. The annual interest rate is 3.77%. Annual payments of \$240,795 of principal and interest are due in July from 2008 – 2012.

Outstanding lease purchase agreements are due as follows at June 30, 2008:

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 799,006	\$ 73,847	\$ 872,853
2010	767,534	54,617	822,151
2011	245,108	28,972	274,080
2012	254,408	19,672	274,080
2013	<u>264,061</u>	<u>10,019</u>	<u>274,080</u>
 Totals	 <u>\$ 2,330,117</u>	 <u>\$ 187,127</u>	 <u>\$ 2,517,244</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.

NOTES TO FINANCIAL STATEMENTS
NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2008

NOTE G - LONG-TERM DEBT – Continued

J. F. Hawkins – Bonds and Notes Payable

The following is a summary of note payable transactions for the year ended June 30, 2008:

	Balance, <u>July 1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	Balance, <u>June 30, 2008</u>
Revenue Refunding				
Bonds Series 2005	\$ <u>10,920,000</u>	\$ <u> —</u>	\$ <u>(295,000)</u>	\$ <u>10,625,000</u>

J. F. Hawkins -- continued

Bonds payable at June 30, 2008, are composed of the following:

Special Source Refunding Revenue Bonds – Series 2005 – Annual principal payments are due in March beginning in March 2005. The principal payments range from \$245,000 to \$750,000. Interest is due in semi-annual payments in March and September beginning in September 2005. Interest payments vary from \$37,500 to \$248,568. The interest rate on these bonds vary from 2.50% to 5.00%.

Total Bonds Payable	<u>\$ 10,625,000</u>
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The principal amount of notes payable outstanding at June 30, 2008 due in each of the next five fiscal years is as follows:

2009	\$ 305,000
2008	315,000
2011	325,000
2012	340,000
2013	350,000
2014 – 2018	1,985,000
2019 – 2023	2,455,000
2024 – 2028	3,090,000
2029 - 2030	<u>1,460,000</u>
 Total	 <u>\$ 10,625,000</u>

The Nursing Home had interest expense of \$486,968 for the Special Source Refunding Revenue Bond.

NOTES TO FINANCIAL STATEMENTS
NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2008

NOTE G - LONG-TERM DEBT – Continued

Other Political Subdivisions (Overlapping Debt)

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

NOTE H - PENSION PLAN

Plan Description

The County of Newberry, South Carolina contributes to the South Carolina Retirement Systems and the Police Officers Retirement System, both of which are cost-sharing multiple-employer defined benefit pension plans administered by the South Carolina Retirement Systems; a Division of the State Budget and Control Board. Both the South Carolina Retirement System and Police Officers Retirement System offer retirement and disability benefits, cost of living adjustments on an ad-hoc basis, life insurance benefits and survivor benefits. The Plans' provisions are established under Title 9 of the SC Code of Laws. A Comprehensive Annual Financial Report containing financial statements and required supplementary information for the South Carolina Retirement System and Police Officers Retirement System is issued and publicly available by writing the South Carolina Retirement System, P. O. Box 11960, Columbia, S. C. 29211-1960.

Funding Policy

Both employees and employers are required to contribute to the Plans under authority of Title 9 of the SC Code of Laws. Employee required contributions to the Plans are as follows: SCRS - 6% of salary; PORS Class II - 6.5% of salary; PORS Class I - \$21 per month. Employers are required to contribute at the following actuarially determined rates: SCRS - State Agencies & Public Schools – 9.06%, Local government – 9.06%; 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, 2008, 2007, and 2006 was \$3,926,708, \$3,741,238, and \$3,690,992 respectively for SCRS – Local Government and \$2,925,952, \$2,727,665, and \$2,759,323, respectively for PORS – Class II. The employer contribution requirements for SCRS at 9.06%, 8.05% and 7.55% and PORS – Class II at 10.3% for the past three fiscal years were \$355,760, \$301,170, and \$278,670, and \$301,373, \$280,950, and \$284,210, respectively. The County also paid group life contributions for the past three fiscal years of \$5,890, \$5,612, and \$5,536 for SCRS participants and \$5,852, \$5,455, and \$5,519 to the PORS – Class II. Additionally, accidental death contributions for PORS – Class II were \$5,852, \$5,455 and \$5,519 for the years ended June 30, 2008, 2007 and 2006, respectively.

NOTES TO FINANCIAL STATEMENTS
NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2008

NOTE H - PENSION PLAN - continued

The Nursing Home participates in the SCRS as listed above. The Nursing Home's covered payroll for the fiscal year ended June 30, 2008 was \$3,974,956 for SCRS – Local Government. The employer contribution requirements for SCRS at 9.06% were \$360,131. The Nursing Home incurred \$5,962 for group life contributions for the fiscal year ended June 30, 2008. The Nursing Home's covered payroll for the years ended June 30, 2007 and 2006 were \$4,117,754 and \$3,634,469, respectively. Employer contributions for those years were \$333,131 and \$274,402, respectively.

NOTE I - POST EMPLOYMENT HEALTH CARE BENEFITS

In addition to pension benefits described in Note H, the County provides post-employment benefit options for health insurance to eligible retirees and their dependents. The benefits are provided in accordance with the normal plan under which the County participates with the State of South Carolina for its current employees. The County pays a portion of the premiums for eligible retirees. The County funds the health coverage on a pay-as-you-go basis. The County estimates the cost is approximately \$8,000 per month.

For the future years, the County is required to record the actuarial accrued liabilities under GASB 45. This change in accounting will result in the County recording the total actuarial liability of the post-employment health care benefits.

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.

Property Tax Relief

See Note R – Property Tax Relief

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.

NOTES TO FINANCIAL STATEMENTS
NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2008

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	\$ 1,452,639
Reserved for special revenue	252,010
Reserved for debt service	7,700,277
Reserved for capital projects	9,188,415

Reserved for notes receivable represents the amounts due from JF Hawkins Nursing Home, an enterprise fund of the County, that are not expected to be repaid within the next fiscal year. Reserved for special revenue is the amount available for special revenue purposes. Reserved for debt service is the amount available in the debt service fund to pay future maturities of bonds and notes payable. Reserved for capital projects is the amount available to spend on future capital projects in the County from gifts (Community Hall - \$88,334), Sheriff's Building (\$907,837), Pugh Bridge (\$75,000), Industrial Park (\$596,378), Recycling Center (\$114,685), FY 08-09 Budget (\$446,861), GO Bond issuance and Sales Tax Bond issuance.

NOTE N - BUDGET

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

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

NOTES TO FINANCIAL STATEMENTS
NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2008

NOTE O – ENVIRONMENTAL REMEDIATION OBLIGATIONS AND CONTINGENCIES

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

NOTE P – CAPITAL ASSETS

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

	Balance, <u>July 1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	Balance, <u>June 30, 2008</u>
Buildings and Land *	\$ 37,406,459	\$ 1,964,879	\$ --	\$ 39,371,338
Vehicles and equipment	11,658,886	1,835,918	(375,065)	13,119,739
Roads	11,122,462	3,000	--	11,125,462
Construction in Progress	1,787,000	1,414,199	--	3,201,199
Accumulated Depreciation	<u>(23,299,195)</u>	<u>(2,970,693)</u>	<u>375,065</u>	<u>(25,894,823)</u>
Total	<u>\$ 38,675,612</u>	<u>\$ 2,247,303</u>	<u>\$ --</u>	<u>\$ 40,922,915</u>

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

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

	Balance, <u>July 1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	Balance, <u>June 30, 2008</u>
Land **	\$ 217,536	\$ --	\$ --	\$ 217,536
Land Improvements	1,319,995	--	--	1,319,995
Buildings Building Improvements	10,829,495	--	--	10,829,495
Equipment	957,116	--	--	957,116
Accumulated depreciation	2,163,833	127,252	--	2,291,185
	<u>(6,935,968)</u>	<u>(609,301)</u>	<u>--</u>	<u>(6,935,968)</u>
	<u>\$ 8,552,007</u>	<u>\$ (481,949)</u>	<u>\$ --</u>	<u>\$ 8,070,058</u>

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

NOTES TO FINANCIAL STATEMENTS
NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2008

NOTE P – CAPITAL ASSETS - Continued

The County recorded depreciation expense of \$2,970,693 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 receives a portion of road maintenance funds from the State of South Carolina through the C-Funds reimbursements, which is recorded in the Special Revenue fund.

