

**CITY OF NEWBERRY,
SOUTH CAROLINA**

COMPREHENSVE ANNUAL FINANCIAL REPORT

**FISCAL YEAR ENDED
JUNE 30, 2009**

CITY OF NEWBERRY
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2009
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INTRODUCTORY SECTION

CITY OF NEWBERRY

S O U T H C A R O L I N A

Post Office Box 538 • Newberry, South Carolina 29108

October 5, 2009

The Honorable Mayor, Members of City Council and Citizens of the City of Newberry,
South Carolina:

State law requires Newberry City Council to provide for an independent annual audit of all financial records and transactions of the City of Newberry. State law further requires that such audits be made by a certified public accountant or public accountant or firm of such accountants who have no personal interest, direct or indirect, in the fiscal affairs of the City or any of its officers. The report of the audit must be made available for public inspection. Pursuant to these requirements, we hereby issue the comprehensive annual financial report of the City of Newberry (City) for the fiscal year ended June 30, 2009.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with generally accepted accounting principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by McKinley, Cooper and Company, L.L.P., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2009, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement presentation; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended June 30, 2009, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report. Also, in accordance with Government Auditing Standards, the independent auditor issued his report after consideration of the

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of Newberry's internal control over financial reporting and on the auditor's test of the City's compliance with certain provisions of laws, regulations, contracts, and grants. That report concerning compliance and internal control is located at the end of the comprehensive annual financial report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Newberry's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The City of Newberry is located in and is the county seat of Newberry County. The City of Newberry's municipal charter was issued in 1832. The City encompasses an area of approximately seven and a half square miles, while Newberry County encompasses an area of six hundred thirty square miles. The population of the City as registered by the 2000 Census was 10,580, and the population of the County as registered by the 2000 Census was 36,108. Within the limitations established by the State of South Carolina, the City of Newberry is empowered to levy a property tax on both real and personal properties located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by City Council.

The City of Newberry has operated under the council-manager form of government since 1948. The mayor is elected at-large for a term of four years. Policy-making and legislative authority are vested in City Council consisting of the mayor and six other members. Under the City's current single-member district plan, the City has been divided into six districts, each to be represented by a council member. City Council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring both the City's manager and attorney. The City Manager is responsible for implementing the policies of City Council, directing day-to-day business and administrative procedures and appointing departmental officials and other City employees. As of June 30, 2009, the City Manager was assisted by nine staff departments, including Economic Development overseen by the Assistant City Manager; Finance; Fire; Human Resources; Parks, Recreation, and Tourism; Planning and Development Services; Police; Public Works; and Utilities.

The City of Newberry provides a full range of services. These services include police and fire protection; sanitation services; the repair and maintenance of City streets and infrastructure; building regulation; planning; economic development and administration; zoning and code enforcement; water, sewer and electric utility services; and recreational and tourism-related activities.

The annual budget serves as the foundation for the City's financial planning and control. All departments of the City of Newberry are required to submit requests for appropriations to the City Manager by late-March of each year. The City Manager uses

these requests as the starting point for developing a proposed budget. The City Manager then presents this proposed budget to the Council for review during May. City Council is required to hold public hearings on the proposed budget and to adopt a final budget before July 1, the beginning of the City's fiscal year. The line-item appropriated budget is prepared by fund and department (e.g., General Fund, Finance Department). Expenditures may not exceed budgeted appropriations for each fund except as authorized by City Council. The City Manager is authorized to transfer amounts between line items within any department. Transfers between departments require the approval of City Council. Any revisions that alter the total expenditures of any fund also must be approved by City Council. Budget-to-actual comparisons are provided in the report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented on page 36 as part of the basic financial statements for the governmental funds.

Local Economy and Major Initiatives

The City of Newberry is located in the central piedmont region of South Carolina. Historically, Newberry was a textile center and the hub of a thriving agricultural region. The decline of the textile industry in the 1970's and 1980's took its toll on the community, and Newberry suffered economically and physically. This decline continued into the mid-1990's at which point an aggressive community revitalization effort was successfully pursued. Since that effort, which is on-going, the community and county as a whole have witnessed tremendous economic growth. Today, Newberry's economic base is diversified and comprised of textiles, agriculture, timber products and wood processing, and food processing. This diversity has enabled the region to weather recent changes in the economy.

In 1994, Kraft Foods, the county's largest employer and the City's largest consumer of electricity, announced an aggressive two-year expansion of its Louis Rich processing plant located immediately outside the City of Newberry. This expansion ultimately resulted in the creation of 400 new employment opportunities for area residents. In early 2007, Kraft Foods announced that, over a three-year period, the company will invest approximately \$30 million to build a 75,000 square foot addition to the Louis Rich facility, construct additional production lines and make mechanical and electronic improvements to existing lines. This expansion will result in the creation of approximately 1,100 new jobs and make its Newberry operation one of the largest Kraft Foods-owned facilities in the world.

In 1999, three manufacturing facilities opened in the Newberry County Industrial Park located adjacent to the Highway 219-Interstate 26 interchange. F. G. Wilson, a division of Caterpillar Incorporated, invested \$17 million in a 450,000 square foot building. The facility remained vacant until 2005, when F. G. Wilson announced plans to occupy the building and create approximately 100 jobs in 2006. Confalonieri, an Italian printing operation, and Kiswire, a Korean wire manufacturer, both invested \$10 million in separate facilities. While Kiswire is presently in full production, Confalonieri is no longer in operation. However, in June 2007, Schweitzer-Mauduit purchased the old Confalonieri facility and is now manufacturing coating paper for lower ignition propensity (LIP) cigarettes.

In the summer of 2001, Millennium Teleservices invested \$1 million in a state-of-the-art call center on the U. S. Highway 76 bypass within the City of Newberry, and created approximately 200 jobs. Beginning in the fall of 2001, Komatsu, a diversified provider of construction and mining equipment, invested \$20 million in their Newberry County facility, located adjacent to the Newberry County Industrial Park. Two years later, in April 2003, Komatsu added 18 employees when the company's Chicago-based sales and marketing group expanded into the Newberry facility to consolidate sales, marketing and manufacturing operations under the same roof. Then, in Spring 2009, Komatsu America announced plans to move production lines from its forklift production facility in Covington, Georgia and from its small and medium sized wheel loader production facility in Candiac, Quebec, Canada. Production of forklifts is expected to begin in October 2009.

In May of 2002, C. H. Guenther & Son, Inc., a San Antonio, Texas based manufacturer and marketer of branded and custom food products, acquired the former Kaiser Roth textile plant on U.S. Highway 76 and invested approximately \$32 million in plant renovations and production systems, and created 145 new jobs. The 227,000 square foot facility, which operates as Pioneer Frozen Foods, serves as a manufacturing plant for the company's line of frozen dough and baked products.

Fiscal year 2004-2005 witnessed retail expansion inside the City limits with the opening of an 111,000 square foot Lowe's Home Center in October 2004. In 2005, the City of Newberry completed a series of annexations which resulted in the incorporation of approximately 1,000 acres. This acreage, bound by S. C. Highway 34 to the north, S.C. Highway 219 to the south, and Interstate 26 to the east, is an area with tremendous economic development potential and is expected to become a significant growth corridor of the City in the near future. Included in this area is 17 acres of commercial property on S.C. Highway 219 with Interstate-26 visibility. The tract is currently being actively marketed for commercial development. Cracker Barrel Old Country Stores, Inc. has purchased one of the available lots, and an investor acquired another lot with plans to construct an 76-plus room Holiday Inn Express. Ground was broken on the hotel, which fronts the southeast quadrant of the S.C. Highway 219 interchange of Interstate-26 during fiscal year 2007-2008 and the hotel officially opened its doors during Summer 2009. While there has been no activity on the Cracker Barrel site to date, Love's Truck Stops announced plans to construct a facility featuring a convenience store and two fast food restaurants on a 25-acre tract, annexed by the City in September 2008, adjacent to the northwest quadrant of the same interchange. Construction began in Summer of 2009 and it is anticipated that Love's will open in Fall 2009.

Much of the current economic momentum in Newberry has its basis in the renovation of the Newberry Opera House, which was completed in the spring of 1998. The Newberry Opera House, a performing arts and entertainment center is owned by the City but leased to and under the control, operation and management of the Newberry Opera House Foundation. Indications from the Newberry Opera House Foundation are that the 2007-2008 Newberry Opera House season was a success. This marks seven consecutive seasons that the facility has performed well, given the recent economic downturn which has impacted most performing arts facilities.. The addition of a 73-room Hampton Inn Hotel located adjacent the Newberry Opera House in March 2002 served not only to bolster restaurant and retail sales, but also to stimulate growth in Newberry Opera House

ticket sales the past six seasons. On-going cooperative approaches to promoting the Newberry community have shifted from an emphasis on day-trips to encouraging overnight and weekend visitation. The City of Newberry Parks, Recreation & Tourism Department has assumed lead tourism promotion responsibilities and is producing tangible results.

Clearly, the Newberry Opera House project is accomplishing what it was intended to do – namely, to serve as a catalyst for economic development. The addition of over thirty new businesses, seven restaurants, seventeen second-floor apartments, a 73-room hotel, and the stimulation of numerous public-private partnerships evidence the catalytic impact of the project. During fiscal year 2006-2007, Newberry Realty, LLC. progressed with its plans to rehabilitate and adaptively reuse two key properties within the downtown – namely, the Old Mower Building located at 1530 Main Street and the Old Newberry Hotel located at the intersection of Caldwell and Main Streets. With a combined floor area exceeding 65,000 square feet, the rehabilitation and adaptive reuse of these two anchor properties represents a level of private sector investment in the downtown that has not occurred since the period immediately following completion of the Newberry Opera House project. Unfortunately, progress on both projects slowed during Fiscal year 2008-2009 and there were a number of small business closings on Main Street, which is largely a function of the nation's lagging economy. On a brighter note, the Newberry County library moved to its new approximately \$4,500,000 facility located at the downtown intersection of Friend and McKibben Streets and opened its doors as the Hal Kohn Memorial Library in January 2009. Newberry County has made no decision on the use of the former downtown location of the library as of this date.

To sustain the momentum of the Newberry Opera House project, the City of Newberry began pursuing five important economic development projects in 2005. The first was completion of a comprehensive retail market assessment and marketing plan for downtown Newberry during fiscal year 2005. The project was lead by Arnett Muldrow & Associates of Greenville, S.C. and was largely funded through the South Carolina Department of Commerce's Community Development Block Grant program. The intent of the project was to assess the current retail mix within the Central Business District, establish the retail trade areas for downtown, evaluate the consumer spending patterns within the established trade areas, profile each discernable consumer group within the trade areas, and develop a retail recruitment plan for downtown with current supply and demand expressed in square feet of additional retail space. Moreover, the plan developed a brand, or unified design concept, for marketing the community to potential new residents and tourists. In 2006, City staff began implementing many of the recommendations contained in the report including brochure development, tourism promotion and advertising, and the planning of major public improvements within the downtown.

The second was the renovation of the old fire station, located adjacent to the Newberry Opera House on McKibben Street, and its planned reuse as a state-of-the-art meeting and special event facility. The City of Newberry received a Community Development Block Grant (CDBG) from the S.C. Department of Commerce in September 2004, construction bids in September 2005 and reached substantial completion in April 2007. The total cost of the project was approximately \$2.2 million, of which \$312,500 was funded through CDBG, \$400,000 through the proceeds of a Local Capital Projects Sales Tax authorized by the

voters of Newberry County in November 2004, and the remaining balance through lease/purchase proceeds and revenue generated by the City's local hospitality and accommodations fee. This 11,500 square foot facility features a warming kitchen, offices for staff, a main assembly space, a decorative lobby, four breakout meeting rooms, and an executive-styled boardroom. The City of Newberry Parks, Recreation and Tourism Department manages the facility and is actively marketing it for rental by professional associations, continuing education seminars, business meeting groups, symposiums, service organizations, and local events and receptions, of which many are likely to span multiple days and nights. In September 2007 the Newberry Firehouse Conference Center (NFCC) officially opened its doors and its popularity quickly exceeded the rate of occupancy initially projected by City staff. In the first 18 months of operation, the facility rented 139 times. Of these, 29 generated overnight stays in area hotels and 60 utilized local restaurants for on-site catering of receptions, meals and breaks. Noteworthy clients from this initial period include Health Sciences of S.C., the Columbia Metropolitan Airport, USC, BB&T, Home Depot, Farm Bureau, and Piggly Wiggly. Additionally, large conferences involving the SC Arts Council and SC Humanities Council made coordinated use of both the NFCC and the NOH auditorium. Despite the beginning of the recent economic slowdown, the Newberry Firehouse Conference Center continued to perform well in fiscal year 2008-2009

The third project was the implementation of streetscape and parking facility improvements in the Central Business District. In December 2005, the City was notified by the S.C. Department of Commerce of its successful application for \$500,000 of Community Development Block Group funding to improve the seven City-owned surface parking lots in the downtown and the side streets linking those parking facilities to Main Street. Additionally, in January 2006 the City was notified by the S.C. Department of Transportation that its request for Transportation Enhancement Program (TEP) funds in the amount of \$163,292.46 had been approved. The intent of these grant funds was to improve the Friend, Harrington, McKibben and Nance Street corridors in support of the City's Newberry Firehouse Conference Center project, Newberry County's construction of a 23,000 square foot library on Friend Street at its intersection with McKibben Street, and to stimulate economic investment and redevelopment activity within the 900 block of Main Street. City staff completed the environmental review process required by the grantors and secured the services of a registered landscape architect to design the project in April 2006. The project was bid in May 2007, construction commenced in September 2007 and substantial completion was achieved in June 2008.

The fourth project is the development of an in-fill residential project on roughly 2.3 acres of vacant property located on Harrington and Martin Streets near downtown. The property was the former site of a primary school, which was razed decades ago and remained in a vacant state since that time. The Newberry County School Board declared the property surplus to its needs and conveyed the property to the City of Newberry during fiscal year 2005 with the understanding that a traditional neighborhood would be constructed. City Council approved a development master plan for the property in October 2005, as required by S.C. state planning law. A development agreement has been finalized between the City and a private party that has agreed to develop the site, and on-site water, wastewater, electric, and storm water infrastructure has been installed. The developer is proposing to construct eight townhouses and ten single-family, detached cottages, which

will assist in the City's effort to promote downtown living and create significant additional tax base within the Tax Increment Finance District. As of the summer of 2009, construction of three of the proposed ten detached homes had been completed and two of the homes were occupied. The developer has indicated to City staff that implementation of the master plan for the property will continue and staff anticipates continued progress during fiscal year 2009-2010.