NOTE Q – NET DEFICIT – BUSINESS-TYPE ACTIVITIES

The Nursing Home had a net deficit of \$2,108,594 at June 30, 2008. This was due to operating losses in current and prior periods. Currently the Nursing Home has worked actively to increase occupancy in the facility. The Nursing Home anticipates a rate increase in FY 2009 to help with operations.

NOTE R – PROPERTY TAX RELIEF

On May 16, 2007, County Council granted property tax relief to residences qualifying for the homestead exemption and for the owners of residences which qualified for the 4% assessment ratio. The authority of County Council to grant this tax relief to homeowners qualifying for the 4% assessment ratio and to those entitled to the homestead exemption is not clearly set forth in State statutes, and may be against the weight of recent opinions of the South Carolina Supreme Court limiting the ability of governmental entities to grant tax relief to homeowners as a class, without granting the same relief to all taxpayers. The County's cost of tax relief in fiscal year '06-'07 was \$1,286,099, shown as an expenditure in the County's general fund.

Since South Carolina law requires that the rate of taxation be uniform across all classes of taxable property, the County may be liable for future claims of those classes excluded from the property tax relief. Management considers the probability of unfavorable outcome to be remote and that an estimate of liability cannot be presented at this time.

NOTE S – PRIOR PERIOD ADJUSTMENT

The County has a prior period adjustment to account for additional Construction in Progress for the Airport Runway Project and accumulated depreciation of fixed assets. These adjustments to Capital Assets caused the Net Assets to decrease by \$4,648,328.

SUPPLEMENTAL INFORMATION

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2008

	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenue			
Taxes			
Property taxes, current	\$ 14,575,987	\$ 15,034,717	\$ 458,730
Fee in lieu of taxes	150,000	858,768	708,768
Delinquent taxes	500,000	492,509	(7,491)
Delinquent tax cost	120,000	68,258	(51,742)
Total Taxes	<u>15,345,987</u>	<u>16,454,252</u>	<u>1,108,265</u>
Intergovernmental			
Local government	2,082,088	2,081,043	(1,045)
Merchant inventory tax	65,000	86,536	21,536
Salary supplements	6,300	6,300	-
Accomodations tax	3,000	52,629	49,629
National forestry fund	333,715	326,908	(6,807)
Solid waste - state grant	15,000	19,770	4,770
Disaster preparedness	47,000	75,219	28,219
Total Intergovernmental	<u>2,552,103</u>	<u>2,648,405</u>	<u>96,302</u>
Fines and fees			
Clerk of Court - fines and fees	220,000	242,499	22,499
CCCP fees	104,000	186,981	82,981
Clerk of Court - copies	10,000	13,045	3,045
Central Court	493,052	571,709	78,657
Magistrates	-	8,429	8,429
Registration and election	18,000	30,476	12,476
Animal control	40,400	36,777	(3,623)
Probate Judge - fees	80,000	76,132	(3,868)
Probate Judge - copies	-	4,186	4,186
Sheriff - fees	10,000	8,225	(1,775)
Forfeit land commission	4,700	8,496	3,796
Marriage license fee/ceremonies	-	(240)	(240)
Building Inspection	219,199	161,837	(57,362)
FFP	25,000	45,877	20,877

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2008

	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
Fines and fees - continued			
Tipping fees	1,002,384	709,285	(293,099)
Recycle revenue	50,000	157,732	107,732
Zoning fee	21,000	21,148	148
Cable/phone franchise	<u>14,000</u>	<u>20,793</u>	<u>6,793</u>
Total Fines and fees	<u>2,311,735</u>	<u>2,303,387</u>	<u>(8,348)</u>
Other			
Interest	125,000	311,993	186,993
Veterans affairs	5,800	6,379	579
Health department	20,000	10,738	(9,262)
Mobile home licenses	2,000	1,430	(570)
Assessor's maps	2,000	1,877	(123)
Rent & utilities	11,400	14,849	3,449
Sale of pipe	700	-	(700)
Assessor - copies	-	1,588	1,588
Council on aging	83,643	85,680	2,037
Soil and Water Conservation	27,652	32,433	4,781
School resource officer	292,794	273,739	(19,055)
Miscellaneous	<u>597,043</u>	<u>469,887</u>	<u>(127,156)</u>
Total Other	<u>1,168,032</u>	<u>1,210,593</u>	<u>42,561</u>
 TOTAL REVENUE	 <u>\$ 21,377,857</u>	 <u>\$ 22,616,637</u>	 <u>\$ 1,238,780</u>

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2008

	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
Expenditures			
LEGISLATIVE			
County Council			
Personnel	126,124	124,618	1,506
Overtime	3,000	920	2,080
Social security	9,878	9,144	734
Retirement	12,142	11,746	396
Travel - council	29,499	24,194	5,305
Insurance	40,409	45,287	(4,878)
Workers compensation	2,229	2,226	3
Advertising	4,500	2,951	1,549
Audit	31,000	21,194	9,806
Bookbinding	5,000	2,248	2,752
Office expenses	1,375	720	655
Postage	600	150	450
Telephone	3,600	3,025	575
Subsistence	1,500	398	1,102
	<hr/>	<hr/>	<hr/>
TOTAL LEGISLATIVE	270,856	248,821	22,035
ADMINISTRATION			
County Administrator			
Personnel	264,612	263,338	1,274
Social security	20,243	19,714	529
Retirement	26,281	25,440	841
Insurance	24,855	24,728	127
Workers compensation	3,263	2,406	857
Payroll services	26,000	20,684	5,316
Advertising	2,500	1,305	1,195
Maintenance	10,000	10,480	(480)
Copier machine	1,000	714	286
Memberships & Dues	1,100	385	715
Office expense	5,045	6,009	(964)
Postage	4,000	3,995	5
Printing	2,500	3,395	(895)
Telephone	6,000	7,505	(1,505)
Training	2,825	2,124	701

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2008

	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
County Administrator - continued			
Travel	7,800	8,993	(1,193)
Subsistence	<u>2,218</u>	<u>1,660</u>	<u>558</u>
Total County Administrator	<u>410,242</u>	<u>402,875</u>	<u>7,367</u>
Miscellaneous Operating			
Salary increase	175,669	51,068	124,601
Contracted maintenance	12,321	12,321	
Insurance	26,232	1,338	24,894
Tort insurance	124,792	124,792	-
Unemployment insurance	15,000	6,101	8,899
Drug testing	3,999	935	3,064
Insurance - buildings	57,131	52,359	4,772
Rent	61,331	60,448	883
Subsistence	13,500	6,461	7,039
Sales tax audit	125,000	77,421	47,579
Professional fees	100,921	100,921	-
Legals	<u>77,057</u>	<u>138,387</u>	<u>(61,330)</u>
Total Miscellaneous Operating	<u>792,953</u>	<u>632,552</u>	<u>160,401</u>
TOTAL ADMINISTRATION	<u>1,203,195</u>	<u>1,035,427</u>	<u>167,768</u>
TAX ASSESSMENT & COLLECTION			
Treasurer's Office			
Personnel	189,964	186,972	2,992
Overtime	1,379	674	705
Social security	14,638	14,055	583
Retirement	18,675	17,051	1,624
Insurance	25,046	24,195	851
Workers compensation	2,159	2,159	-
Advertising	300	204	96
Contracted maintenance	18,950	15,578	3,372
Membership & dues	255	170	85
Office expense	4,500	3,659	841
Postage	46,224	37,370	8,854
Printing	16,000	7,077	8,923

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2008

	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
Treasurer's Office - continued			
Telephone	3,200	1,625	1,575
Training	1,475	1,459	16
Travel	2,680	2,069	611
Subsistence	1,210	1,165	45
Smith Data	41,534	41,112	422
Capital outlay	<u>12,247</u>	<u>10,850</u>	<u>1,397</u>
Total Treasurer's Office	<u>400,436</u>	<u>367,444</u>	<u>32,992</u>
Auditor's Office			
Personnel	210,867	210,867	-
Social security	16,131	15,385	746
Retirement	19,421	19,421	-
Insurance	34,827	33,230	1,597
Workers compensation	2,259	2,259	-
Advertising	1,500	253	1,247
Contracted maintenance	16,849	13,791	3,058
Memberships & dues	100	100	-
Office expense	2,946	1,689	1,257
Postage	900	890	10
Printing	15,202	12,033	3,169
Subscriptions & books	1,200	533	667
Telephone	3,000	2,822	178
Training	1,225	1,225	-
Travel	1,965	1,030	935
Smith Data	41,534	40,516	1,018
Subsistence	3,200	2,436	764
Office furniture	<u>10,000</u>	<u>7,879</u>	<u>2,121</u>
Total Auditor's Office	<u>383,126</u>	<u>366,359</u>	<u>16,767</u>

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2008

	Final <u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Assessor's Office			
Personnel	357,344	340,438	16,906
Overtime	45,000	32,301	12,699
Social security	25,478	21,316	4,162
Retirement	31,290	28,708	2,582
Insurance	59,403	59,711	(308)
Workers compensation	4,660	2,660	2,000
Advertising	900	291	609
Contracted maintenance	111,620	143,210	(31,590)
Memberships & dues	2,200	2,200	-
Office expense	19,401	18,648	753
Postage	3,992	3,989	3
Printing	4,698	2,354	2,344
Subscriptions	1,299	1,315	(16)
Telephone	3,500	3,432	68
Training	8,918	5,808	3,110
Travel	1,300	1,182	118
Gas, oil, grease	5,043	6,561	(1,518)
Subsistence	4,000	2,686	1,314
Vehicle insurance	2,000	2,005	(5)
Capital outlay	18,627	18,627	-
	<u>710,673</u>	<u>697,442</u>	<u>13,231</u>
Total Assessor's Office			
Tax Collector			
Personnel	55,085	52,127	2,958
Social security	4,214	3,970	244
Retirement	4,902	4,902	-
Insurance	9,853	10,825	(972)
Workers compensation	909	908	1
Advertising	6,656	-	6,656
Contracted maintenance	3,789	3,789	-
Consulting	14,500	6,128	8,372
Memberships & dues	100	80	20
Office expense	2,300	761	1,539
Postage	42,698	33,117	9,581
Printing	600	-	600

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2008

	Final <u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Tax Collector - continued			
Telephone	1,900	1,542	358
Training	1,170	580	590
Travel	1,135	56	1,079
Vehicle insurance	750	509	241
Gas, oil, grease	1,281	1,077	204
Smith Data	9,778	4,543	5,235
Subscriptions	100	42	58
Review board and appeals	6,800	2,610	4,190
Subsistence	2,010	658	1,352
Capital outlay	4,163	4,163	-
	<u>174,693</u>	<u>132,387</u>	<u>42,306</u>
Total Tax Collector			
	<u>174,693</u>	<u>132,387</u>	<u>42,306</u>
TOTAL TAX ASSESSMENT & COLLECTION			
	<u>1,668,928</u>	<u>1,563,632</u>	<u>105,296</u>
REGISTRATION & ELECTION BOARD			
Personnel	54,547	54,547	-
Precinct personnel	16,140	45,019	(28,879)
Board members	18,405	15,622	2,783
Social security	4,172	4,172	-
Retirement	5,024	5,024	-
Insurance	4,926	4,789	137
Workers compensaton	308	308	-
Advertising	1,500	1,480	20
Contracted maintenance	18,080	17,748	332
Office expense	4,600	4,364	236
Postage	6,000	3,304	2,696
Printing	6,536	5,228	1,308
Telephone	4,000	1,817	2,183
Supplies	2,000	1,693	307
Training	888	388	500
Travel	2,500	1,444	1,056
Subsistence	2,500	796	1,704
	<u>152,126</u>	<u>167,743</u>	<u>(15,617)</u>
TOTAL REGISTRATION & ELECTION BOARD			
	<u>152,126</u>	<u>167,743</u>	<u>(15,617)</u>

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2008

	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
ADMINISTRATION OF JUSTICE			
Criminal & Civil Court			
Personnel	86,000	86,000	-
Personnel - bailiff	28,000	22,767	5,233
Jury fees	26,724	17,220	9,504
Court expense	8,067	8,067	-
Printing	465	465	-
Telephone	2,600	2,282	318
DJJ	<u>1,500</u>	<u>1,638</u>	<u>(138)</u>
Total Criminal & Civil Court	<u>153,356</u>	<u>138,439</u>	<u>14,917</u>
Clerk of Court			
Personnel	172,719	172,719	-
Social security	13,182	12,363	819
Retirement	15,871	15,871	-
Insurance	27,601	26,865	736
Workers compensation	3,000	3,000	-
Advertising	900	106	794
Bookbinding	5,000	5,000	-
Contracted maintenance	67,893	63,146	4,747
Memberships & dues	225	225	-
Office expense	4,283	4,032	251
Postage	22,500	20,289	2,211
Printing	2,977	2,287	690
Telephone	3,000	3,427	(427)
Training	1,124	1,124	-
Subsistence	1,500	1,087	413
Travel	<u>700</u>	<u>699</u>	<u>1</u>
Total Clerk of Court	<u>342,475</u>	<u>332,240</u>	<u>10,235</u>

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2008

	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
Family Court - Clerk of Court			
Personnel	113,114	111,290	1,824
Social security	8,653	8,577	76
Retirement	10,418	10,418	-
Insurance	26,830	26,171	659
Workers compensation	395	396	(1)
Contracted maintenance	12,390	12,823	(433)
Office expense	3,600	3,694	(94)
Postage	7,169	7,169	-
Printing	10,597	10,610	(13)
Telephone	2,400	3,218	(818)
Training	600	571	29
	<u>196,166</u>	<u>194,937</u>	<u>1,229</u>
Total Family Court - Clerk of Court			
Probate Judge			
Personnel	158,246	153,779	4,467
Social security	12,106	10,957	1,149
Retirement	15,631	15,631	-
Insurance	24,975	22,661	2,314
Workers compensation	2,687	2,688	(1)
Advertising	303	303	-
Contracted maintenance	7,500	6,885	615
Membership & dues	300	280	20
Office expense	10,283	9,587	696
Postage	2,645	2,468	177
Printing	600	497	103
Telephone	2,300	2,464	(164)
Education & training	1,475	1,140	335
Travel	2,321	2,164	157
	<u>241,372</u>	<u>231,504</u>	<u>9,868</u>
Total Probate Judge			
Probation & Parole Office			
P.O. Box rent	49	42	7
Telephone	2,000	2,510	(510)
	<u>2,049</u>	<u>2,552</u>	<u>(503)</u>
Total Probation & Parole Office			