The fifth project is the completion of a community-wide telecommunications and broadband study, to include implementation recommendations, and the deployment of telecommunication infrastructure within the City. In December 2006, the City of Newberry was awarded a \$500,000 Community Development Block Grant (CDBG) to construct an outdoor wireless telecommunications infrastructure to support enhanced public safety communications, automated metering, palm device enabled mapping and other mobility applications over a secure, licensed channel, and public access to the Internet over Wi-Fi frequencies. City staff later determined that a more prudent approach to the project would be to engage a consultant capable of evaluating the community, current service offerings and consumer needs, as well as the alternatives available to the City to enhance resident and business access to quality telecommunication services. The City engaged an experienced telecommunications planning professional in the spring of 2007 to perform the analysis. During fiscal year 2007-2008, Design Nine evaluated the community, current broadband services, existing infrastructure, present and future demand for services, and the alternatives available to the City to catalyze telecommunications upgrades. The study was completed in the summer of 2008 and recommended that, building from its current fiber optic network, the City construct a fiber-based telecommunications utility employing an open-access, multi-services business model. The proposed network would be publicly owned; however, the broadband services would be privately provisioned. Operating under this model, the City would not be in the telecom business and would not sell services – meaning, the City would not be in competition with the private sector. While it remains to be seen whether the City will pursue the proposed telecommunications utility, as much further research remains to be done, in Fall 2008 City staff requested authorization from the S. C. Department of Commerce to invest the remaining CDBG funds in an outdoor wireless communications network to support enhanced delivery of police and fire services, improved City communications and public access to the Internet. This request was approved in December 2008 and the system was designed and deployment was begun during the last two quarters of fiscal year 2008-2009. By Summer 2009 the system was operational and testing has determined that the performance of the system is meeting or exceeding design expectations.

During fiscal year 2008-2009, an exciting opportunity surfaced for the City of Newberry and the residents of the Oakland neighborhood. American Fiber & Finishing (AF&F) ceased operations within the Oakland Mill on Fair Avenue and sold the property to West Development of Newberry. Through partnerships with Newberry College and a wellness center owner/operator, as well as the assistance of the City's community development consultant, West Development intends to rehabilitate the old mill for mixed reuse to include college dormitories, market rate housing, a wellness center and possibly complementary light commercial activity. The City of Newberry is assisting the developer with the project. This assistance consists primarily of public improvements to facilitate the project. These improvements include water and wastewater infrastructure

upgrades to support the old mill and benefit the neighborhood, construction of a pedestrian connector along Fair Avenue between the Newberry College campus and the old mill, construction of streetscape improvements on Fair Avenue and First Street, and application for state and federal housing rehabilitation funds to assist qualifying owner-occupants and rental owners with funding home improvements in the neighborhood. As of Summer 2009, the developer estimates that a minimum of \$7-million will be invested in the Oakland Mill facility during the initial phases of the project.

Long-term financial planning. A continued emphasis on long range financial planning is a cornerstone of the City's success. Options and strategies introduced and continued in fiscal year 2009 include:

- Continued to promote revitalization and renewal in the City's downtown.
- Continued to monitor housing conditions, particularly in the area of rental housing, and housing needs in the City.
- Continued attention to long-range stabilization of the City's financial condition.
- Continued to promote sound economic development strategies and expansion of the City's utility system.
- Continued to monitor electric industry trends as an important factor in our strategic plan.
- Continued to improve the City's technology infrastructure.
- Monitored existing services to ensure that the service goals of City Council are met.

Relevant Financial Policies

The investment goal of the City is to maintain adequate cash to meet current obligations and to invest in those legal securities that maximize earnings and protect principal. Monies that are not required on a short-term basis are invested in compliance with the guidelines of the South Carolina code of Laws 6-5-10. The City maintains interest bearing checking accounts to maximize its interest earning capability on fund required to meet short-term operational expenses. Periodic reviews of deposits are made with financial institutions used by the City to ensure that deposits over the insured limit of federal depository insurance are collateralized. Due to economic conditions and upheaval in the banking environment, the City closely monitored the stability of its primary bank and its collateralization during fiscal year 2008-2009. Cash available for investing during the year was invested in obligations of the U. S. government and its agencies and the State of South Carolina Local Government Investment Pool.

Awards and Acknowledgements

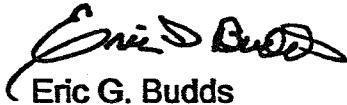
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Newberry for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2008. This was the sixteenth consecutive year that the

government has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

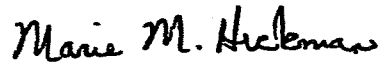
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it the GFOA to determine its eligibility for another certificate.

The preparation of this document, our comprehensive annual financial report, was made possible by the dedicated work of many individuals. Our sincere appreciation is extended to all those who have contributed to this endeavor and to the City's Mayor and Council who have continuously encouraged excellence in financial reporting.

Sincerely,

A handwritten signature in cursive script, appearing to read "Eric G. Budds".

Eric G. Budds
City Manager

A handwritten signature in cursive script, appearing to read "Marie M. Hickman".

Marie M. Hickman
Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Newberry
South Carolina

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

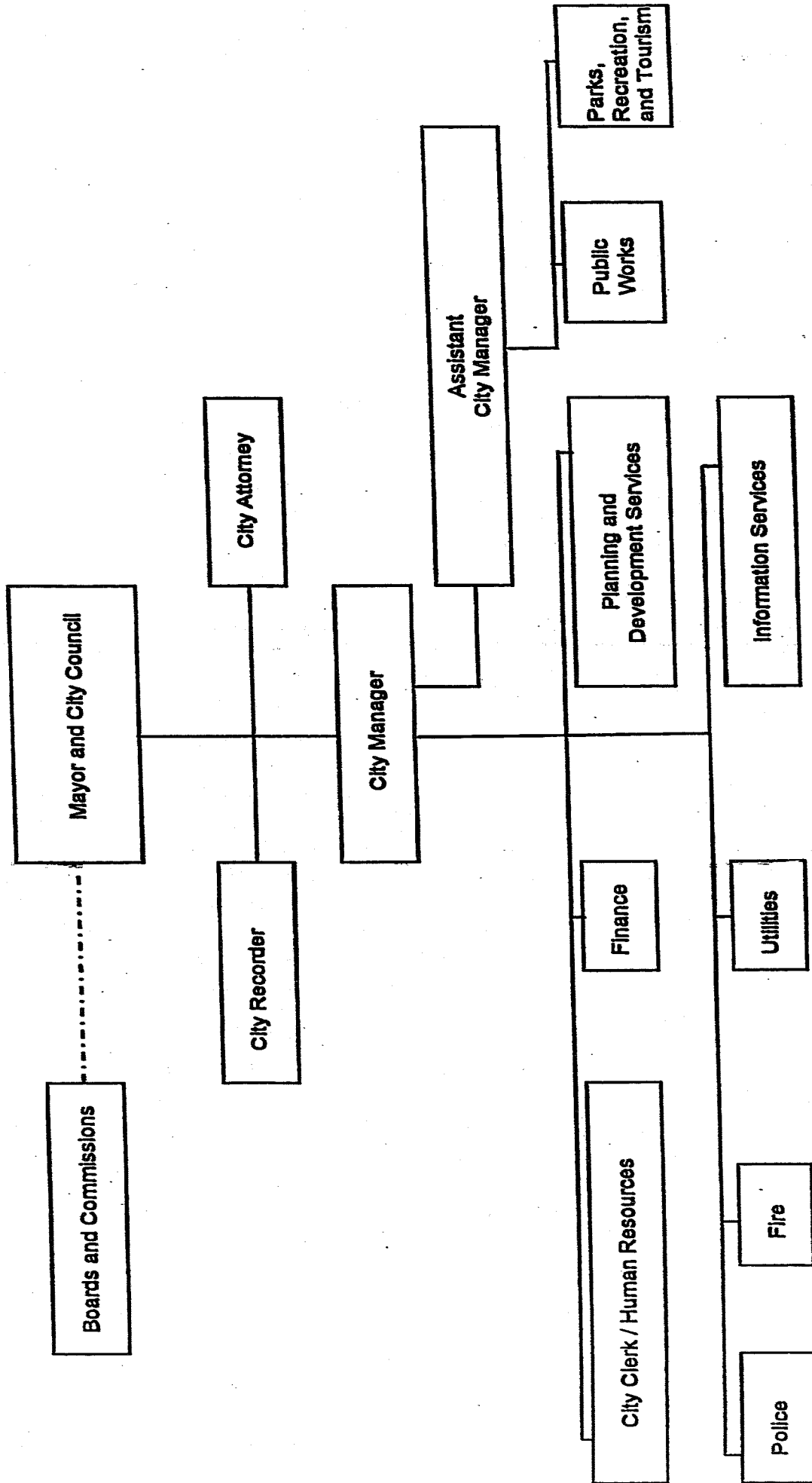


President

Executive Director

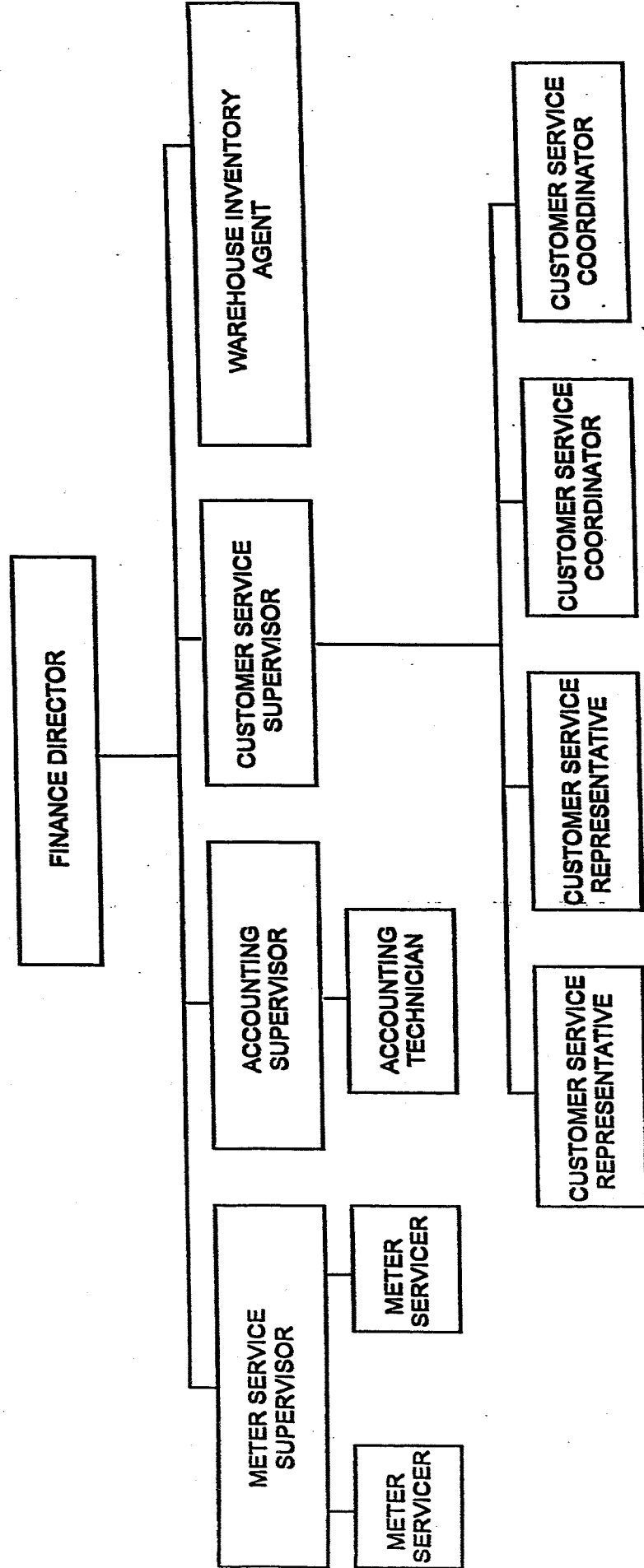
City of Newberry Organizational Chart

June 30, 2009



**City of Newberry
Finance Department
Organizational Chart**

June 30, 2009



CITY OF NEWBERRY, SOUTH CAROLINA

List of Principal Officers

June 30, 2009

<u>Title</u>	<u>Name</u>
Mayor	T. Edward Kyzer
Council Member, District 1	R. Lemont Glasgow
Council Member, District 2	G. Foster Senn, Jr.
Council Member, District 3	Zebbie D. Goudelock
Council Member, District 4	Gregg W. Summer
Council Member, District 5	Thomas Louis Boyd
Council Member, District 6	David E. Dubose
City Manager	Eric G. Budds
City Attorney	Robert C. Lake, III
City Recorder	William F. Partridge
Assistant City Manager	Jeffrey S. Shacker
City Clerk/Human Resources Director	Tina P. Wicker
Planning and Development Services Director	C. Ward Braswell
Finance Director	Marie M. Hickman
Fire Chief	Keith K. Minick
Information Services Director	Marc D. Regier
Police Chief	L. J. Swindler, Jr.
Public Works Director	Arnold D. Hiller
Parks, Recreation, and Tourism Director	Scott S. Sawyer
Utilities Director	Fred L. Yandle, Jr.

Note: Effective upon the departure of City Manager Eric G. Budds on December 18, 2009, Newberry City Council has appointed Jeffrey S. Shacker to the position of City Manager.

FINANCIAL SECTION



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Toni R. McKinley
Robert C. Cooper

INDEPENDENT AUDITOR'S REPORT

To the Mayor and City Council
City of Newberry, South Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Newberry, South Carolina as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Newberry, South Carolina's management. Our responsibility is to express opinions 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Newberry, South Carolina, as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparison for the general fund and community housing fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 21, 2009, on our consideration of the City of Newberry, South Carolina's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

To the Mayor and City Council
City of Newberry, South Carolina
Page Two

The management's discussion and analysis are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Newberry, South Carolina's basic financial statements. The introductory section, enterprise fund budgetary comparisons, combining and individual nonmajor fund financial statements and budgetary comparisons, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and budgetary comparisons have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

McKinley, Cooper & Co., LLP

August 21, 2009

Management's Discussion and Analysis

As management of the City of Newberry, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2009. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1 - 9 of this report, and the City of Newberry's financial statements and other information, which begin on page 41 of this report.

Financial Highlights

Key financial highlights for fiscal year 2009 are as follows:

- The assets of the City of Newberry exceeded its liabilities at the close of the most recent fiscal year by \$44,998,915 (net assets), an increase in comparison to the previous fiscal year of \$2,572,712 or 6.1%. Of this amount, \$13,844,375 (unrestricted net assets) may be used to meet the City's ongoing obligations to citizens and creditors.
- Revenues and other financing sources totaled \$11,299,600 and expenditures and other financing uses totaled \$10,517,516 for all governmental funds at the fund level. Accordingly, combined revenues and other financing sources exceeded expenditures and other financing uses by 7.4 percent (\$782,084). As of the close of fiscal year 2009, the City of Newberry's governmental funds reported combined ending fund balance of \$6,653,466. Approximately 99.8 percent of this total amount, \$6,643,466, is available for spending at the government's discretion (unreserved fund balance).
- At the end of fiscal year 2009, unreserved and undesignated fund balance for the general fund, the City's principal operating fund, was \$3,894,780, an increase of \$355,305 in comparison to the previous fiscal year.
- The City of Newberry's business-type activities reported net assets at year-end of \$31,764,289, an increase of 4.2 percent (\$1,280,039).

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. Please note that the City of Newberry implemented Governmental Accounting Standards Board Statement 34 (GASB 34) for the fiscal year ended June 30, 2003.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City of Newberry's finances, in a manner similar to a private-sector business.

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

The statement of activities presents information showing how the government'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).

Both of the government-wide financial statements distinguish functions of the City that are supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Newberry include general government; public safety; public works; parks, recreation, and tourism; community development; community promotions and projects; and interest on long-term debt. The business-type activity of the City of Newberry is the combined public utility system (electric, water, and sewer).

The government-wide financial statements include only the City itself (known as the primary government) because the City of Newberry has no component units. The government-wide financial statements can be found on pages 30 - 31 of this report.