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2008

	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Public Defender			
Personnel	45,346	44,884	462
Social security	3,469	3,354	115
Retirement	4,176	3,423	753
Insurance	8,489	8,296	193
Workers compensation	200	200	-
Office expense	600	600	-
Postage	900	400	500
Training	1,500	1,500	-
Copier	2,350	2,000	350
	<u>67,030</u>	<u>64,657</u>	<u>2,373</u>
Total Public Defender			
Coroner			
Personnel	35,639	61,469	(25,830)
Social security	2,249	4,183	(1,934)
Retirement	3,146	5,039	(1,893)
Insurance	4,926	4,789	137
Workers compensation	907	908	(1)
Contracted maintenance	1,541	511	1,030
Memberships & dues	350	230	120
Office expense	100	69	31
Postage	133	9	124
Subsistence	1,050	-	1,050
Supplies	2,350	2,309	41
Telephone	1,405	1,205	200
Training	300	237	63
Travel	3,075	1,432	1,643
Post Mortems & BA	30,110	44,565	(14,455)
	<u>87,281</u>	<u>126,955</u>	<u>(39,674)</u>
Total Coroner			

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2008

	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
Magistrate District 2			
Personnel	215,585	190,150	25,435
Social security	16,492	13,976	2,516
Retirement	22,023	19,341	2,682
Insurance	36,090	38,226	(2,136)
Workers compensation	3,489	3,488	1
Contracted maintenance	2,600	2,441	159
Consulting & tech fees	2,410	1,448	962
Jury	20,000	21,722	(1,722)
Memberships	60	60	-
Office expense	10,949	10,567	382
Postage	10,420	10,420	-
Printing	700	682	18
Telephone	2,500	1,889	611
Training	1,017	1,004	13
Travel	947	889	58
Subsistence	6,132	5,708	424
	<u>351,414</u>	<u>322,011</u>	<u>29,403</u>
Magistrate District 1			
Personnel	11,288	11,281	7
Social security	864	828	36
Retirement	1,208	1,305	(97)
Insurance	4,926	4,789	137
Workers compensation	102	104	(2)
Maintenance	200	-	200
Office expense	800	45	755
Postage	200	83	117
Training	900	350	550
Travel	900	753	147
Telephone	1,850	1,191	659
	<u>23,238</u>	<u>20,729</u>	<u>2,509</u>

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2008

	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
Magistrate District 4			
Personnel	8,854	8,788	66
Social security	1,355	611	744
Retirement	947	947	-
Insurance	4,926	6,034	(1,108)
Workers compensation	68	68	-
Membership	150	120	30
Office expense	800	697	103
Postage	150	188	(38)
Training	1,700	1,406	294
Travel	300	286	14
Telephone	1,740	1,595	145
Total Magistrate District 4	<u>20,990</u>	<u>20,740</u>	<u>250</u>
Magistrate District 6			
Personnel	38,317	20,784	17,533
Social security	1,401	1,157	244
Retirement	1,960	1,960	-
Insurance	4,670	6,870	(2,200)
Workers compensation	52	52	-
Office expense	2,400	1,059	1,341
Postage	150	81	69
Rent	300	300	-
Training	250	235	15
Travel	1,000	1,094	(94)
Telephone	350	350	-
Total Magistrate District 6	<u>50,850</u>	<u>33,942</u>	<u>16,908</u>
TOTAL ADMINISTRATION OF JUSTICE	<u>1,536,221</u>	<u>1,488,706</u>	<u>47,515</u>

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2008

	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
LAW ENFORCEMENT - Sheriff's Department			
Personnel	1,623,251	1,551,726	71,525
Overtime	63,417	81,803	(18,386)
School resource officer - salary and benefits	292,794	273,701	19,093
Grant match	3,750	-	3,750
Social security	124,049	117,520	6,529
Retirement	173,791	172,425	1,366
Insurance	235,371	214,961	20,410
Workers compensation	66,110	61,057	5,053
Contracted maintenance	41,905	43,090	(1,185)
Professional services	50	40	10
Vehicle insurance	51,782	47,670	4,112
Bonds - employees	3,800	3,800	-
Membership & dues	3,765	3,717	48
Office expense	6,000	5,557	443
Postage	1,000	555	445
Printing	2,980	2,919	61
Transportation of prisoners	1,000	791	209
Telephone	5,175	4,933	242
Training	1,720	1,650	70
Travel	600	407	193
Subsistence	4,230	2,774	1,456
Ammo & guns	3,645	3,281	364
Gas, oil, grease	224,000	220,432	3,568
Medicals	800	783	17
Photo supplies	2,300	268	2,032
Books	474	458	16
Supplies	11,018	11,564	(546)
Uniforms	20,000	19,923	77
Special law enforcement	1,250	1,249	1
Capital outlay	178,800	178,688	112
Other equipment	10,000	9,988	12
Crime prevention	6,000	5,953	47
Project Near	<u>1,000</u>	<u>997</u>	<u>3</u>
Total Sheriff's Department	<u>3,165,827</u>	<u>3,044,680</u>	<u>121,147</u>
TOTAL LAW ENFORCEMENT	<u>3,165,827</u>	<u>3,044,680</u>	<u>121,147</u>

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2008

	Final Budget	Actual	Variance Favorable (Unfavorable)
DETENTION			
Corrections			
Personnel	792,201	722,983	69,218
Overtime	69,167	54,132	15,035
Social security	65,895	57,325	8,570
Retirement	92,166	83,507	8,659
Insurance	210,177	182,783	27,394
Workers compensation	34,500	30,500	4,000
Contracted maintenance	20,725	22,081	(1,356)
Utilities	79,000	66,564	12,436
Vehicle insurance	2,500	1,640	860
Memberships & dues	252	248	4
Office expense	4,500	4,487	13
Postage	136	-	136
Printing	1,000	947	53
Telephone	3,300	2,124	1,176
Training	1,500	1,430	70
Travel	5,065	5,065	-
Subsistence	2,400	2,359	41
Chemicals	2,560	2,450	110
Cleaning materials	4,064	3,310	754
Food	143,200	151,112	(7,912)
Gas, oil, grease	2,528	-	2,528
Medical	182,343	176,504	5,839
Books	1,000	933	67
Supplies	1,500	1,444	56
Clothing	8,503	8,021	482
Uniforms	9,355	9,186	169
DYS Juvenile	5,650	5,648	2
Kitchen supplies	1,500	1,263	237
Other equipment	11,350	11,229	121
	<u>1,758,037</u>	<u>1,609,275</u>	<u>148,762</u>
Total Corrections	<u>1,758,037</u>	<u>1,609,275</u>	<u>148,762</u>
TOTAL DETENTION	<u>1,758,037</u>	<u>1,609,275</u>	<u>148,762</u>

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2008

	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
PUBLIC SAFETY			
Public Safety			
Personnel	83,404	83,376	28
Social security	6,380	6,408	(28)
Retirement	6,917	6,917	-
Insurance	9,852	9,578	274
Workers compensation	2,107	2,108	(1)
Contracted maintenance	7,064	4,675	2,389
Vehicle insurance	1,250	1,588	(338)
Membership and dues	100	-	100
Office expense	2,000	1,569	431
Postage	177	164	13
Printing	100	-	100
Telephone	2,556	5,507	(2,951)
Training	1,000	936	64
Gas, oil, grease	1,300	64	1,236
Photo supplies	100	42	58
Travel	450	-	450
	<u>124,757</u>	<u>122,932</u>	<u>1,825</u>
Total Public Safety			
Animal Control			
Personnel	141,599	124,093	17,506
Overtime	11,000	13,751	(2,751)
Social security	12,515	10,043	2,472
Retirement	14,054	12,783	1,271
Insurance	34,452	27,648	6,804
Workers compensation	4,000	4,000	-
Advertising	560	560	-
Utilities	7,500	10,251	(2,751)
Insurance vehicles	2,000	1,905	95
Memberships and dues	196	196	-
Office expense	3,707	3,534	173
Postage	250	78	172
Repairs to equipment	1,250	669	581
Rent	3,619	3,328	291
Telephone	4,500	2,268	2,232

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2008

	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
Animal Control - continued			
Tools	1,000	1,000	-
Training	1,000	300	700
Travel	300	236	64
Subsistence	700	180	520
Cleaning supplies	1,650	1,409	241
Dog food	1,500	1,466	34
Gas, oil and grease	12,000	13,684	(1,684)
Medical and surgical	18,704	17,399	1,305
Medication	17,756	16,135	1,621
Uniforms	1,200	1,136	64
Capital outlay	5,010	22,376	(17,366)
	<u>302,022</u>	<u>290,428</u>	<u>11,594</u>
Total Animal Control			
Communications			
Personnel	383,457	341,346	42,111
Overtime	32,132	33,396	(1,264)
Social security	31,793	28,024	3,769
Retirement	35,078	34,407	671
Insurance	84,834	77,875	6,959
Workers compensation	1,884	1,884	-
Contracted maintenance	35,800	35,981	(181)
Memberships & dues	150	150	-
Office expense	6,700	6,574	126
Postage	37	-	37
Printing	140	-	140
Subsistence	995	778	217
Communications - continued			
Telephone	3,700	3,426	274
Training	900	226	674
Travel	465	465	-
	<u>618,065</u>	<u>564,532</u>	<u>53,533</u>
Total Communications			

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2008

	<u>Final</u> <u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Board of Rescue Squads			
Utilities	22,000	21,600	400
Workers compensation	27,000	27,000	-
Vehicle insurance	18,000	18,690	(690)
Repairs to equipment	5,000	3,922	1,078
Training	10,000	6,822	3,178
Gas, oil, grease	11,200	18,341	(7,141)
Medical supplies	24,300	23,800	500
Rescue supplies	11,447	9,696	1,751
Capital outlay	<u>235,787</u>	<u>227,940</u>	<u>7,847</u>
Total Board of Rescue Squads	<u>364,734</u>	<u>357,811</u>	<u>6,923</u>
Hazardous Materials			
Contracted maintenance	1,250	-	1,250
Office expenses	120	-	120
Medical	2,654	2,654	-
Telephone	225	217	8
Training	2,796	-	2,796
Supplies	11,022	5,562	5,460
Capital outlay	<u>41,415</u>	<u>-</u>	<u>41,415</u>
Total Hazardous Materials	<u>59,482</u>	<u>8,433</u>	<u>51,049</u>

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2008

	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Board of Rural Fire Control			
Personnel	45,127	35,656	9,471
Social security	3,452	2,728	724
Retirement	4,156	3,284	872
Workers compensation	35,187	33,624	1,563
Shared revenue	172,053	157,964	14,089
Contracted maintenance	32,800	2,534	30,266
Utilities	45,000	42,000	3,000
Vehicle insurance	51,161	49,886	1,275
Office expense	1,700	1,114	586
Repairs to equipment	14,789	9,592	5,197
Repairs to radio	8,000	7,565	435
Training	4,000	3,136	864
Gas, oil, grease	15,000	31,157	(16,157)
Fire supplies	14,919	8,947	5,972
Lease purchase payment	513,828	503,864	9,964
	<u>961,172</u>	<u>893,051</u>	<u>68,121</u>
Total Board of Rural Fire Control			
Building Inspections			
Personnel	101,050	101,050	-
Social security	7,730	7,690	40
Retirement	9,307	9,307	-
Insurance	20,881	13,601	7,280
Workers compensation	2,350	1,952	398
Memberships	500	489	11
Office	6,500	6,470	30
Postage	750	344	406
Printing	1,000	983	17
Subscriptions	1,000	20	980
Telephone	2,000	2,310	(310)
Training	4,000	997	3,003
Travel	500	-	500
Vehicle insurance	1,350	1,236	114
Gas, oil, grease	4,567	4,883	(316)
Capital outlay	13,000	11,560	1,440
	<u>176,485</u>	<u>162,892</u>	<u>13,593</u>
Total Building Inspections			

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2008

	Final <u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Ambulance Substation			
Vehicle insurance	11,000	10,856	144
Training	5,400	2,853	2,547
Uniforms	15,000	13,008	1,992
Contracted personnel	<u>712,346</u>	<u>676,062</u>	<u>36,284</u>
Total Ambulance Substation	<u>743,746</u>	<u>702,779</u>	<u>40,967</u>
Lake Murray Public Safety			
Utilities	7,500	8,870	(1,370)
Telephone	<u>700</u>	<u>632</u>	<u>68</u>
Total Lake Murray Public Safety	<u>8,200</u>	<u>9,502</u>	<u>(1,302)</u>
TOTAL PUBLIC SAFETY	<u>3,358,663</u>	<u>3,112,360</u>	<u>246,303</u>
PUBLIC WORKS & MAINTENANCE			
Public Works			
Personnel	540,494	528,354	12,140
Overtime	6,400	2,903	3,497
Social security	41,899	38,771	3,128
Retirement	50,443	48,897	1,546
Insurance	117,543	121,015	(3,472)
Workers compensation	65,400	63,400	2,000
Advertising	800	149	651
Consulting fees	37,441	21,320	16,121
Contracted maintenance	21,565	8,305	13,260
Utilities	4,600	5,095	(495)
Vehicle insurance	30,000	26,138	3,862
Memberships & dues	950	273	677
Office expense	3,500	1,331	2,169
Postage	350	333	17
Printing	300	163	137
Supplies	3,480	3,421	59
Repairs to radio	500	54	446
Telephone	5,300	5,105	195

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2008

	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
Public Works - continued			
Training	1,800	498	1,302
Bridge materials	20,888	20,961	(73)
Cleaning materials	200	24	176
Fertilizer, plants, seeds	1,520	1,520	-
Gas, oil, grease	11,259	10,398	861
Diesel fuel	29,160	77,527	(48,367)
Safety supplies	3,500	3,405	95
Gravel	141,149	141,149	-
Asphalt	30,339	15,184	15,155
Pipe	38,000	7,868	30,132
Tools	4,000	3,857	143
Road signs	12,000	8,021	3,979
Uniforms	8,100	7,709	391
Subsistence	700	310	390
Land improvements	242,500	110,349	132,151
219 Beautification Project	20,000	101,586	(81,586)
Capital outlay	245,745	250,600	(4,855)
	<u>1,741,825</u>	<u>1,635,993</u>	<u>105,832</u>
Total Public Works			
Central Maintenance			
Contracted maintenance	442,904	399,031	43,873
Utilities	9,870	11,479	(1,609)
Fuel	3,492	3,882	(390)
Tools	1,000	-	1,000
	<u>457,266</u>	<u>414,392</u>	<u>42,874</u>
Total Central Maintenance			
Building Maintenance			
Personnel	61,755	61,755	-
Social security	4,724	4,403	321
Retirement	5,688	5,688	-
Insurance	14,199	13,716	483
Workers compensation	2,697	2,696	1
Contracted maintenance	17,000	15,217	1,783
Utilities	165,000	165,789	(789)
Vehicle insurance	1,529	1,258	271