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 City of Newberry, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Newberry can be divided into these categories: governmental funds, proprietary funds, and fiduciary funds. Traditional users of governmental financial statements will find the fund financial statements familiar. However, under GASB 34, the focus is on major funds, rather than fund types as in pre-GASB 34 reports.

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 and outflows

of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government'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 government'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 City maintains sixteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the community housing/development fund, and the telecommunications fund since all are considered to be major funds. Data from the other thirteen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided on pages 77 - 96 of this report. The City adopts an annual appropriated budget for most of its funds, including its general fund. Annual budgets are not adopted for the volunteer fire fund which can be used only as specified in South Carolina law and, in fiscal year 2009, for the federal equitable sharing fund which saw no activity during the period.

The basic governmental fund financial statements can be found on pages 32 - 36 of this report.

Proprietary funds. The City of Newberry maintains one enterprise fund, a type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide statements. The City of Newberry uses an enterprise fund to account for its combined public utility system, comprised of electric, water, and sewer operations which were legally combined into one combined public utility system in 1948. Proprietary funds provide the same types of information as the government-wide financial statements, only in more detail.

The basic proprietary fund financial statements can be found on pages 37 - 40 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The City of Newberry currently has no fiduciary funds.

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. The notes to the financial statements can be found on pages 41 - 61 of this report.

Other information. In addition to the basic financial statements and accompanying notes, the report also presents certain general fund budgetary comparisons on pages 65 - 76 of this report.

Other information, including combining and individual fund statements and schedules, begin on page 77 of this report. Statistical tables that provide multi-year historical data begin on page 114.

Government-wide Financial Analysis

The fiscal year 2009 comprehensive annual financial report is the seventh City of Newberry report issued in compliance with Governmental Accounting Standards Board (GASB) Statement 34. Prior to the implementation of GASB 34 in fiscal year 2003, the City was required to report funds and account groups separately, with no meaningful consolidated statements to accurately reflect the operation and net assets of the City as a whole. Under the GASB 34 model for fiscal year 2009, the government-wide statements found on pages 30 - 31 are reported using the economic resources measurement focus and the accrual basis of accounting, the common method of reporting in today's business world. Following the notes to the financial statements, report users will still find individual fund statements and combining statements in the format found in the City's previous comprehensive annual financial reports. Because of the newness of the post-GASB 34 reporting model, comparative numbers for all facets of this report are not available in the fiscal year 2009 report, particularly in the statistical section. When comparative numbers are accessible, they have been included. Comprehensive annual financial reports in years to come will contain more comparative data that will enable users greater opportunity for comparative analysis.

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Newberry, assets exceeded liabilities by \$44,998,915 for fiscal year 2009, an increase of \$2,572,712 in total net assets as compared to fiscal year 2008. Net assets are reported in three categories: Invested in capital assets, net of related debt of \$28,386,339, restricted net assets of \$2,768,201, and unrestricted net assets of \$13,844,375.

By far the largest portion of the City's net assets (63.1 percent) reflects its investment in capital assets (e.g. land, building, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City

uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Newberry's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The category of restricted net assets represents resources that are either subject to restrictions that are externally imposed or to restrictions imposed by law through constitutional provisions or enabling legislation, including enabling legislation passed by the City of Newberry. At June 30, 2009, the City had \$10,000 restricted for the Japanese Gardens permanent fund, \$1,731,291 restricted for utility system debt service, and \$1,026,910 restricted for maintenance of the utility system.

The balance of unrestricted net assets (\$13,844,375) may be used to meet the government's ongoing obligations to citizens and creditors.

The following table presents a summary of the City's net assets as of June 30, 2009, with comparative data for fiscal year 2008.

City of Newberry's Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Current and other assets	\$ 7,932,339	\$ 6,688,473	\$ 11,462,286	\$ 12,333,554	\$ 19,394,625	\$ 19,022,027
Capital assets	\$ 9,653,961	\$ 9,448,513	\$ 23,149,975	\$ 21,583,728	\$ 32,803,936	\$ 31,032,241
Total assets	\$17,586,300	\$ 16,136,986	\$ 34,612,261	\$ 33,917,282	\$ 52,198,561	\$ 50,054,268
Long-term liabilities outstanding	\$ 3,561,507	\$ 3,862,353	\$ 1,361,945	\$ 1,955,567	\$ 4,923,452	\$ 5,817,920
Other liabilities	\$ 790,167	\$ 332,680	\$ 1,486,027	\$ 1,477,465	\$ 2,276,194	\$ 1,810,145
Total liabilities	\$ 4,351,674	\$ 4,195,033	\$ 2,847,972	\$ 3,433,032	\$ 7,199,646	\$ 7,628,065
Net assets:						
Invested in capital assets, net of related debt	\$ 6,447,586	\$ 5,930,087	\$ 21,938,753	\$ 19,853,480	\$ 28,386,339	\$ 25,783,567
Restricted	\$ 10,000	\$ 10,000	\$ 2,758,201	\$ 1,634,787	\$ 2,768,201	\$ 1,644,787
Unrestricted	\$ 6,777,040	\$ 6,001,866	\$ 7,067,335	\$ 8,995,983	\$ 13,844,375	\$ 14,997,849
Total net assets	\$13,234,626	\$ 11,941,953	\$ 31,764,289	\$ 30,484,250	\$ 44,998,915	\$ 42,426,203

The following table shows a recap of revenues and expenses for fiscal year 2009, with comparative data for fiscal year 2008:

City of Newberry's Statement of Activities

	Governmental		Business-Type			
	Activities	Activities	Activities	Activities	Total	Total
	2009	2008	2009	2008	2008	2008
Revenue:						
Program revenues:						
Charges for Services	\$ 2,846,081	\$ 3,072,765	\$ 23,023,588	\$ 22,071,963	\$ 25,869,669	\$ 25,144,728
Operating grants and contributions	\$ 180,233	\$ 183,563	\$ -	\$ -	\$ 180,233	\$ 183,563
Capital grants and contributions	\$ 520,272	\$ 556,620	\$ -	\$ 132,329	\$ 520,272	\$ 688,949
General Revenues:						
Taxes	\$ 3,035,052	\$ 2,882,168	\$ -	\$ -	\$ 3,035,052	\$ 2,882,168
Grants and contributions not restricted to specific programs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other	\$ 1,892,590	\$ 2,513,458	\$ 549,847	\$ 1,968,478	\$ 2,442,437	\$ 4,481,936
Total revenues	\$ 8,474,228	\$ 9,208,574	\$ 23,573,435	\$ 24,172,770	\$ 32,047,663	\$ 33,381,344
Expenses:						
General government	\$ 1,189,122	\$ 1,314,360	\$ -	\$ -	\$ 1,189,122	\$ 1,314,360
Public safety	\$ 4,071,407	\$ 4,190,713	\$ -	\$ -	\$ 4,071,407	\$ 4,190,713
Public Works	\$ 1,538,902	\$ 1,341,670	\$ -	\$ -	\$ 1,538,902	\$ 1,341,670
Parks, Recreation, & Tourism	\$ 581,708	\$ 579,420	\$ -	\$ -	\$ 581,708	\$ 579,420
Community development	\$ 785,508	\$ 948,805	\$ -	\$ -	\$ 785,508	\$ 948,805
Community promotions and projects	\$ 148,955	\$ 183,867	\$ -	\$ -	\$ 148,955	\$ 183,867
Interest on long-term debt	\$ 130,055	\$ 156,887	\$ -	\$ -	\$ 130,055	\$ 156,887
Combined electric, water, and sewer utilities	\$ -	\$ -	\$ 21,029,294	\$ 19,981,290	\$ 21,029,294	\$ 19,981,290
Total expenses	\$ 8,445,657	\$ 8,715,722	\$ 21,029,294	\$ 19,981,290	\$ 29,474,951	\$ 28,697,012
Increase(decrease) in net assets before transfers	\$ 28,571	\$ 492,852	\$ 2,544,141	\$ 4,191,480	\$ 2,572,712	\$ 4,684,332
Transfers	\$ 1,264,102	\$ 1,209,241	\$ (1,264,102)	\$ (1,209,241)	\$ -	\$ -
Increase in net assets	\$ 1,292,673	\$ 1,702,093	\$ 1,280,039	\$ 2,982,239	\$ 2,572,712	\$ 4,684,332
Net assets, July 1	\$ 11,941,953	\$10,239,860	\$ 30,484,250	\$ 27,502,011	\$ 42,426,203	\$ 37,741,871
Net assets, June 30	\$ 13,234,626	\$11,941,953	\$ 31,764,289	\$ 30,484,250	\$ 44,998,915	\$ 42,426,203

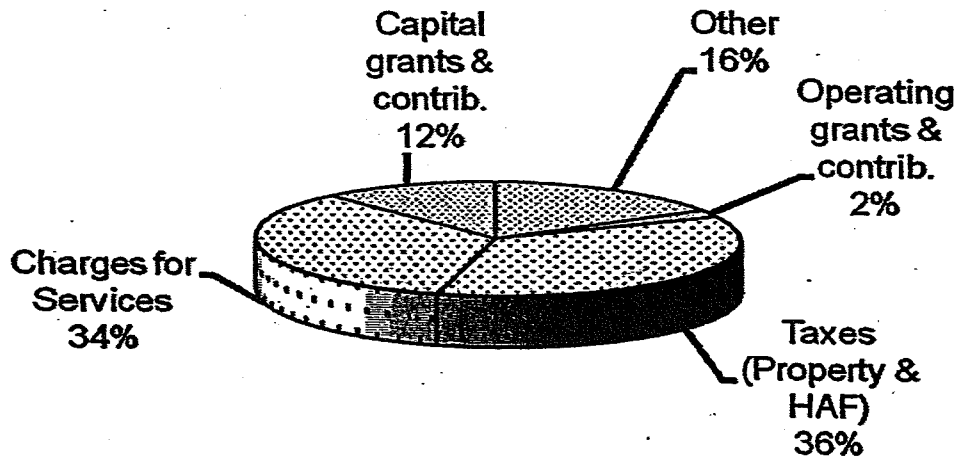
Governmental activities. Governmental activities increased the City's net assets by \$1,292,673. Compared to governmental activity expenses (\$8,445,657), tax-related revenues (\$3,035,052) covered approximately 35.9 percent, and program revenues (\$3,546,586) covered approximately 42.0 percent. Public Safety accounted for approximately 48.2 percent of all expenses in governmental activities. A major contributor to the increase in net assets was the receipt of intergovernmental contributions from the Clinton-Newberry Natural Gas Authority, reflected in the Community Housing/Development Fund and in the Telecommunications Fund, in the amount of \$521,532 for the purpose of economic and community development, for which only a few expenses

materialized in fiscal year 2009. Additionally, the City was the recipient of grants used to accomplish upgrades and projects, particularly notable in the Telecommunications Fund with a Community Development Block grant of \$450,729. All City departments continued to use budgeted funds effectively and within budget allocations, while most revenue sources met expectations, especially important as we encountered the beginning of our national economic downturn. However, signs of the effects of the economic recession were visible: (1) business license revenue was down 1.6 percent as compared to fiscal year 2008, showing a reduction for the first time in the past ten years when comparing current fiscal year to the previous fiscal year; (2) building permits and inspections showed a 33.1 percent decrease when compared to fiscal year 2008.

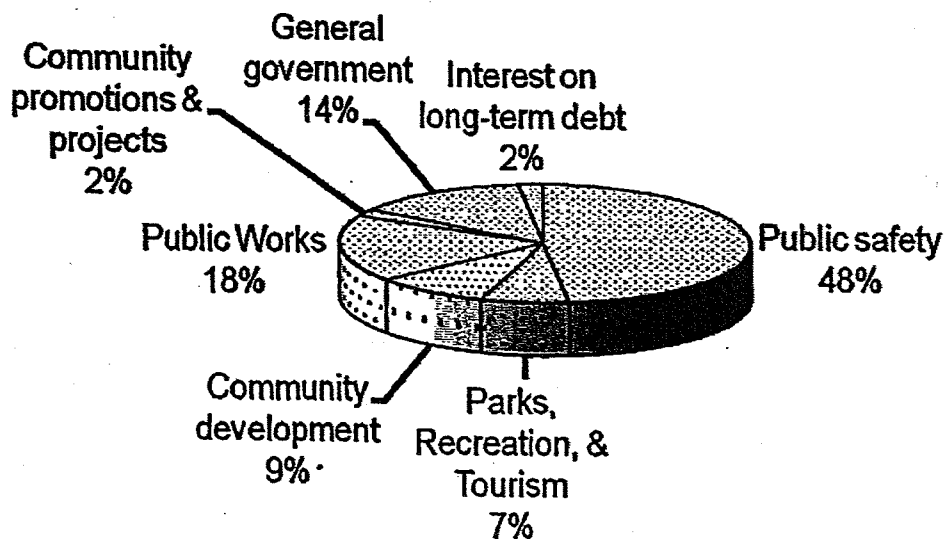
The graphs on the next page show breakdowns by percentages of governmental revenues and expenses.

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Governmental Revenues Fiscal Year 2009



Governmental Expenses Fiscal Year 2009



Business-type activities. The sole component of the City's business-type activities is the utility enterprise fund, a combined public utility consisting of electric, water, and sewer services. The total of charges for services, capital grants and contributions, and other general revenue sources at \$23,573,435 exceeded the total expenses and outgoing transfers of \$22,293,396, yielding a positive change in net assets of \$1,280,039 for fiscal year 2009. Of note is the purchase of electricity line item at \$13,773,043, which translates to 65.5 percent of all business-type expenses of \$21,029,294. The size of the purchase of electricity line item can be further appreciated by noting that this single line item is 46.7 percent of total primary government expenses.

- A major factor in the \$1,280,039 increase in net assets was the overall 4.17 percent electric rate increase and 7.50 percent sewer rate increase, both effective on the July 1, 2008 billing. The City's primary electric supplier, Piedmont Municipal Power Agency, had implemented a rate increase to the City of 4.17 percent, effective May 1, 2008.
- A small increase in units sold in fiscal year 2009 as compared to fiscal year 2008 was reflected in water cubic feet (up 2.76 percent). Small decreases in units sold were noted in treated sewer cubic feet (down 1.50 percent) and electric kilowatt-hours (down 1.17 percent).
- Fiscal year 2009 also saw the receipt of \$491,261 of Newberry County capital projects sales tax revenue for the purpose of capital upgrades/expansion at the City's wastewater treatment plant.

Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Newberry's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balance of \$6,653,466. The City's general fund, with an ending fund balance of \$4,963,913, amounts to 74.6 percent of the total ending fund balance of all governmental funds.

The general fund is the chief operating fund of the City of Newberry. At the end of fiscal year 2009, the unreserved, undesignated fund balance of the general fund was \$3,894,780, or 78.5 percent of the total fund balance in the general fund for the same fiscal year. As a measure of the general fund's liquidity, it may be useful to compare both unreserved, undesignated fund balance and total fund

balance to total fund expenditures. Unreserved, undesignated fund balance represents 51.4 percent of total general fund expenditures, while total fund balance (\$4,963,913) represents 65.5 percent of total general fund expenditures (\$7,577,935).