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2008

	Final <u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Building Maintenance - continued			
Supplies	55,104	38,157	16,947
Telephone	2,500	1,717	783
Training	2,520	768	1,752
Gas, oil, grease	4,000	2,795	1,205
Film and gloves	1,000	91	909
Uniforms	1,200	1,155	45
Tools	700	700	-
Capital outlay	<u>9,000</u>	<u>7,994</u>	<u>1,006</u>
Total Building Maintenance	<u>348,616</u>	<u>323,899</u>	<u>24,717</u>
Community Hall			
Personnel	11,158	10,867	291
Social security	854	793	61
Retirement	1,028	998	30
Insurance	4,495	4,370	125
Workers compensation	99	100	(1)
Telephone	<u>950</u>	<u>1,002</u>	<u>(52)</u>
Total Community Hall	<u>18,584</u>	<u>18,130</u>	<u>454</u>
Collections			
Personnel	57,752	57,752	-
Overtime	1,550	1,152	398
Social security	4,418	4,418	-
Retirement	5,319	5,137	182
Insurance	9,852	12,524	(2,672)
Workers compensation	11,183	11,184	(1)
Advertising	1,000	129	871
Contracted personnel	260,000	217,120	42,880
Contracted maintenance	490,560	367,996	122,564
Fuel	5,000	4,860	140
Utilities	22,500	20,583	1,917
Vehicle insurance	4,000	2,410	1,590
Office	2,550	1,742	808
Repairs	5,000	90	4,910
Supplies	3,135	2,098	1,037

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2008

	Final Budget	Actual	Variance Favorable (Unfavorable)
Collections - continued			
Telephone	8,300	6,973	1,327
Travel	740	39	701
Capital outlay	106,533	27,713	78,820
Tools and other equipment	2,000	66	1,934
	<u>1,001,392</u>	<u>743,986</u>	<u>257,406</u>
Total Collections			
Transfer Station			
Contracted personnel	1,707,324	1,466,191	241,133
Repairs to equipment	22,484	20,917	1,567
Utilities	10,790	7,721	3,069
Sewer disposal	4,000	2,590	1,410
Supplies	1,365	1,309	56
	<u>1,745,963</u>	<u>1,498,728</u>	<u>247,235</u>
Total Transfer Station			
Custodian Services			
Personnel	27,651	27,651	-
Social security	2,115	2,115	-
Retirement	2,547	2,547	-
Insurance	7,897	7,708	189
Workers compensation	457	456	1
Vehicle insurance	675	618	57
Cleaning supplies	18,559	17,818	741
Gas, oil, grease	2,051	2,230	(179)
Supplies	1,066	310	756
Tools	50	-	50
Telephone	660	357	303
Chemicals	571	493	78
	<u>64,299</u>	<u>62,303</u>	<u>1,996</u>
Total Custodian Services			
TOTAL PUBLIC WORKS & MAINTENANCE	<u>5,377,945</u>	<u>4,697,431</u>	<u>680,514</u>

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2008

	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
PLANNING & DEVELOPMENT			
Central Midlands Regional PC	<u>19,146</u>	<u>19,146</u>	<u>-</u>
Economic Development			
Personnel	81,383	69,352	12,031
Social Security	6,226	5,412	814
Retirement	7,495	6,529	966
Insurance	4,926	4,789	137
Workers compensation	2,133	2,132	1
Appropriations	25,000	6,864	18,136
Memberships	1,700	1,010	690
Office	5,000	1,778	3,222
Postage	1,600	301	1,299
Printing	2,000	-	2,000
Subscriptions	200	96	104
Subsistence	3,090	747	2,343
Telephone	3,100	2,814	286
Training	500	500	-
Travel	<u>4,040</u>	<u>3,727</u>	<u>313</u>
Total Economic Development	<u>148,393</u>	<u>106,051</u>	<u>42,342</u>
Comprehensive Planning			
Personnel	87,805	87,475	330
Social security	6,717	6,111	606
Retirement	8,087	8,087	-
Insurance	18,609	19,045	(436)
Workers compensation	2,116	2,116	-
Advertising	1,260	744	516
Consulting	76,000	21,250	54,750
Memberships and dues	700	405	295
Office expense	4,000	4,250	(250)
Postage	2,000	573	1,427
Printing	530	286	244
Books	900	180	720
Telephone	<u>2,970</u>	<u>3,011</u>	<u>(41)</u>

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2008

	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Comprehensive Planning - continued			
Training	3,200	620	2,580
Travel	1,608	-	1,608
Subsistence	2,211	-	2,211
Gas, oil, and grease	2,700	1,935	765
Vehicle insurance	1,500	1,259	241
	<u>222,913</u>	<u>157,347</u>	<u>65,566</u>
Total Comprehensive Planning			
Central Carolina Economic Development Alliance	<u>72,000</u>	<u>72,000</u>	-
TOTAL PLANNING & DEVELOPMENT	<u>462,452</u>	<u>354,544</u>	<u>107,908</u>
AGRICULTURE & HOME ECONOMICS			
Clemson Extension	<u>16,500</u>	<u>14,379</u>	<u>2,121</u>
Newberry Soil & Water Conservation	<u>48,652</u>	<u>61,463</u>	<u>(12,811)</u>
TOTAL AGRICULTURE & HOME ECONOMICS	<u>65,152</u>	<u>75,842</u>	<u>(10,690)</u>
PUBLIC HEALTH			
Health Department			
Telephone and supplies	<u>5,000</u>	<u>4,918</u>	<u>82</u>
Total Health Department	<u>5,000</u>	<u>4,918</u>	<u>82</u>
Beckman Mental Health	<u>15,000</u>	<u>15,000</u>	-
Westview Behavioral	<u>23,330</u>	<u>23,444</u>	<u>(114)</u>
TOTAL PUBLIC HEALTH	<u>43,330</u>	<u>43,362</u>	<u>(32)</u>

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2008

	Final Budget	Actual	Variance Favorable (Unfavorable)
SOCIAL SERVICES			
Department of Social Services			
P.O. Box rent	68	70	(2)
Telephone	8,660	4,592	4,068
Emergency	4,000	4,000	-
Paupers funeral	4,500	3,750	750
Utilities	50,000	44,249	5,751
	<u>67,228</u>	<u>56,661</u>	<u>10,567</u>
Total Department of Social Services			
Veteran's Affairs			
Personnel	93,144	93,144	-
Social security	7,126	6,644	482
Retirement	8,579	7,884	695
Insurance	17,455	13,748	3,707
Workers compensation	1,829	1,828	1
Contracted maintenance	700	700	-
Membership fees	65	65	-
Office expense	2,045	1,969	76
Postage	1,068	996	72
Printing	177	125	52
Telephone	2,355	1,972	383
Training	445	445	-
Travel	1,052	1,052	-
Subsistence	1,980	1,980	-
Captial outlay	2,100	2,100	-
	<u>140,120</u>	<u>134,652</u>	<u>5,468</u>
Total Veteran's Affairs			
Council on Aging			
Quarterly appropriation	40,000	40,000	-
Gas, Oil and Grease	83,643	89,015	(5,372)
	<u>123,643</u>	<u>129,015</u>	<u>(5,372)</u>
Total Council on Aging			
Rape Crisis Network	5,000	5,000	-

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2008

	Final Budget	Actual	Variance Favorable (Unfavorable)
Sistercare, Inc.	2,700	2,700	-
Newberry County Literacy	5,435	5,435	-
TOTAL SOCIAL SERVICES	344,126	333,463	10,663
MISCELLANEOUS			
Airport			
Grant match	137,798	112,500	25,298
Total Airport	137,798	112,500	25,298
Government Association	555	374	181
Newberry County School District	70,000	70,000	-
S.C. Association of Counties	9,146	9,146	-
National Association of Counties	742	742	-
Medically indigent			
Appropriation	108,643	91,986	16,657
Ambulance			
Contracted maintenance	3,090	1,814	1,276
Utilities	2,000	-	2,000
Diesel fuel	41,432	48,535	(7,103)
Capital outlay	115,407	57,926	57,481
Total Ambulance	161,929	108,275	53,654
Recreation			
Repairs to buildings	20,001	15,152	4,849
Recreation appropriation	133,335	108,830	24,505
Total Recreation	153,336	123,982	29,354
TOTAL MISCELLANEOUS	642,149	517,005	125,144

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

GENERAL FUND

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2008

	Final <u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
CAPITAL CONSTRUCTION & IMPROVEMENTS			
Contingency	186,898	97,508	89,390
Sheriff's office building	<u>407,837</u>	<u>-</u>	<u>407,837</u>
TOTAL CAPITAL CONSTRUCTION & IMPROVEMENTS	<u>594,735</u>	<u>97,508</u>	<u>497,227</u>
TOTAL EXPENDITURES	<u>20,643,742</u>	<u>18,389,799</u>	<u>2,253,943</u>
Excess/(Deficiency) of Revenue over Expenditures	734,115	4,226,838	3,492,723
OTHER FINANCING SOURCES/ (USES)			
Surplus property sale	25,000	-	(25,000)
Transfer to debt service (Special Source Rev Bnd)	-	(103,756)	(103,756)
Transfers to special revenue (includes Special Education Levies)	<u>(759,115)</u>	<u>(759,115)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES/(USES)	<u>(734,115)</u>	<u>(862,871)</u>	<u>(128,756)</u>
Excess of Revenue over Expenditures after other financing sources	<u>\$ -</u>	<u>\$ 3,363,967</u>	<u>\$ 3,363,967</u>

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COMBINING BALANCE SHEET

SPECIAL REVENUE FUND

NEWBERRY COUNTY, SOUTH CAROLINA

June 30, 2008

	Sheriff's Funds	Sheriff's Grants	Victim's Advocate	Emergency 911	DSS Clerk of Court	Airport	Miscellaneous	Total
ASSETS								
Cash	\$ 206,464	\$ 190,818	\$ 112,785	\$ 121,894	\$ 102,490	\$ -	\$ -	\$ 734,451
Inventory - jet fuel	-	-	-	-	-	31,780	-	31,780
Due from general fund	5,942	-	-	-	-	-	-	5,942
Due from grantor	-	9,066	-	-	-	287,220	403,362	699,648
TOTAL ASSETS	\$ 212,406	\$ 199,884	\$ 112,785	\$ 121,894	\$ 102,490	\$ 319,000	\$ 403,362	\$ 1,471,821
LIABILITIES								
Deferred revenue	\$ 5,942	\$ 113,530	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 119,472
Due to general fund	-	9,066	64,578	103,421	-	316,183	607,091	1,100,339
TOTAL LIABILITIES	5,942	122,596	64,578	103,421	-	316,183	607,091	1,219,811
FUND BALANCE								
Reserved for special revenue	206,464	77,288	48,207	18,473	102,490	2,817	(203,729)	252,010
TOTAL FUND BALANCE	206,464	77,288	48,207	18,473	102,490	2,817	(203,729)	252,010
TOTAL LIABILITIES AND FUND BALANCE	\$ 212,406	\$ 199,884	\$ 112,785	\$ 121,894	\$ 102,490	\$ 319,000	\$ 403,362	\$ 1,471,821

COMBINING STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE

SPECIAL REVENUE FUND

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2008

	Sheriff's Funds	Sheriff Grants	Victim's Advocate	Emergency 911	DSS Clerk of Court	Airport	C-Funds	Miscellaneous	Total
Revenue									
Intergovernmental									
Federal grants	\$ -	\$ 279,675	\$ -	\$ -	\$ 47,638	\$ 1,519,747	\$ -	\$ -	\$ 1,847,060
State grants	-	-	-	-	-	-	645,959	17,977	663,936
Other									
Assessments	-	-	127,041	229,265	-	-	-	-	356,306
Interest	93	3,022	94	-	-	-	-	-	3,209
Miscellaneous	16,281	-	-	-	-	114,656	-	9,782	140,719
Total Revenue	<u>16,374</u>	<u>282,697</u>	<u>127,135</u>	<u>229,265</u>	<u>47,638</u>	<u>1,634,403</u>	<u>645,959</u>	<u>27,759</u>	<u>3,011,230</u>
Expenditures									
Personnel	-	50,124	91,169	83,787	-	-	-	-	225,080
Operating	18,581	215,460	16,109	188,109	-	111,839	645,959	43,685	1,239,742
Capital outlays	-	-	-	-	-	1,519,747	-	214,875	1,734,622
Intergovernmental	-	-	-	-	-	-	-	743,189	743,189
Total Expenditures	<u>18,581</u>	<u>265,584</u>	<u>107,278</u>	<u>271,896</u>	<u>-</u>	<u>1,631,586</u>	<u>645,959</u>	<u>1,001,749</u>	<u>3,942,633</u>
Other financing sources									
Transfer in/(out)	-	-	-	-	-	-	-	759,115	759,115
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	<u>(2,207)</u>	<u>17,113</u>	<u>19,857</u>	<u>(42,631)</u>	<u>47,638</u>	<u>2,817</u>	<u>-</u>	<u>(214,875)</u>	<u>(172,288)</u>
Fund balance, beginning of year	<u>208,671</u>	<u>60,175</u>	<u>28,350</u>	<u>61,104</u>	<u>54,852</u>	<u>-</u>	<u>-</u>	<u>11,146</u>	<u>424,298</u>
FUND BALANCE, END OF YEAR	<u>\$ 206,464</u>	<u>\$ 77,288</u>	<u>\$ 48,207</u>	<u>\$ 18,473</u>	<u>\$ 102,490</u>	<u>\$ 2,817</u>	<u>\$ -</u>	<u>\$ (203,729)</u>	<u>\$ 252,010</u>

STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE

DEBT SERVICE FUND

Year Ended June 30, 2008

REVENUE

Property Taxes	
1995 GO Bond	\$ 93,676
2001 GO Bond	387,692
2005 GO Bond	697,062
2007 GO Bond	103,709
Sales Taxes	3,511,457
Interest	<u>199,538</u>
 TOTAL REVENUE	 <u>4,993,134</u>

EXPENDITURES

Principal	
1995 GO Bond	75,000
2001 GO Bond	170,000
2005 GO Bond	580,000
Special Source Revenue Bond	225,000
Sales Tax Bond	2,000,000
Interest	
1995 GO Bond	15,338
2001 GO Bond	167,868
2005 GO Bond	54,800
2007 GO Bond	17,533
Special Source Revenue Bond	247,979
Sales Tax Bond	459,375
Fees	
1995 GO Bond	1,081
2001 GO Bond	1,080
2005 GO Bond	1,078
Sales Tax Bond	<u>1,664</u>
 TOTAL EXPENDITURES	 <u>4,017,796</u>

OTHER FINANCING SOURCES/(USES)