The unreserved, undesignated fund balance of the City's general fund increased by \$355,305 during fiscal year 2009. The City had anticipated actual use of fund balance in the amount of \$109,599 during its mid-year budget review. However, general fund revenues and other financing sources came in at 99.9 percent of budget while general fund expenditures and other financing uses ended the fiscal year at 6.0 percent under budget. The major revenue source exceeding budgetary projections was current property taxes other than vehicles (\$24,528 over budget), primarily due to better than expected collections in an uncertain economy. On the expenditure side, City Council responded to the deteriorating economic picture by instituting a general fund hiring freeze in March 2009 to control personnel costs, which represent about two-thirds of the City's general fund budgeted expenditures. Additionally, the public works street department came in \$102,563 under budget, primarily due to slower than anticipated implementation of stormwater management. Also notable were the \$86,144 under budget condition in the police department and the \$81,739 under budget condition in the employee benefits department, primarily related to personnel vacancies during the fiscal year and the hiring freeze.

Proprietary fund. As previously stated, the City of Newberry's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the combined public utility system (electric, water, and sewer operations) at the end of the fiscal year amounted to \$7,067,335, or 22.2 percent of total proprietary fund net assets in the amount of \$31,764,289. The City's largest component of proprietary fund net assets is our investment in capital assets, net of related debt, at \$21,938,753, or 69.1 percent of total net assets. Net assets restricted for debt service as compared to total net assets increased to 5.5 percent from fiscal year 2008's 1.6 percent. The City was required to establish a debt service reserve fund of \$1,262,486 for the State Revolving Fund loan closed in June 2009. More information related to the State Revolving fund loan is found under the capital assets and debt administration topic found later in this management's discussion and analysis and in the notes to the financial statements. Other factors concerning the finances of this fund have already been addressed in the discussion of the City of Newberry's business-type activities.

General Fund Budgetary Highlights

The City's original expenditure budget decreased by \$179,285 during fiscal year 2009 to reach the final expenditure budget of \$8,060,030. On the expenditure

side, the largest increase by department of \$48,991 was recorded in the city hall department, primarily due to the re-roofing of the City Hall parking structure and telephone system upgrades. The largest budgetary expenditure decrease (\$127,696) was in the fire department, primarily due the removal of expenditures related to the loss of a federal grant. On the revenue side, the largest line item budgetary change was an decrease of \$120,161 in the federal grants line item, due to the loss of the fire grant. The largest budgetary increase (\$82,516) occurred in other state receipts, due to changes in grant funds awarded. During the fiscal year, revenues and other financing sources primarily met budgetary estimates and expenditures and other financing uses were less than budgetary estimates, thus adding \$362,008 to fund balance instead of using \$109,599 from existing fund balance as had been budgeted.

Capital Assets and Debt Administration

Capital assets. Prior to implementation of GASB 34 in fiscal year 2003, the City's non-utility capital assets (including infrastructure assets such as streets, sidewalks and bridges) had not been reported nor depreciated in governmental financial statements. Under GASB 34, the City is required to value and report on all non-utility capital assets within the governmental column of the government-wide statements. In compliance with GASB 34, the City of Newberry elected to depreciate capital assets over their estimated useful life. Utility enterprise capital assets continue to be depreciated over their estimated useful life as was done under pre-GASB 34 reports. During FY 2002, the City of Newberry increased its Capital Asset Capitalization Threshold. The new definition increased the monetary threshold on non-infrastructure capital assets from \$1,000 to \$5,000 and the useful life required from 1 to 2 years. The new definition also recognized infrastructure capital assets with a higher monetary threshold of \$10,000.

At the end of fiscal year 2009, the City had a combined total of capital assets of \$32,803,936 (net of accumulated depreciation), an increase of \$1,771,695 when compared to the previous fiscal year. This investment in capital assets includes land, buildings and improvements, machinery and equipment, utility (electric, water and sewer) facilities, streets, sidewalks and bridges.

Major capital asset events during the current year include the following:

Governmental Activities

\$476,638 for construction in progress on a wireless telecommunications system

\$185,300 for a fully automated residential packer truck in the public works department

Business-type Activities

\$1,029,823 for completion of the aeration system improvements at the City's wastewater treatment plant

\$727,458 for construction in progress on the expansion of the City's wastewater treatment plant

\$511,789 on water and sewer line improvements in the Mollohon section of the City

The following table shows a recap of the City's capital assets, net of accumulated depreciation, for fiscal year 2009, with comparative data for fiscal year 2008.

City of Newberry's Capital Assets (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Land and improvements	\$ 1,864,770	\$ 1,906,799	\$ 406,807	\$ 403,814	\$ 2,271,577	\$ 2,310,613
Buildings, improvements and fixtures	\$ 5,487,402	\$ 5,624,374	\$ 1,798,667	\$ 1,868,914	\$ 7,286,069	\$ 7,493,288
Streets, sidewalks and bridges	\$ 641,041	\$ 625,955	\$ -	\$ -	\$ 641,041	\$ 625,955
Motor vehicles and equipment	\$ 908,939	\$ 1,072,709	\$ 330,891	\$ 233,807	\$ 1,239,830	\$ 1,306,516
Office furniture and equipment	\$ 56,476	\$ -	\$ 117,799	\$ 96,712	\$ 174,275	\$ 96,712
Other equipment	\$ 218,695	\$ 218,676	\$ 144,673	\$ 42,406	\$ 363,368	\$ 261,082
Traffic controls and fire alarm system	\$ -	\$ -	\$ 18,781	\$ 28,171	\$ 18,781	\$ 28,171
Street Lighting	\$ -	\$ -	\$ 103,538	\$ 120,149	\$ 103,538	\$ 120,149
Electric distribution system	\$ -	\$ -	\$ 3,060,437	\$ 3,219,652	\$ 3,060,437	\$ 3,219,652
Water distribution system	\$ -	\$ -	\$ 7,302,290	\$ 7,209,442	\$ 7,302,290	\$ 7,209,442
Sewer collection system	\$ -	\$ -	\$ 8,846,083	\$ 7,693,990	\$ 8,846,083	\$ 7,693,990
Construction in progress	\$ 476,638	\$ -	\$ 1,020,009	\$ 666,671	\$ 1,496,647	\$ 666,671
Total	\$ 9,653,961	\$ 9,448,513	\$ 23,149,975	\$ 21,583,728	\$32,803,936	\$ 31,032,241

Additional information on the City's capital assets can be found in note 5 beginning on page 48 of this report.

Debt Administration. At the end of fiscal year 2009, the City of Newberry had total debt outstanding (bonds, notes, capital leases) of \$4,417,597. No part of this amount comprises debt backed by the full faith and credit of the government.

All of the City's bonded debt represents bonds secured solely by specified revenue sources (i.e. revenue bonds and tax increment bonds).

The following table shows a recap of the City's outstanding debt for fiscal year 2009, with comparative data for fiscal year 2008:

City of Newberry's Outstanding Debt

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Tax increment financing bonds	\$ 1,357,000	\$ 1,585,000	\$ -	\$ -	\$1,357,000	\$ 1,585,000
Revenue bonds	\$ -	\$ -	\$ 1,211,222	\$ 1,826,632	\$1,211,222	\$ 1,826,632
Capital leases	\$ 1,849,375	\$ 1,947,567	\$ -	\$ -	\$1,849,375	\$ 1,947,567
Total	\$ 3,206,375	\$ 3,532,567	\$ 1,211,222	\$ 1,826,632	\$4,417,597	\$ 5,359,199

The City's total debt decreased by \$941,602 (17.6 percent) during fiscal year 2009. Newly issued capital leases totaled \$185,300 for the purchase of a fully automated residential packer truck in the public works department. Also closed in June of the fiscal year was the 2009 State Revolving fund loan in the amount of \$19,236,065, plus capitalized interest, if any, for the rehabilitation and expansion of the City's wastewater treatment plant. At June 30, 2009, the City had eligible pre-construction costs of \$1,231,847 on which it will apply in fiscal year 2010 for loan proceeds with its first construction draw under the terms of the loan agreement.

The City of Newberry was last rated by the rating agencies on its uninsured revenue debt in May 1988 and received a "Baa1" rating from Moody's Investor's Service and an "A-" from Standard and Poor's Corporation. The 2003 Combined Public Utility System Refunding Revenue Bond was issued in August 2003 and immediately paid off the 1995 State Revolving Fund Loan and, in October 2003, called and paid off the 1993 Utility Revenue Bond. The pledge for the Tax Increment Revenue (TIF) Bonds is the incremental increase in tax revenue from the tax increment district and available revenues from the Newberry Opera House Foundation, a separate non-profit corporation.

State statutes limit the amount of general obligation debt a governmental entity may issue, without a referendum, to 8 percent of its total assessed valuation. For fiscal year 2009, the debt limitation for the City is \$1,889,629, of which none is presently obligated.

Additional information on the City of Newberry's long-term debt as reported for fiscal year 2009 can be found in note 7 beginning on page 50 of this report.

Economic Factors and Next Year's Budgets and Rates

At June 30, 2009, unemployment for Newberry County stood at 13.0 percent versus 7.3 percent at June 30, 2008. In comparison, the state's unemployment rate at June 30, 2009 was 12.1 percent and the national rate was 9.5 percent. Unemployment statistics showed a marked jump from the June 2008 unemployment statistics. Downward trends reflective of the economic recession were apparent using data from the City of Newberry hospitality and accommodations fund. Hospitality gross sales decreased from \$24.031 million for the year ended June 30, 2008, to \$23.873 million for the year ended June 30, 2009. Accommodations gross sales decreased from \$2.548 million for the year ended June 30, 2008, to \$2.454 million for the year ended June 30, 2009.

The City of Newberry began the budgetary process in March 2009 at which time the downward turn in the economic forecast for fiscal year 2010 was considered. Accordingly, no employee cost of living or merit pay was budgeted. Additionally, all departments were instructed to reduce budgeted travel-related costs for fiscal year 2010 by 20%.

At June 30, 2009, unreserved and undesignated fund balance in the general fund was \$3,894,780. The City of Newberry has appropriated no use of fund balance for spending in the FY 2010 original budget. The use of fund balance is carefully monitored by City administration during the annual budgetary process to prevent dependency on one-time revenues to financially support recurring expenditures. While the City re-examines its budgetary performance at mid-year every fiscal year, the fiscal year 2010 mid-year review will be especially important due to continuing worrisome economic conditions, on the local, state, and national levels.

In the City's utility enterprise fund, City Council increased overall electric rates by approximately 5.01% and overall sewer rates by approximately 7.50%, effective on the July 1, 2009 billing. The electric rate change was necessary primarily to offset a wholesale electric cost increase to the City, and the sewer rate change was necessary to offset general cost increases and to continue preparations for the debt service associated with the expansion of the City's wastewater treatment plant. The rate increases also continued the City's goal of having each service type (electric, water, and sewer) function in a self-supporting manner. No water rate change was made.

Requests for Information

This financial report is designed to provide a general overview of the City of Newberry's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, City of Newberry, P.O. Box 538, Newberry, South Carolina 29108.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF NEWBERRY
STATEMENT OF NET ASSETS
JUNE 30, 2009

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 6,500,972	\$ 4,339,777	\$ 10,840,749
Receivables (net of allowances for uncollectibles)			
Taxes	180,869	-	180,869
Accounts	-	3,075,793	3,075,793
Intergovernmental	720,958	-	720,958
Other	96,654	16,318	112,972
Internal receivables (payable)	47,934	(47,934)	-
Inventories	29,952	1,087,963	1,117,915
Notes receivable	355,000	-	355,000
Restricted assets			
Cash and cash equivalents	-	2,758,016	2,758,016
Interest receivable	-	185	185
Note receivable - Newberry Opera House Foundation	-	57,787	57,787
Capital assets			
Land and construction in progress	1,262,258	1,340,353	2,602,611
Other capital assets, net of accumulated depreciation	8,391,703	21,809,622	30,201,325
Bond issuance cost (net of accumulated amortization)	-	174,381	174,381
Total Assets	17,586,300	34,612,261	52,198,561
Liabilities			
Accounts payable	490,687	1,412,326	1,903,013
Due to other government agencies	52,980	-	52,980
Accrued salaries and payroll liabilities	230,171	66,599	296,770
Accrued interest payable	16,329	7,102	23,431
Long-term liabilities			
Due within one year	804,122	739,608	1,543,730
Due in more than one year	2,757,385	622,337	3,379,722
Total Liabilities	4,351,674	2,847,972	7,199,646
Net Assets			
Investment in capital assets, net of related debt	6,447,586	21,938,753	28,386,339
Restricted for			
Expendable			
Debt service	-	1,731,291	1,731,291
Maintenance	-	1,026,910	1,026,910
Nonexpendable			
Permanent Fund	10,000	-	10,000
Unrestricted	6,777,040	7,067,335	13,844,375
Total Net Assets	\$ 13,234,626	\$ 31,764,289	\$ 44,998,915

The accompanying notes are an integral part of these financial statements.

**CITY OF NEWBERRY
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2009**

Activities	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		Total
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
Governmental Activities							
General Government	\$ 1,189,122	\$ 1,401,080	\$ -	\$ -	\$ 211,958	\$ -	\$ 211,958
Public safety	4,071,407	791,774	30,074	-	(3,249,559)	-	(3,249,559)
Public works	1,538,902	609,412	142,159	45,045	(742,286)	-	(742,286)
Parks, recreation, and tourism	581,708	38,420	8,000	24,498	(510,790)	-	(510,790)
Community development	785,508	-	-	450,729	(334,779)	-	(334,779)
Community promotion and projects	148,955	5,395	-	-	(143,560)	-	(143,560)
Interest on long-term debt	130,055	-	-	-	(130,055)	-	(130,055)
Total Governmental Activities	8,445,657	2,846,081	180,233	520,272	(4,899,071)	-	(4,899,071)
Business-Type Activities							
Utility system	21,029,294	23,023,588	-	-	-	1,994,294	1,994,294
Total Primary Government	<u>\$ 29,474,951</u>	<u>\$ 25,869,669</u>	<u>\$ 180,233</u>	<u>\$ 520,272</u>	<u>(4,899,071)</u>	<u>1,994,294</u>	<u>(2,904,777)</u>
General Revenues							
Taxes							
Property taxes, levied for general purposes					2,122,137	-	2,122,137
Property taxes, levied for debt service					359,737	-	359,737
Local hospitality and accommodations fee					553,178	-	553,178
Intergovernmental revenue					1,741,740	491,261	2,233,001
Interest revenue					36,020	58,586	94,606
Miscellaneous					114,830	-	114,830
Transfers					1,264,102	(1,264,102)	-
Total General Revenues and Transfers					6,191,744	(714,255)	5,477,489
Change in Net Assets					1,292,673	1,280,039	2,572,712
Net Assets, beginning					11,941,953	30,484,250	42,426,203
Net Assets, ending					\$ 13,234,626	\$ 31,764,289	\$ 44,998,915

The accompanying notes are an integral part of these financial statements.