Transfer from General Fund	103,756
Transfer from Capital Projects	<u>369,223</u>

EXCESS/(DEFICIENCY) OF REVENUE
OVER EXPENDITURES 1,448,317

Fund balance, beginning of year 6,251,960

FUND BALANCE, END OF YEAR \$ 7,700,277

STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE

CAPITAL PROJECTS FUND

Year Ended June 30, 2008

REVENUE

Interest - Special Revenue Bond	\$ 12,674
Interest - Lease Purchase	18,229
Interest - Fee in Lieu	27,019
Interest	<u>256,736</u>
TOTAL REVENUE	<u>314,658</u>

EXPENDITURES

Capital Outlays	
2007 A GO Bond	90,997
Lease Purchase	916,325
Sales tax bond	
Library	1,619,974
Hospital	50,000
Water and Sewer Auth	30,230
City Wastewater	1,829,556
Sheriff's substation	318,686
Little Mtn	27,875
Chappels	69,675
Newberry rescue	348,147
Whitmire Park	80,037
Pomaria	15,280
Miscellaneous	<u>257,065</u>
TOTAL EXPENDITURES	<u>5,653,847</u>

OTHER FINANCING SOURCES/(USES)

Special Source Revenue Bond	1,200,000
Lease purchase proceeds	1,088,622
2007 GO Bond A proceeds	1,000,000
2007 GO Bond B proceeds	700,000
Transfer to Debt Service Fund	<u>(369,223)</u>

EXCESS OF REVENUE

OVER EXPENDITURES (1,719,790)

Fund balance, beginning of year 10,131,749

FUND BALANCE, END OF YEAR \$ 8,411,959

COMBINING BALANCE SHEET

TRUST AND AGENCY FUND

NEWBERRY COUNTY, SOUTH CAROLINA

June 30, 2008

	Newberry County Schools Construction	Newberry County Schools Operations	Newberry Schools Sinking Funds	Library Construction	Fire/Rescue Squads	Total
ASSETS						
Cash	\$ 954,135	\$ 523,529	\$ 82,091	\$ -	\$ 348,088	\$ 1,907,843
Investments	-	8,885,906	2,973,117	1,295,682	-	13,154,705
TOTAL ASSETS	<u>\$ 954,135</u>	<u>\$ 9,409,435</u>	<u>\$ 3,055,208</u>	<u>\$ 1,295,682</u>	<u>\$ 348,088</u>	<u>\$ 15,062,548</u>
LIABILITIES						
Due to taxing units and others	\$ 954,135	\$ 9,409,435	\$ 3,055,208	\$ 1,295,682	\$ 348,088	\$ 15,062,548
TOTAL LIABILITIES	<u>\$ 954,135</u>	<u>\$ 9,409,435</u>	<u>\$ 3,055,208</u>	<u>\$ 1,295,682</u>	<u>\$ 348,088</u>	<u>\$ 15,062,548</u>

SINGLE AUDIT SECTION



RISH & ENZASTIGA

Certified Public Accountants

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 the Newberry County, South Carolina with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. The County's major federal programs are identified in the federal reporting and single audit 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, 2008.

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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

Risk and Engstrom

Lexington, South Carolina
October 30, 2008

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2008

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-RP-08-004	\$ <u>90,704</u>
Total U.S. Department of Housing and Urban Development			<u>90,704</u>
U.S. Department of Health and Human Services			
Thru SC Department of Social Services Health and Human Services	93.558	G01SCTANF	134,114
Thru SC Department of Social Services County Administrative Expense FFP	Multiple		<u>45,877</u>
Total U.S. Department of Health and Human Services			<u>179,991</u>
Department of Justice			
Law Enforcement Block Grant	16.592		<u>50,124</u>
Total Dept of Justice			<u>50,124</u>
Federal Emergency Management Agency			
Homeland Security	83.554		<u>270,621</u>
Total Federal Emergency Management Agency			<u>270,621</u>
Federal Aviation Administration, Department of Transportation			
Airport Improvement Program	20.106		<u>1,519,747</u>
Total U.S. Department of Transportation			<u>1,519,747</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 2,111,187</u>

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NEWBERRY COUNTY, SOUTH CAROLINA

Year ended June 30, 2008

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 2 – MAJOR PROGRAMS

The County had one major program for the current fiscal year. Airport Improvement Program grant with expenditures of \$1,519,747 was the County's only major program.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

NEWBERRY COUNTY, SOUTH CAROLINA

For the Year Ended June 30, 2008

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

20.106

Name of Federal Program or Cluster

Airport Improvement Program

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, 2008

Section II – Financial Statement Findings

SIGNIFICANT DEFICIENCIES

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

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

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

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

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

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

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

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

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

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

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

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED

NEWBERRY COUNTY, SOUTH CAROLINA

Year Ended June 30, 2008

3. Fire Departments and Rescue Squads

Condition: The Fire Departments and Rescue Squads of the County collect and disburse funds for the purpose of fire and rescue safety. The County currently does not have any policies to account for and monitor these funds.

Criteria: To ensure completeness in accounting, all transactions should be recorded and monitored.

Effect: Because there is currently no County policy for accounting and monitoring for Fire Departments and Rescue Squads, errors or irregularities may occur.

Recommendation: The County should adopt a policy to account for and monitor these funds.

Response:

Section III – Federal Award Findings and Questioned Costs

No federal awards findings and questioned costs.

Section IV – Prior Findings

None



RISH & ENZASTIGA

Certified Public Accountants

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, 2008, and have issued our report thereon dated October 30, 2008. 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 our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Governmental Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the County's financial statements that is more than inconsequential will not be prevented or detected by the County's internal control. We identified three control deficiencies listed in the Schedule of Findings and Questioned Costs, items 1, 2 & 3.

A material weakness is a significant deficiency or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the County's internal control. Our consideration of the internal control over financial reporting was for the limited purpose described above and would not necessarily disclose all matters in the internal control structure that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We identified three material weaknesses listed in the Schedule of Findings and Questioned Costs, items 1, 2 & 3.

This report is intended for the information of the County 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 entities.

Risk and Engstrom

October 30, 2008
Lexington, South Carolina

Statement of Fines, Assessments and Surcharges

Newberry County, South Carolina

Year Ended June 30, 2008

	<u>Total</u>	<u>State Portion</u>	<u>County Portion</u>
Public Defender Application Fees	\$ 1,845	\$ 1,845	\$ -
Marriage License Fee	4,120	4,120	-
Circuit/Family Court Fines	12,613	12,613	-
Circuit/Family Court Filing Fees	196,856	196,856	-
Magistrate - Filing Assessments	7,600	7,600	-
General Sessions - Assessments - DUI	4,102	4,102	-
Magistrates Court - Assessments - DUI	24,586	24,586	-
Magistrates - Surcharge - DUI	-	-	-
Magistrates - Drug Surcharge	2,014	2,014	-
General Sessions - Drug Surcharge	4,076	4,076	-
General Sessions - Other Assessments	7,670	2,996	4,674
Magistrates Court - Other Assessments	540,611	480,130	60,481
General Sessions - Surcharges	25,438	3,182	22,256
Magistrates Court - Surcharges	297,408	276,502	20,906
	<u>\$ 1,128,939</u>	<u>\$ 1,020,622</u>	<u>\$ 108,317</u>

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

Newberry County, South Carolina

Year Ended June 30, 2008

Segregation of Duties

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

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

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.

Bank Reconciliations

Condition: The bank account used by the Central Court Magistrate should be reconciled to the outstanding case report monthly.

Criteria: The bank account used by Central Court should be reconciled to avoid any errors or irregularities.

Effect: Because the bank account is not reconciled monthly, errors and irregularities may exist and not be detected in a timely manner.

Recommendation: The bank account should be reconciled to the outstanding case report monthly before remitting the fines and fees to the SC State Treasurer.