FUND FINANCIAL STATEMENTS

CITY OF NEWBERRY
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2009

	General	Community Housing/ Development	Telecommunications Fund	Other Governmental	Totals June 30, 2009
Assets					
Cash and cash equivalents	\$ 4,875,920	\$ 703,571	\$ 229,623	\$ 691,858	\$ 6,500,972
Receivables (net of allowance for uncollectibles)					
Taxes	150,455	-	-	30,414	180,869
Intergovernmental	268,307	-	417,921	34,730	720,958
Interest and other	48,525	211	68	47,850	96,654
Notes receivable	-	355,000	-	-	355,000
Due from other funds	55,906	-	-	14,409	70,315
Inventories	29,952	-	-	-	29,952
Total Assets	\$ 5,429,065	\$ 1,058,782	\$ 647,612	\$ 819,261	\$ 7,954,720
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 55,739	\$ -	\$ 422,845	\$ 12,103	\$ 490,687
Intergovernmental	52,980	-	-	-	52,980
Accrued salaries and payroll liabilities	230,171	-	-	-	230,171
Due to other funds	4,825	-	-	17,556	22,381
Deferred revenue	121,437	355,000	-	28,598	505,035
Total Liabilities	465,152	355,000	422,845	58,257	1,301,254
Fund Balances					
Reserved for Japanese Gardens maintenance	-	-	-	10,000	10,000
Unreserved, reported in					
General fund	4,963,913	-	-	-	4,963,913
Special revenue funds - designated for future expenditures	-	703,782	224,767	501,786	1,430,335
Debt service fund	-	-	-	242,505	242,505
Permanent fund	-	-	-	6,713	6,713
Total Fund Balances	4,963,913	703,782	224,767	761,004	6,653,466
Total Liabilities and Fund Balances	\$ 5,429,065	\$ 1,058,782	\$ 647,612	\$ 819,261	7,954,720

The accompanying notes are an integral part of these financial statements.

**CITY OF NEWBERRY
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE
SHEET WITH THE STATEMENT OF NET ASSETS
JUNE 30, 2009**

Fund Balance - Governmental Funds \$ 6,653,466

Amounts reported for Governmental Activities in the Statement of
Net Assets are different because:

Capital Assets used in governmental activities are not current
financial resources and therefore are not reported in the
governmental funds.

The cost of capital assets is	16,582,491	
Accumulated depreciation is	<u>(6,928,530)</u>	9,653,961

Long-term liabilities, including bonds payable and capital lease
obligations, are not due and payable in the current period and
therefore are not reported as liabilities in the governmental funds
balance sheet. Long-term liabilities at year end consist of:

Accrued interest payable	(16,329)	
Compensated absences payable	(351,355)	
Other post-employment benefits obligation	(3,777)	
Capital lease obligations	(1,849,375)	
Revenue bonds payable	<u>(1,357,000)</u>	(3,577,836)

Deferred revenue is not a liability in governmental activities	<u>505,035</u>
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Total Net Assets - Governmental Activities	<u><u>\$ 13,234,626</u></u>
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The accompanying notes are an integral part of these financial statements.

CITY OF NEWBERRY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2009

	<u>General</u>	<u>Community Housing/ Development</u>	<u>Telecommunications Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds June 30, 2009</u>
Revenues					
Taxes	\$ 2,113,261	\$ -	\$ -	\$ 359,737	\$ 2,472,998
Licenses, permits and franchise fees	1,401,080	-	-	-	1,401,080
Fines, forfeitures and penalties	721,735	-	-	56,880	778,615
Charges for services	647,832	-	-	558,573	1,206,405
Intergovernmental	1,380,986	246,532	725,729	102,157	2,455,404
Miscellaneous	66,629	2,376	276	81,569	150,850
Total Revenues	<u>6,331,523</u>	<u>248,908</u>	<u>726,005</u>	<u>1,158,916</u>	<u>8,465,352</u>
Expenditures					
General government	940,889	-	-	-	940,889
Public safety	3,037,987	-	-	79,173	3,117,160
Public works	1,408,313	-	-	-	1,408,313
Parks, recreation, and tourism	465,227	-	-	-	465,227
Community development	-	60,598	501,538	223,372	785,508
Non-departmental	1,483,060	-	-	281,406	1,764,466
Debt service					
Principal	211,578	-	-	306,914	518,492
Interest	30,881	-	-	108,734	139,615
Total Expenditures	<u>7,577,935</u>	<u>60,598</u>	<u>501,538</u>	<u>999,599</u>	<u>9,139,670</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,246,412)</u>	<u>188,310</u>	<u>224,467</u>	<u>159,317</u>	<u>(674,318)</u>
Other Financing Sources (Uses)					
Issuance of bonds			-	1,357,000	1,357,000
Payoff of 1998 TIF Bond			-	(1,350,000)	(1,350,000)
Capital leases	185,300	-	-	-	185,300
Transfers in (out)					
General fund	-	-	-	-	-
Permanent fund	(1,550)	-	-	1,550	-
Special revenue funds	160,568	-	-	(132,722)	27,846
Utility system fund	1,264,102	-	-	-	1,264,102
Debt service fund	-	-	-	(27,846)	(27,846)
Total Other Financing Sources (Uses)	<u>1,608,420</u>	<u>-</u>	<u>-</u>	<u>(152,018)</u>	<u>1,456,402</u>
Net Change in Fund Balances	<u>362,008</u>	<u>188,310</u>	<u>224,467</u>	<u>7,299</u>	<u>782,084</u>
Fund Balances, beginning	<u>4,601,905</u>	<u>515,472</u>	<u>300</u>	<u>753,705</u>	<u>5,871,382</u>
Fund Balances, ending	<u>\$ 4,963,913</u>	<u>\$ 703,782</u>	<u>\$ 224,767</u>	<u>\$ 761,004</u>	<u>\$ 6,653,466</u>

The accompanying notes are an integral part of these financial statements.

CITY OF NEWBERRY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2009

Net Change in Fund Balances - Total Governmental Funds	\$ 782,084
<p>Amounts reported for Governmental Activities in the Statement of Activities are different because (see Note 1, also)</p> <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 expense in the Statement of Activities. This is the amount by which depreciation exceeded capital outlays in the period.</p>	
Depreciation expense	\$ (741,617)
Capital outlay	962,229
	<hr/> 220,612
The net effect of various miscellaneous transactions involving capital assets is to decrease net assets.	(15,164)
Principal payments on capital leases are expenditures in the governmental funds, but they reduce long-term liabilities in the Statement of Net Assets and do not affect the Statement of Activities.	283,492
In the Statement of Activities, compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for this item are measured by the amount of financial resources used. This is the increase in compensated absences.	(21,569)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. This is the increase in liability of other post-employment benefits.	(3,777)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	213,859
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, however, interest expense is recognized as interest accrues, regardless of when due. Interest on bonds decreased by:	9,560
Issuance of capital lease debt is reported as other financing sources in the governmental funds and thus contribute to the change in fund balance. In the Statement of Net Assets, however, issuing debt increases long-term liabilities and does not affect the Statement of Activities.	(185,300)
Deferred revenue is recorded in governmental funds as a reduction in revenue. Deferred revenue is not recorded in the Statement of Activities, therefore, revenue is different by:	<hr/> 8,876
Change in Net Assets of Governmental Activities	\$ <u>1,292,673</u>

The accompanying notes are an integral part of these financial statements.

CITY OF NEWBERRY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2009

Revenues	General Fund				Special Revenue Fund - Community Housing/Development				Special Revenue Fund - Telecommunications			
	Budgeted Amounts		Actual Amounts	Variance With Final Budget	Budgeted Amounts		Actual Amounts	Variance With Final Budget	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final			Original	Final			Original	Final		
Taxes	\$ 2,073,523	\$ 2,083,778	\$ 2,113,261	\$ 29,483	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses,permits and franchise fees	1,435,600	1,401,800	1,401,080	(720)	-	-	-	-	-	-	-	-
Fines and forfeitures	801,000	711,292	721,735	10,443	-	-	-	-	-	-	-	-
Charges for services	651,250	651,475	647,832	(3,643)	-	-	-	-	-	-	-	-
Intergovernmental	1,431,696	1,434,641	1,380,986	(53,655)	38,000	38,000	246,532	208,532	727,700	727,700	725,729	(1,971)
Miscellaneous	120,079	59,343	66,629	7,286	1,800	1,800	2,376	576	-	-	276	276
Total Revenues	6,513,148	6,342,329	6,331,523	(10,806)	39,800	39,800	248,908	209,108	727,700	727,700	726,005	(1,695)
Expenditures												
General government												
City council	75,398	72,386	68,284	4,102	-	-	-	-	-	-	-	-
City manager	239,085	237,756	234,686	3,070	-	-	-	-	-	-	-	-
Human resources	92,224	92,124	90,284	1,840	-	-	-	-	-	-	-	-
Finance	239,223	235,643	224,357	11,286	-	-	-	-	-	-	-	-
City hall	58,589	107,580	105,280	2,300	-	-	-	-	-	-	-	-
Planning and development	249,934	249,934	217,998	31,936	-	-	-	-	-	-	-	-
Public safety												
Police department	1,720,368	1,682,089	1,595,945	86,144	-	-	-	-	-	-	-	-
Justice and Law	563,853	556,672	539,388	17,284	-	-	-	-	-	-	-	-
Fire department	1,094,051	966,355	902,654	63,701	-	-	-	-	-	-	-	-
Public works												
Public works administration	141,491	140,673	127,086	13,587	-	-	-	-	-	-	-	-
Streets	619,285	650,132	547,569	102,563	-	-	-	-	-	-	-	-
Sanitation	533,487	564,374	538,477	25,897	-	-	-	-	-	-	-	-
Building maintenance	66,647	61,365	58,676	2,689	-	-	-	-	-	-	-	-
Garage	142,006	143,742	136,505	7,237	-	-	-	-	-	-	-	-
Parks, recreation, and tourism												
Parks, recreation, and tourism	438,825	473,823	465,227	8,596	-	-	-	-	-	-	-	-
Non-departmental												
General insurance	93,450	78,700	77,181	1,519	-	-	-	-	-	-	-	-
Employee benefits	1,459,376	1,338,663	1,256,924	81,739	-	-	-	-	-	-	-	-
Community promotions and projects	163,685	165,560	148,955	16,605	-	-	-	-	-	-	-	-
Community development	-	-	-	-	73,098	73,098	60,598	12,500	823,286	823,286	501,538	321,748
Capitalized lease payments	248,338	242,459	242,459	-	-	-	-	-	-	-	-	-
Total Expenditures	8,239,315	8,060,030	7,577,935	482,095	73,098	73,098	60,598	12,500	823,286	823,286	501,538	321,748
Excess (Deficiency) of Revenues Over Expenditures	(1,726,167)	(1,717,701)	(1,246,412)	471,289	(33,298)	(33,298)	188,310	221,608	(95,586)	(95,586)	224,467	320,053
Other Financing Sources (Uses)												
Capital leases	145,000	185,300	185,300	-	-	-	-	-	-	-	-	-
Transfers in (out)												
Japanese Gardens fund	(1,550)	(1,550)	(1,550)	-	-	-	-	-	-	-	-	-
State accommodations tax fund	26,750	26,750	27,068	318	-	-	-	-	-	-	-	-
Local hospitality/accommodations fund	133,500	133,500	133,500	-	-	-	-	-	-	-	-	-
Utility system	1,264,102	1,264,102	1,264,102	-	-	-	-	-	100,086	100,086	-	(100,086)
Total Other Financing Sources (Uses)	1,567,802	1,608,102	1,608,420	318	-	-	-	-	100,086	100,086	-	(100,086)
Net Change in Fund Balances	(158,365)	(109,599)	362,008	471,607	(33,298)	(33,298)	188,310	221,608	4,500	4,500	224,467	219,967
Fund Balances, beginning	4,601,905	4,601,905	4,601,905	-	515,472	515,472	515,472	-	300	300	300	-
Fund Balances, ending	\$ 4,443,540	\$ 4,492,306	\$ 4,963,913	\$ 471,607	\$ 482,174	\$ 482,174	\$ 703,782	\$ 221,608	\$ 4,800	\$ 4,800	\$ 224,767	\$ 219,967

The accompanying notes are an integral part of these financial statements.

**CITY OF NEWBERRY
PROPRIETARY FUND
STATEMENT OF NET ASSETS
JUNE 30, 2009**

Assets

Current Assets

Cash and cash investments	\$ 4,339,777
Receivables (net of allowances for uncollectibles)	
Accounts	3,075,793
Intergovernmental	2,425
Interest receivable	732
Other	13,161
Inventory	1,087,963
Restricted assets	
Cash and cash investments	642,398
Interest receivable	185

Total Current Assets	<u>9,162,434</u>
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Noncurrent Assets

Capital Assets	
Land and land improvements	437,589
Buildings and fixtures	3,484,975
Office furniture and equipment	211,010
Traffic controls and fire alarm system	185,112
Street Lighting	407,124
Other equipment	357,509
Motor vehicles and equipment	1,996,274
Electric distribution system	9,875,898
Water distribution system	15,794,290
Sewer collection system	21,274,758
Construction in progress	1,020,009

Totals	55,044,548
Less accumulated depreciation	<u>(31,894,573)</u>

Total Capital Assets	23,149,975
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Bond Issuance Cost	174,381
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Restricted Assets	
Cash and cash investments	2,115,618
Note receivable - Newberry Opera House Foundation	<u>57,787</u>

Total Noncurrent Assets	<u>25,497,761</u>
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Total Assets	<u>34,660,195</u>
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(Continued)

The accompanying notes are an integral part of these financial statements.

**CITY OF NEWBERRY
 PROPRIETARY FUND
 STATEMENT OF NET ASSETS (CONTINUED)
 JUNE 30, 2009**

Liabilities

Current Liabilities

Accounts payable	\$ 1,412,326
Accrued salaries payable	66,599
Compensated absences payable	104,127
Due to other funds	47,934
Accrued interest payable	7,102
Revenue bonds payable	<u>635,481</u>

Total Current Liabilities	<u>2,273,569</u>
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Noncurrent Liabilities

Revenue bonds payable	575,741
Compensated absences payable	44,773
Other post-employment benefit obligation	<u>1,823</u>

Total Noncurrent Liabilities	<u>622,337</u>
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Total Liabilities	<u>2,895,906</u>
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Net Assets

Invested in Capital Assets, Net of Related Debt	21,938,753
Restricted for	
Debt service	1,731,291
Maintenance	1,026,910
Unrestricted	<u>7,067,335</u>
Total Net Assets	<u><u>\$ 31,764,289</u></u>

The accompanying notes are an integral part of these financial statements.

**CITY OF NEWBERRY
 PROPRIETARY FUND
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND
 NET ASSETS
 YEAR ENDED JUNE 30, 2009**

	Business - Type Activities
	Electric, Water, and Sewer
Operating Revenues	
Charges for sales and services	\$ 22,953,012
Miscellaneous	70,576
Total Operating Revenues	<u>23,023,588</u>
Operating Expenses	
Costs of sales and services	18,536,345
Administration	532,242
Depreciation	1,820,889
Total Operating Expenses	<u>20,889,476</u>
Operating Income	<u>2,134,112</u>
Nonoperating Revenues (Expenses)	
Interest revenue	58,586
Interest expense, bank management fees and amortization	(70,140)
(Loss) on disposition of assets	(69,678)
County sales tax	491,261
Total Nonoperating Revenues (Expenses)	<u>410,029</u>
Income Before Transfers	2,544,141
Transfers In (Out)	
General fund	(1,264,102)
Change in Net Assets	1,280,039
Net Assets, beginning	<u>30,484,250</u>
Net Assets, ending	<u><u>\$ 31,764,289</u></u>

The accompanying notes are an integral part of these financial statements.

**CITY OF NEWBERRY
PROPRIETARY FUND
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2009**

Cash Flows from Operating Activities	
Receipts from customers	\$ 22,769,636
Purchase of electricity	(13,773,043)
Payments to suppliers	(3,487,144)
Payments to employees	(1,780,618)
	<hr/>
Net Cash Provided by Operating Activities	<hr/> 3,728,831
Cash Flows from Noncapital Financing Activities	
Transfers in (out)	(1,264,102)
	<hr/>
Net Cash Used in Noncapital Financing Activities	<hr/> (1,264,102)
Cash Flows from Capital and Related Financing Activities	
Capital expenses	(3,456,814)
Bond issue costs	(104,199)
County sales tax	491,261
Principal payments on bonds and notes payable	(615,410)
Interest and other fees paid	(48,571)
	<hr/>
Net Cash Used in Capital and Related Financing Activities	<hr/> (3,733,733)
Cash Flows from Investing Activities	
Interest on investments	63,606
	<hr/>
Net Cash Provided by Investing Activities	<hr/> 63,606
Net Decrease in Cash	(1,205,398)
Cash and Cash Investments, beginning	<hr/> 8,303,191
Cash and Cash Investments, ending	<hr/> <hr/> \$ 7,097,793
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating income	\$ 2,134,112
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation expense	1,820,889
Changes in assets and liabilities	
Receivables, net	(253,952)
Inventories	(18,825)
Accounts payable	2,714
Accrued expenses and due to other funds	43,893
	<hr/>
Net Cash Provided by Operating Activities	<hr/> <hr/> \$ 3,728,831

The accompanying notes are an integral part of these financial statements.

CITY OF NEWBERRY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

Note 1 – Summary of Significant Accounting Policies

The City of Newberry adopted the Council-Manager form of government in 1948. The Mayor is elected for a term of four years, and the six Council members serve four year staggered terms. City Council appoints the City Manager to serve as the City's chief administrative officer. The City Manager is responsible for implementing the policies of the City Council, directing business and administrative procedures and appointing departmental officials and certain other City employees. At present, the City Manager is assisted by nine staff departments: Economic Development under the direction of the Assistant City Manager; Fire; Police; Public Works; Utilities; Planning and Development Services; Finance; Parks, Recreation, and Tourism; and Human Resources.

The financial statements of the City of Newberry, South Carolina, have been prepared in accordance with accounting principles generally accepted in the United States of America, as applied to governmental units (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

The City's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. The Proprietary Fund applies Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

Financial Reporting Entity

The City's combined financial statements include the accounts of all City operations. The criteria for including organizations as component units within the City's reporting entity include whether: the City is able to impose its will on the organization, the organization has the potential to impose a financial benefit/burden on the City and there is fiscal dependency by the organization on the City. Based in these criteria, the City of Newberry has no component units.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the City. The effect of material interfund activity has been eliminated from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function, segment or program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and grants and standard revenues that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate fund financial statements are provided for governmental and proprietary funds. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Community Housing/Development Fund is used to account for the expenditures of certain Community Development Block Grants and other funding sources made available for the purpose of housing rehabilitation and community development.

The Telecommunications Fund is used to account for the transactions related to establishing a fiber optic and/or wireless communications system in the City.

The City reports the following major proprietary fund:

The Proprietary Fund accounts for the activities of the Electric, Water and Sewer System.

Measurement Focus, Basis of Accounting

Government-wide and Proprietary Fund Financial Statements. The government-wide and proprietary financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The City considers all revenues, except for property taxes, reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Property taxes are considered available if collected within fifteen days after

year-end. Property taxes, sales taxes, franchise taxes, licenses, and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Proprietary Fund Financial Statements. The proprietary fund distinguishes *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise fund are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the enterprise fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Budgetary Control

The City Council adopts an annual budget for the General Fund, certain Special Revenue Funds, Debt Service Funds, Proprietary Fund and Japanese Gardens Fund prior to the beginning of each fiscal year. Annual budgets are not adopted for the Federal Equitable Sharing and Volunteer Fire Special Revenue Funds. The City Manager is authorized to transfer budgeted amounts between line items within any department; however, any transfers between departments require the approval of City Council. Any revisions that alter the total expenditures of any fund must be approved by the City Council.

Budgeted amounts are reported as originally adopted and as amended by the City Council.

The Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund presents a comparison of budgetary data to actual results of operations. The General Fund utilizes the same basis of accounting for both budgetary purposes and actual results.

Cash and Investments

Cash includes amounts in demand deposits as well as short-term investments with an original maturity of three months or less when purchased.

State statutes authorize the City to invest in obligations of the U.S. Treasury and its agencies, obligations of the State of South Carolina or any of its political units, banks and savings and loan associations to the extent secured by the FDIC, certificates of deposit and repurchase agreements where the certificates or agreements are collateralized by obligations of the United States or its agencies or by obligations of the State of South Carolina or any of its political units and no load open-end or closed-end management type registered investment companies or investment trusts whose sole investments are in obligations of the U.S. Treasury and its agencies, or in obligations of the State of South Carolina or any of its political units, or in collateralized repurchase agreements.

Deposits (cash and certificates of deposit) are carried at cost, which approximates fair value.

All investments are recorded at fair value based on quoted market prices. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties. Management's intent is to hold all investments to maturity.

Inventories

Inventories in the General Fund consist of expendable supplies held for consumption and are carried on an average cost basis. They are recorded as an expenditure at the time of consumption. The inventories in the Proprietary Fund consist of supplies and are recorded on an average cost basis.

Interfund Receivables/Payables

Short-term amounts owed between funds are classified as "Due to/from Other Funds."

Restricted Assets

Certain proceeds of governmental and business-type activities revenue bonds, as well as certain resources set aside for their repayment and maintenance of capital assets, are classified as restricted assets on the statement of net assets because their use is limited by applicable bond covenants.

Capital Assets

Capital assets, which include property and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Donated capital assets are recorded at estimated fair value on the date received.

The City maintains infrastructure asset records consistent with all other capital assets. Infrastructure assets consist of streets, sidewalks and bridges recorded at historical cost estimated by consulting engineers for infrastructure acquired prior to implementation of Statement 34. The City uses a \$10,000 threshold for capitalizing infrastructure assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings and Fixtures	50 Years
Equipment	10 Years
Motor Vehicles	5 Years
Electric Distribution System	30 Years
Water Distribution System	40 Years
Sewer Collection System	40 Years
Streets, Sidewalks and Bridges	25 to 45 Years

Compensated Absences

The City's policy allows employees to accumulate unused sick leave to a maximum of eighteen work weeks and vacation leave up to a maximum of six work weeks. Upon termination, any accumulated vacation leave, will be paid to the employee. There will be no payment for unused sick leave. Accordingly, sick pay is charged to expenditures when taken.

The estimated liability for vested vacation leave attributable to the City's governmental (general fund) and business-type activities (proprietary fund) is recorded as an expense and liability in the respective funds. The estimated liabilities include required salary-related payments.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

The governmental fund types classify fund balances as follows:

Reserved

Reserved for Maintenance – portion of fund balance legally segregated for future maintenance expenditures of the Permanent Fund.

Unreserved

Designated for specific purposes – portions of fund balance designated for future expenditures of the Special Revenue Funds.

Undesignated – portion of total fund balance available for appropriation that is uncommitted at yearend.

Statement of Cash Flows

For purposes of the statement of cash flows, the City considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

Estimates

The presentation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 2 – Stewardship, Compliance and Accountability

Budgetary Information

City Council prepares its annual budget on a basis consistent with accounting principles generally accepted in the United States of America for General Fund revenues and expenditures prior to the beginning of each fiscal year. The adopted budget specifies expenditure limits appropriated to each City department. Departmental expenditures may not exceed amounts appropriated without the approval of the City Council and unexpended appropriations lapse at fiscal yearend. Budget amounts reflected in the accompanying financial statements represent the adopted budget and any revisions approved by Council during the fiscal year.

Note 3 – Deposits and Investments

The State of South Carolina General Statutes permit the City to invest in certain types of financial instruments. In addition, the State has a Local Government Investment Pool (where the fair value of the position in the pool is the same as the value of the pool shares) which invests in the types of instruments allowed under state laws.

Cash is maintained in demand deposits or savings accounts, certificates of deposits, repurchase agreements, or U.S. Government Securities. There were no deposit or investment transactions during the year that were in violation of either the state statutes or the policy of the City.

As of June 30, 2009, the City had deposits and investments as follows:

Deposits with financial institutions	\$ 10,265,921
Investments with S.C. Local Government Investment Pool	<u>3,839,988</u>
	<u><u>\$ 14,105,909</u></u>

Interest rate risk. In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting its investments to the State's investment pools which do not normally have maturity dates and can be withdrawn on demand.

Credit risk. As of June 30, 2009, in accordance with its investment policy, the City is invested with the S.C. Local Government Investment Pool as overseen by the State, which invests in instruments allowed under state laws. The Investment Pool is not rated. It's a money market type pool, which is fully collateralized, and the underlying securities are held by a third party bank for the pool.

Concentration of credit risk. The City's investment policy currently does not involve investment in any individual issuers.

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's policy is that all deposits in excess of federal insurance amounts be collateralized with securities held by the pledging financial institution's trust department or agent in the City's name. As of June 30, 2009, all deposits are either insured or fully collateralized.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. In accordance with its investment policy, the City invests in the state investment pool which is not subject to custodial risk.

Note 4 – Receivables

Current receivables at June 30, 2009, consist of the following:

	Governmental Activities	Business-Type Activities
Receivables		
Property taxes	\$ 222,843	\$ -
Accounts	-	1,824,038
Unbilled accounts	-	1,609,279
Intergovernmental	720,958	2,425
Interest and other	96,654	13,893
	<hr/>	<hr/>
Gross receivables	1,040,455	3,449,635
Less		
Allowance for uncollectibles	(41,974)	(357,524)
	<hr/>	<hr/>
Net Receivables	\$ 998,481	\$ 3,092,111

Property tax is levied on the assessed value listed for all real and personal property owned on December 31 of each year. Liens attach to the property at that time. 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 – 3% of the property taxes
February 2 through March 16 – additional 7% of the property taxes
March 17 and thereafter – additional 5% of the property taxes

Current year real property taxes become delinquent on January 16. 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. Properties are listed with the Newberry County Auditor. These liens are for taxes assessed or to be assessed by the City for the year of assessment. A reserve is established for property taxes which have not been collected in four years.

Only a portion of the taxes uncollected at June 30, 2009, are considered available to liquidate current liabilities. The amounts collected within fifteen days after June 30 are considered to be available to liquidate current liabilities. Therefore, a deferred revenue account has been provided equal to the delinquent accounts in excess of the fifteen day period on the balance sheet of the governmental funds.

Note 5 – Capital Assets

Capital asset activity for the year ended June 30, 2009, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 785,620	\$ -	\$ -	\$ 785,620
Construction in progress	-	476,638	-	476,638
Total Capital Assets Not Being Depreciated	785,620	476,638	-	1,262,258
Capital assets being depreciated:				
Land improvements	1,508,350	7,046	-	1,515,396
Buildings	7,108,000	39,601	-	7,147,601
Motor vehicles and equipment	4,027,648	297,467	(96,895)	4,228,220
Office furniture and equipment	99,988	56,950	(38,393)	118,545
Other equipment	600,309	39,482	-	639,791
Streets, sidewalks and bridges	1,625,635	45,045	-	1,670,680
Total Capital Assets Being Depreciated	14,969,930	485,591	(135,288)	15,320,233
Less accumulated depreciation				
Land improvements	387,171	49,075	-	436,246
Buildings	1,483,626	176,573	-	1,660,199
Motor vehicles and equipment	2,954,939	446,072	(81,730)	3,319,281
Office furniture and equipment	99,988	475	(38,394)	62,069
Other equipment	381,633	39,463	-	421,096
Streets, sidewalks and bridges	999,680	29,959	-	1,029,639
Total Accumulated Depreciation	6,307,037	741,617	(120,124)	6,928,530
Total Capital Assets Being Depreciated, Net	8,662,893	(256,026)	(15,164)	8,391,703
Governmental Activity Capital Assets, Net	\$ 9,448,513	\$ 220,612	\$ (15,164)	\$ 9,653,961

Note 5 – Capital Assets (Continued)

	Beginning Balances	Increases	Decreases	Ending Balances
Business - Type Activities				
Utility Proprietary Fund				
Capital assets not being depreciated				
Land	\$ 320,344	\$ -	\$ -	\$ 320,344
Construction in progress	666,671	970,753	(617,415)	1,020,009
Total Capital Assets Not Being Depreciated	987,015	970,753	(617,415)	1,340,353
Capital assets being depreciated				
Land improvements	110,884	6,361	-	117,245
Buildings	3,508,489	43,667	(67,181)	3,484,975
Motor vehicles and equipment	1,819,055	247,386	(70,167)	1,996,274
Office furniture and equipment	206,734	28,889	(24,613)	211,010
Traffic Controls	185,112	-	-	185,112
Street Lighting	406,044	1,080	-	407,124
Other equipment	237,403	120,106	-	357,509
Electric distribution system	9,678,928	196,970	-	9,875,898
Water distribution system	15,290,157	550,633	(46,500)	15,794,290
Sewer collection system	19,802,717	1,908,383	(436,342)	21,274,758
Total Capital Assets Being Depreciated	51,245,523	3,103,475	(644,803)	53,704,195
Less accumulated depreciation				
Land improvements	27,414	3,368	-	30,782
Buildings	1,639,575	100,789	(54,056)	1,686,308
Motor vehicles and equipment	1,585,248	150,302	(70,167)	1,665,383
Office furniture and equipment	110,022	7,802	(24,613)	93,211
Traffic Controls	156,941	9,390	-	166,331
Street Lighting	285,895	17,691	-	303,586
Other equipment	194,997	17,839	-	212,836
Electric distribution system	6,459,276	356,185	-	6,815,461
Water distribution system	8,080,715	457,663	(46,378)	8,492,000
Sewer collection system	12,108,727	699,860	(379,912)	12,428,675
Total Accumulated Depreciation	30,648,810	1,820,889	(575,126)	31,894,573
Total Capital Assets Being Depreciated, Net	20,596,713	1,282,586	(69,677)	21,809,622
Business-Type Activities Capital Assets, Net	\$ 21,583,728	\$ 2,253,339	\$ (687,092)	\$ 23,149,975

Depreciation expense was charged to functions as follows:

General Government	\$ 223,121
Public Safety	276,304
Public Works	203,440
Recreation	<u>38,752</u>
Total	<u><u>\$ 741,617</u></u>

Depreciation of general infrastructure assets (streets, sidewalks and bridges) in the amount of \$97,541 was included in the public works function.

At June 30, 2009, the City had outstanding construction and purchase commitments. The business-type activity commitment was \$107,787 for utility construction and \$16,685 purchase commitments relating to utility expenses. The general government activity commitment was \$19,000 for purchase commitments relating to the Community Development Fund.

Note 6 – Notes Receivable

Governmental Activities

The City issued a loan of \$330,000 to Newberry Hospital, LLC, a North Carolina limited liability company. The note is non-interest bearing and is to be repaid in annual payments commencing on the December 31 following the thirty-first anniversary of the completion date of the Newberry Senior Housing Apartments, and continuing on each December 31, thereafter. Annual payments will be determined based on certain cash flow factors at the payment date.

The City also issued a loan of \$25,000 to Newberry Hospital, LLC. The note is non-interest bearing and is to be repaid in full on the December 31 following the fifty-first anniversary of the completion date of the Newberry Senior Housing Apartments.

Business-Type Activities

The City issued a loan to the Newberry Opera House Foundation during the year ended June 30, 2000. The loan is at 0% interest and payable on demand. At June 30, 2009, the balance of the note receivable is \$57,787.

Note 7 – Long-Term Debt

General Obligation Bonds

The City may issue general obligation bonds to provide funds for the acquisition and construction of major capital facilities.

General obligation bonds are direct obligations and pledge the full faith and credit of the City. The City had no outstanding general obligation bonds at June 30, 2009.

Compensated Absences

The City reports a liability for compensated absences representing paid time off made available to employees in connection with vacation leave, sick leave and similar benefits. The general fund is used to liquidate compensated absences incurred in governmental activities.

Utility System Revenue Bonds

The City also issues bonds and notes where the City pledges income derived from the acquired or constructed assets to pay debt service.

There are a number of limitations and restrictions contained in the various revenue bond ordinances. The City is in compliance with all significant limitations and restrictions.

On August 11, 2003, the City issued \$3,585,100 in refunding revenue bonds at a 2.94% interest rate. Proceeds of these bonds plus excess amounts held by the City in debt service accounts were used to payoff the 1996 SRF Notes and were used to call the 1993A bonds on October 1, 2003. As a result of advance refunding, the City reduced its total debt service requirements by \$606,985 which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$261,957.

On December 20, 2007, the City issued \$380,000 combined Public Utility System Revenue Bond, series 2007 at a 3.42% interest rate for the purpose of providing financing related to its combined Public Utility System.

On June 24, 2009, the City of Newberry closed on the Combined Public Utility System Revenue Bond, Series 2009, a State Revolving Fund loan, in the amount of \$19,236,065. The purpose of the loan is to finance the rehabilitation and expansion of the City's wastewater treatment plant. The Payment Initiation Date will be September 1, 2011. Repayment of the principal and interest shall be due in 80 quarterly installments, with the first payment due date scheduled for December 1, 2011. The loan bears interest at 2.83% per annum blended. The City may request that the loan amount be increased by including in principal on the Payment Initiation Date the interest which has accrued on amounts theretofore advanced from the State Revolving Fund. At June 30, 2009, the City has eligible pre-construction costs totaling \$1,231,847, on which it will apply for loan proceeds with its first construction draw under the terms of the loan agreement. No liability is recorded by the City at June 30, 2009, because no proceeds have been received as of June 30, 2009.

Arbitrage provisions of the Internal Revenue Tax Act of 1986 require the City to rebate excess arbitrage earnings from bond proceeds to the federal government. As of June 30, 2009, the City did not have any excess arbitrage earning to be included in accounts payable of the Proprietary Fund.

Capital Lease Obligations

The City leases street maintenance and sanitation equipment and fire trucks through capital leasing arrangements. The assets are recorded as capital assets and as long-term liabilities of governmental activities.

The following is an analysis of leased assets included in capital assets:

Motor Vehicles and Equipment	\$ 1,439,112
Less Accumulated Depreciation	<u>(844,623)</u>
	<u><u>\$ 594,489</u></u>

The future minimum lease obligations for equipment as of June 30, 2009, were as follows:

<u>Year Ending June 30,</u>	
2010	\$ 258,138
2011	208,089
2012	153,622
2013	97,843
2014	73,245
2015	<u>73,244</u>
Total Minimum Lease Obligation	864,181
Less Amount Representing Interest	<u>(69,600)</u>
Present Value of Minimum Lease Payments	<u><u>\$ 794,581</u></u>

The City has entered into a lease/purchase financing agreement with a financial institution for the financing of construction renovation to the fire station that formerly served the downtown area of the City in order to convert this facility into a conference center. The lease/purchase agreement stipulates that debt service is designated to be paid from the City's Local Hospitality and Accommodations Tax. The obligation is secured by the conference center facility. Terms of the agreement require annual payments of \$114,689 for 15 years at 3.91% interest beginning December 17, 2005. The following is a schedule of future minimum lease payments and the present value of the net minimum lease payments:

<u>Year ending June 30,</u>	<u>Governmental Activities</u>
2010	\$ 114,689
2011	114,689
2012	114,689
2013	114,689
2014	114,689
Thereafter	<u>735,922</u>
Total Minimum Lease Payments	1,309,367
Less Amount Representing Interest	<u>(254,573)</u>
Present Value of Future Minimum Lease Payments	<u><u>\$ 1,054,794</u></u>

Special Assessment Debt

The City entered into a 25 year lease agreement with the Newberry Opera House Foundation in 1996, which authorized the Foundation to renovate the City's historic Opera House property and to mortgage the City's Opera House in order to borrow money for the renovations. During fiscal year 1999, the City issued \$3,250,000 in Tax Increment

Revenue Bonds (TIF), Series 1998 at 4.9%, repayable over 15 years to pay off the construction loan, to pay for the costs of the bond issuance and to make certain utility improvements.

In August, 2008, the City issued \$1,357,000 Tax Increment Revenue Refunding Bond, Series 2008, for the purpose of refinancing the 1998 Tax Increment Revenue Bonds. Net proceeds of the issuance were \$1,350,000. The bond bears interest at a fixed rate of 3.61% per annum and will be payable on March 1 and September 1 of each year beginning March 1, 2009. Principal shall be payable each September 1 beginning September 1, 2009, through September 1, 2013 in payments ranging from approximately \$262,000 to \$282,000. The Tax Increment Revenue Bonds, Series 2008 are repaid from revenues generated by operation of the Newberry Opera House Foundation and by tax revenues generated by a special Newberry Downtown Redevelopment Area.

At June 30, 2009, the City had available \$0 to defray the special assessment debt obligation. The full faith, credit, and taxing powers of the City were not pledged for the repayment of these bonds.

During the year ended June 30, 2001, the City began assessing an additional 2% fee on meals and lodging within the City in order to help, when needed, repay the TIF bonds issued in 1998 and 2008. For the year ended June 30, 2009, \$553,178 in fees were collected.

At June 30, 2009, the City has recorded the outstanding TIF bond in the governmental activities long-term liabilities and the comparable renovations to the Opera House in capital assets since the City retains legal ownership of the property.

Changes in long-term liabilities for the year ended June 30, 2009, are as follows:

	July 1, 2008	Increases	Decreases	June 30, 2009	Due Within One Year
Governmental Activities					
Compensated Absences	\$ 329,786	\$ 257,006	\$ (235,437)	\$ 351,355	\$ 235,438
Net Other Post-Employment Benefit Obligation	-	3,777	-	3,777	-
Capital Lease Obligations	1,947,567	185,300	(283,492)	1,849,375	306,913
Special Assessment Debt	1,585,000	1,357,000	(1,585,000)	1,357,000	261,771
Total	\$ 3,862,353	\$ 1,803,083	\$ (2,103,929)	\$ 3,561,507	\$ 804,122
Business-Type Activities					
Compensated Absences	\$ 128,935	\$ 124,092	\$ (104,127)	\$ 148,900	\$ 104,127
Other Post-Employment Benefit Obligation	-	1,823	-	1,823	-
Refunding Revenue Bonds, Series 2003	1,454,462	-	(581,659)	872,803	600,561
Revenue Bonds, Series 2007	372,170	-	(33,751)	338,419	34,920
Total	\$ 1,955,567	\$ 125,915	\$ (719,537)	\$ 1,361,945	\$ 739,608

The following schedules reflect future principal and interest requirements of the City's outstanding bonds at June 30, 2009.

CITY OF NEWBERRY
Total Principal and Interest Requirement
of All Outstanding Special Assessment Bonds

Tax Increment Revenue Bonds, Series 2008			
Fiscal Year	Fiscal Year Principal Due	Fiscal Year Interest Due	Total Principal and Interest Due
2010	\$ 261,771	\$ 44,263	\$ 306,034
2011	266,503	34,727	301,230
2012	271,313	25,019	296,332
2013	276,210	15,137	291,347
2014	281,203	5,076	286,279
Total	\$ 1,357,000	\$ 124,222	\$ 1,481,222

Note 1: All principal payments are due September 1 of each year, with the aggregate interest payments stated above divided between September 1 and March 1 payment date.
Original Principal: \$1,357,000 (Dated 8-13-08)

CITY OF NEWBERRY
Total Principal and Interest Requirement
of All Outstanding Combined Public Utility Revenue Bonds

Fiscal Year	Revenue Bonds, Series 2007 (1)			Refunding Revenue Bonds, Series 2003 (2)			Grand Total, Series 2007 and Series 2003		
	Fiscal Year Principal Due	Fiscal Year Interest Due	Total Principal and Interest Due	Fiscal Year Principal Due	Fiscal Year Interest Due	Total Principal and Interest Due	Grand Total Fiscal Year Principal Due	Grand Total Fiscal Year Interest Due	Grand Total Total Principal and Interest Due
2010	\$ 34,920	\$ 11,129	\$ 46,049	\$ 600,561	\$ 16,832	\$ 617,393	\$ 635,481	\$ 27,961	\$ 663,442
2011	36,130	9,920	46,050	217,969	4,800	222,769	254,099	14,720	268,819
2012	37,382	8,668	46,050	54,273	798	55,071	91,655	9,466	101,121
2013	38,677	7,373	46,050	-	-	-	38,677	7,373	46,050
2014	40,016	6,033	46,049	-	-	-	40,016	6,033	46,049
2015	41,403	4,647	46,050	-	-	-	41,403	4,647	46,050
2016	42,837	3,213	46,050	-	-	-	42,837	3,213	46,050
2017	44,321	1,729	46,050	-	-	-	44,321	1,729	46,050
2018	22,733	292	23,025	-	-	-	22,733	292	23,025
Total	<u>\$ 338,419</u>	<u>\$ 53,004</u>	<u>\$ 391,423</u>	<u>\$ 872,803</u>	<u>\$ 22,430</u>	<u>\$ 895,233</u>	<u>\$ 1,211,222</u>	<u>\$ 75,434</u>	<u>\$ 1,286,656</u>

These bonds are the responsibility of the Utility Enterprise Fund.

Note 1: Principal and interest payments are due January 1, April 1, July 1, and December 1 of each year.

Original Principal: \$380,000 (Dated 12-20-07)

Note 2: All principal payments are due October 1, of each year, with the aggregate interest payments stated above divided between October 1 and April 1 payment date.

Original Principal: \$3,585,100 (Dated 8-11-03)

Note 3: On June 24, 2009, the City of Newberry closed on a State Revolving Fund loan in the amount of \$19,236,065. The Payment Initiation Date will be September 11, 2011. Repayment of the principal and interest shall be due in 80 quarterly installments, with the first payment due date scheduled for December 1, 2011. No proceeds have been received under the terms of the loan agreement as of June 30, 2009.

Note 8 – Interfund Receivables, Payables, and Transfers

At June 30, 2009, interfund receivables and payables resulting from various interfund transactions were as follows:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 55,906	\$ 4,825
Special Revenue Funds		
Streetscape	-	1,500
Cultural Arts	-	4,557
Victim's Rights	4,825	-
Accommodations Tax	-	11,181
Tourism	9,584	-
NANU	-	318
Proprietary Fund - Unrestricted	-	47,934
Total	<u><u>\$ 70,315</u></u>	<u><u>\$ 70,315</u></u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Interfund transfers for the year ended June 30, 2009 were as follows:

	<u>Transfer In</u>			
Transfer Out:	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Permanent Fund</u>	<u>Total</u>
General Fund	\$ -	\$ -	\$ 1,550	\$ 1,550
Proprietary Funds	1,264,102	-	-	1,264,102
Special Revenue Funds	160,568	-	-	160,568
Debt Service Funds	-	27,846	-	27,846
	<u><u>\$ 1,424,670</u></u>	<u><u>\$ 27,846</u></u>	<u><u>\$ 1,550</u></u>	<u><u>\$ 1,454,066</u></u>

Transfers are used to (1) move revenues from the fund with collection authorization to the debt service fund as debt service principal and interest payments become due, (2) move unrestricted general fund revenues to finance various programs that the government accounts for in other funds, (3) move revenues from the utility system to the general government to forestall need for tax increases and to finance various programs benefiting the utility system that the government accounts for in other funds, (4) move tourism related revenues from collecting fund to the expending fund due to legal constraints, or to (5) move other unrestricted revenues to the general fund.

Note 9 – Contingent Liabilities and Commitments

The City has participated in a number of federally assisted grant programs, principally Community Development Block Grant programs. Grantor agencies reserve the right to perform certain audit work in addition to the work performed by the City's independent auditors. Disallowed costs, if any, resulting from such additional work, would have to be incurred by the City. Management does not believe that any significant costs will be incurred by the City if such additional work should occur.

The City, on behalf of the Proprietary Fund, has entered into a long-term agreement to purchase electrical power from the Piedmont Municipal Power Agency (PMPA), a governmental corporation organized under an act of the State of South Carolina. The agreement expires in 2035 depending on certain contingencies. PMPA's generating capacity is committed to a group of municipalities, who have their own electrical utility operations, of which the City is a participant. Any excess energy is sold on the open market. The City is committed to purchase all electric power from PMPA, with the exception of the City's Southeastern Power Administration's allotment, and has pledged its electric system revenues as security for this commitment to PMPA over the term of the agreement. In fiscal year 2009, the cost of power purchased amounted to \$13,773,043. Because of the nature of the agreement, the aggregate commitments over future years cannot be determined.

During 2007, the City has entered into an agreement with The School District of Newberry County for the lease of athletic facilities on the Newberry High School campus in order to supplement the existing facilities and programs of the City. The rent for the term of the lease is \$1 plus certain facility improvements funded by the City in the amount of approximately \$8,000. The lease expires May 31, 2027.

Note 10 – Deferred Compensation Plan

Two optional deferred compensation plans are available to City employees. The plans were created under Internal Revenue Code Sections 457 and 401(k). Employees may withdraw the current value of their contributions when they terminate employment. With approval of the State of South Carolina's Deferred Compensation Commission, employees may also withdraw the current value of their contributions prior to termination of employment if they meet certain requirements.

The requirements differ among the two plans. Compensation deferred under the plans is placed in trust with the State for the contributing employees. The City and State have no liability for losses under the plans.

Note 11 – Post-Employment HealthCare Benefits

Retired employees and survivors are allowed to participate in the health, dental and life insurance programs. The monthly cost of this participation as billed to the City by the State of South Carolina Employee Insurance Program is paid entirely by the retiree or survivor.

Note 12 – Post-Employment HealthCare Plan

Plan Description and Funding Policy

The City is a participant in the State of South Carolina Health Plan for medical and dental coverage, and eligible retirees and their spouses are allowed to continue coverage in accordance with the City of Newberry Other Postemployment Benefits (OPEB) Substantive Plan, a single-employer defined benefit plan. It is the City's policy to periodically review its medical and dental coverage in order to provide the most favorable yet affordable benefits and premiums for City employees and retirees.

The State of South Carolina Health Plan blends the experience of actives and retirees, including spouses and dependents, in determining premiums. Retirees are required by the City to bear both the City share and the participant share of premiums at the blended rate for any coverages elected. As a result, the retirees receive an implicit rate subsidy. The required contributions are based on projected pay-as-you-go financing requirements. For fiscal year 2009, the City contributed \$26,200 to the plan. As of July 1, 2008, there were approximately 10 retirees and 2 spouses receiving health benefits from the City's plan. The City's plan does not issue a stand-alone financial report.

Annual OPEB Cost and Net OPEB Obligation

The City's annual other postemployment benefit cost is calculated based on the City's annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities or funding excess over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost of the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation to the plan.

Annual required contribution	\$31,800
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
<hr/>	
Annual OPEB cost	\$31,800
Contributions made	\$26,200
Increase in net OPEB obligation	\$ 5,600
<hr/>	
Net OPEB obligation – beginning of the year	-
Net OPEB obligation – end of the year	\$ 5,600

The net OPEB obligation by percentage of covered payroll per major fund is as follows:

General Fund (.6744)	\$3,777
Utility Enterprise (.3256)	\$1,823

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009 was as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
06/30/2009	\$31,800	82.4%	\$5,600

Funded Status and Funding Progress

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples included assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits and is presented below:

Actuarial Valuation Date	7/1/2007
Actuarial Value of Assets	\$ -
Actuarial Accrued Liability (AAL)	\$ 434,000
Unfunded AAL (UAAL)	\$ 434,000
Funded Ratio	0.0%
Covered Payroll	\$5,191,000
UAAL as a Percentage of Covered Payroll	8.4%

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities, consistent with the long-term perspective of the calculations.

The following table summarized actuarial methods and assumptions used:

Valuation Date	July 1, 2007
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Payroll
Amortization Period	30 years
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Investment Rate of Return	4.5% annual return net of both administrative and investment related expenses
Health Cost Trend Assumption	11.0% to 5.0% in 0.5% annual steps
Payroll Growth	3.0% per year

Note 13 – Employee Retirement Systems

The City provides pension benefits for all full-time employees through the South Carolina Retirement System, a cost-sharing multiple-employer defined benefit pension plan. The City participates in the following plans:

South Carolina Retirement System (SCRS) membership is composed of full-time general employees who do not belong to the other retirement plans.

Police Officer Retirement System (PORS) membership is composed of full-time employees whose principal duties are the preservation of public order, protection or prevention and control of property destruction by fire.

All full-time employees of the City of Newberry are members of either the SCRS or the PORS.

The South Carolina Retirement System (SCRS) and the Police Officers Retirement System (PORS) are cost sharing, multi-employer defined benefit pension plans administered by the South Carolina Retirement Systems, a Division of the State Budget and Control Board. The State Optional Retirement Program (ORP) is a defined contribution plan that is offered as an alternative to certain state, public school, and higher education employees. State ORP participants direct the investment of their funds into a plan administered by one of four investment providers. The SCRS assumes no liability for State ORP benefits, as they are the liability of the investment providers and are governed by the terms of contracts issued by them.

Both the SCRS and PORS offer retirement, disability, survivor, and group life insurance benefits to eligible member or beneficiaries. Group life insurance benefits are also available to active State ORP participants. Each July 1, beginning July 1, 2008, eligible retired members of the SCRS and the PORS receive an automatic cost-of-living adjustment (COLA) of up to 2 percent if the Consumer Price Index (CPI) as of the previous December 31 is at least 2%. If the CPI increase is less than 2%, the COLA will equal the actual increase in the CPI. The State Budget and Control Board, as trustees of the state's pension trust funds, may approve an additional ad hoc COLA, up to a total COLA of 4%, only if certain funding guidelines have been met. The Plans' provisions are established under Title 9 of the SC Code of Laws which requires both employees and employers to contribute to the Plans.

The SCRS plan members are required to contribute 6.5% of their earnable compensation to the plan. The City is required to contribute 9.24% of participant salary to provide retirement benefits and .15% of participant salary to provide group life benefits. The PORS plan members are required to contribute 6.5% of their earnable compensation to the plan. The City is required to contribute 10.65% of participant salary to provide retirement benefits, .2% to provide accidental death benefits and .2% to provide group life benefits.

The required contributions and percentages of amounts contributed for the three latest available years were as follows:

Fiscal Period	SCRS		PORS	
	Required	Percent Contributed	Required	Percent Contributed
2009	\$ 365,473	100%	\$ 210,366	100%
2008	332,799	100%	204,131	100%
2007	271,898	100%	192,209	100%

A Comprehensive Annual Financial Report (CAFR) containing financial statements and required supplementary information for the SCRS and PORS is publicly available on the South Carolina Retirement System's website at www.retirement.sc.gov, or a copy may be obtained by submitting a request to the South Carolina Retirement Systems, P.O. Box 11960, Columbia, SC 29211-1960.

Note 14 – Risk Management and Retention

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered through participation in an insurance purchasing public entity risk pool sponsored by the South Carolina Municipal Association. The City pays an annual premium to the pool and may be subject to supplemental premium assessment should pool claims exceed certain levels. Pool claims have not exceeded those levels in any of the past four years.

The City participates in the health insurance plan provided by the State of South Carolina to its employees. The City is responsible for collecting/paying premiums set by the State to the State for this insurance coverage. There is no other potential financial liability for the City.

There have been no significant reductions in insurance coverage during the fiscal year ended June 30, 2009.

Note 15 – Subsequent Events

Subsequent events have been evaluated through October 20, 2009, which is the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

NONMAJOR GOVERNMENTAL FUNDS

CITY OF NEWBERRY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2009
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2008)

	Special Revenue	Debt Service	Permanent	Total June 30, 2009	Total June 30, 2008
Assets					
Cash and investments	\$ 440,251	\$ 234,919	\$ 16,688	\$ 691,858	\$ 567,960
Property taxes receivable, net	-	30,414	-	30,414	122,849
Fees receivable	47,730	-	-	47,730	54,452
Due from other governments	34,730	-	-	34,730	97,958
Interest and other	95	-	25	120	476
Due from other funds	14,409	-	-	14,409	17,179
Total Assets	\$ 537,215	\$ 265,333	\$ 16,713	\$ 819,261	\$ 860,874
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 12,103	\$ -	\$ -	\$ 12,103	\$ 7,092
Retainage payable	-	-	-	-	8,160
Deferred revenue	5,770	22,828	-	28,598	21,391
Due to other funds	17,556	-	-	17,556	70,526
Total Liabilities	35,429	22,828	-	58,257	107,169
Fund Balances					
Reserved for					
Japanese Gardens maintenance	-	-	10,000	10,000	10,000
Unreserved					
Undesignated	-	242,505	6,713	249,218	195,067
Designated for future expenditures	501,786	-	-	501,786	548,638
Total Fund Balances	501,786	242,505	16,713	761,004	753,705
Total Liabilities and Fund Balances	\$ 537,215	\$ 265,333	\$ 16,713	\$ 819,261	\$ 860,874

CITY OF NEWBERRY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2009
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2008)

	Special Revenue	Debt Service	Permanent	Total June 30, 2009	Total June 30, 2008
Revenues					
Property taxes	\$ -	\$ 359,737	\$ -	\$ 359,737	\$ 327,691
Charges for services	558,573	-	-	558,573	560,546
Intergovernmental	79,515	22,642	-	102,157	680,647
Fines, forfeitures and penalties	56,880	-	-	56,880	90,737
Donations	1,750	-	-	1,750	7,000
Rental and other	77,761	-	-	77,761	65,101
Interest	1,620	246	192	2,058	15,293
Total Revenues	776,099	382,625	192	1,158,916	1,747,015
Expenditures					
Public safety	79,173	-	-	79,173	70,928
Community development	221,961	-	1,411	223,372	868,805
Non-departmental	274,406	7,000	-	281,406	240,051
Debt service					
Principal	71,914	235,000	-	306,914	294,163
Interest	42,775	65,959	-	108,734	128,704
Total Expenditures	690,229	307,959	1,411	999,599	1,602,651
Excess (Deficiency) of Revenues Over Expenditures	85,870	74,666	(1,219)	159,317	144,364
Other Financing Sources (Uses)					
Transfers in (out)	(132,722)	(27,846)	1,550	(159,018)	(179,230)
Issuance of bonds	-	1,357,000	-	1,357,000	-
Payoff of 1998 TIF Bond	-	(1,350,000)	-	(1,350,000)	-
Total Other Financing Sources (Uses)	(132,722)	(20,846)	1,550	(152,018)	(179,230)
Net Change in Fund Balances	(46,852)	53,820	331	7,299	(34,866)
Fund Balances, beginning	548,638	188,685	16,382	753,705	788,571
Fund Balances, ending	\$ 501,786	\$ 242,505	\$ 16,713	\$ 761,004	\$ 753,705

GENERAL FUND

The General Fund is the City's main operating fund and is used to account for all financial resources traditionally associated with government except those required to be accounted for in another fund.

**CITY OF NEWBERRY
GENERAL FUND
COMPARATIVE BALANCE SHEETS
JUNE 30, 2009 AND 2008**

	<u>2009</u>	<u>2008</u>
Assets		
Cash and investments	\$ 4,875,920	\$ 4,502,061
Receivables (net of allowances for uncollectibles)		
Taxes	150,455	144,809
Intergovernmental	268,307	191,541
Interest receivable	579	2,448
Other	47,946	17,730
Due from other funds	55,906	101,335
Inventories	<u>29,952</u>	<u>60,466</u>
Total Assets	<u><u>\$ 5,429,065</u></u>	<u><u>\$ 5,020,390</u></u>
Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ 55,739	\$ 24,212
Intergovernmental	52,980	47,867
Accrued salaries and payroll liabilities	230,171	219,460
Due to other funds	4,825	7,178
Deferred revenue	<u>121,437</u>	<u>119,768</u>
Total Liabilities	<u>465,152</u>	<u>418,485</u>
Fund Balances		
Unreserved		
Undesignated	3,894,780	3,539,475
Designated for general government		
Depreciation fund	1,006,361	1,006,361
Fire department capital	<u>62,772</u>	<u>56,069</u>
Total Fund Balances	<u>4,963,913</u>	<u>4,601,905</u>
Total Liabilities and Fund Balances	<u><u>\$ 5,429,065</u></u>	<u><u>\$ 5,020,390</u></u>

CITY OF NEWBERRY
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2009
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2008)

	Budgeted Amounts		Actual Amounts	Variance With Final Budget	Year Ended June 30, 2008
	Original	Final			
Revenues					
Taxes	\$ 2,073,523	\$ 2,083,778	\$ 2,113,261	\$ 29,483	\$ 1,991,822
Licenses, permits and franchise fees	1,435,600	1,401,800	1,401,080	(720)	1,468,790
Fines and forfeitures	801,000	711,292	721,735	10,443	884,912
Charges for services	651,250	651,475	647,832	(3,643)	612,526
Intergovernmental	1,431,696	1,434,641	1,380,986	(53,655)	1,347,681
Miscellaneous	120,079	59,343	66,629	7,286	171,232
Total Revenues	6,513,148	6,342,329	6,331,523	(10,806)	6,476,963
Expenditures					
General government					
City council	75,398	72,386	68,284	4,102	68,876
City manager	239,085	237,756	234,686	3,070	220,704
Human resources	92,224	92,124	90,284	1,840	87,087
Finance	239,223	235,643	224,357	11,286	220,799
City hall	58,589	107,580	105,280	2,300	35,056
Planning and development	249,934	249,934	217,998	31,936	202,961
Public safety					
Police department	1,720,368	1,682,089	1,595,945	86,144	1,601,894
Justice and law	563,853	556,672	539,388	17,284	617,249
Fire department	1,094,051	966,355	902,654	63,701	1,104,073
Public works					
Public works administration	141,491	140,673	127,086	13,587	123,966
Streets	619,285	650,132	547,569	102,563	582,845
Sanitation	533,487	564,374	538,477	25,897	447,395
Building maintenance	66,647	61,365	58,676	2,689	53,538
Garage	142,006	143,742	136,505	7,237	128,369
Parks, recreation, and tourism					
Parks, recreation, and tourism	438,825	473,823	465,227	8,596	454,591
Non-departmental					
General insurance	93,450	78,700	77,181	1,519	85,721
Employee benefits	1,459,376	1,338,663	1,256,924	81,739	1,273,098
Community promotions and projects	163,685	165,560	148,955	16,605	183,867
Capitalized lease payments	248,338	242,459	242,459	-	256,483
Total Expenditures	8,239,315	8,060,030	7,577,935	482,095	7,748,572
Excess (Deficiency) of Revenues Over Expenditures	(1,726,167)	(1,717,701)	(1,246,412)	471,289	(1,271,609)

(Continued)

CITY OF NEWBERRY
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2009
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2008)

	Budgeted Amounts		Actual Amounts	Variance With Final Budget	Year Ended June 30, 2008
	Original	Final			
Other Financing Sources (Uses)					
Capital leases	\$ 145,000	\$ 185,300	\$ 185,300	\$ -	\$ 232,500
Transfers in (out)					
Japanese Gardens fund	(1,550)	(1,550)	(1,550)	-	(1,550)
State accommodations tax fund	26,750	26,750	27,068	318	27,280
Local hospitality/accomodations fund	133,500	133,500	133,500	-	228,500
Utility system	1,264,102	1,264,102	1,264,102	-	1,191,241
Tourism fund	-	-	-	-	(65,000)
Community housing/development	-	-	-	-	(2,000)
Total Other Financing Sources (Uses)	1,567,802	1,608,102	1,608,420	318	1,610,971
Excess (Deficiency) of Revenues and Other Financing Sources (Uses) Over Expenditures	(158,365)	(109,599)	362,008	471,607	339,362
Fund Balances, beginning	4,601,905	4,601,905	4,601,905	-	4,262,543
Fund Balances, ending	\$ 4,443,540	\$ 4,492,306	\$ 4,963,913	\$ 471,607	\$ 4,601,905

CITY OF NEWBERRY
GENERAL FUND
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2009
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2008)

	Budgeted Amounts		Actual	Variance with	Year Ended
	Original	Final	Amounts	Final Budget	June 30, 2008
Taxes					
Vehicle property taxes	\$ 237,632	\$ 220,000	\$ 218,750	\$ (1,250)	\$ 230,416
Other current property taxes	1,782,391	1,770,000	1,794,528	24,528	1,696,098
Delinquent property tax	38,000	75,478	74,451	(1,027)	45,552
Tax penalties	13,000	16,000	24,074	8,074	16,823
Fees in lieu of taxes	2,500	2,300	1,458	(842)	2,933
Totals	2,073,523	2,083,778	2,113,261	29,483	1,991,822
Licenses, Permits and Franchise Fees					
Business licenses	1,267,000	1,246,500	1,232,495	(14,005)	1,252,347
Business license penalties	5,000	5,200	6,435	1,235	5,209
Building/sign permits	60,000	45,000	51,543	6,543	99,891
Inspections, lot clearing, zoning	36,100	37,600	44,267	6,667	43,374
Cable TV	67,000	67,000	64,975	(2,025)	67,469
Franchise Fees	500	500	1,365	865	500
Totals	1,435,600	1,401,800	1,401,080	(720)	1,468,790
Fines and Forfeitures					
Court fines, forfeitures and other	801,000	711,292	721,735	10,443	884,912
Totals	801,000	711,292	721,735	10,443	884,912
Charges for Services					
Recreation revenues	35,250	35,475	38,420	2,945	38,399
Public works charges	616,000	616,000	609,412	(6,588)	574,127
Totals	651,250	651,475	647,832	(3,643)	612,526
Intergovernmental					
Federal government					
Grants/receipts	172,161	52,000	33,135	(18,865)	116,264
Other grants	-	-	-	-	20,000
State of South Carolina					
Merchants' inventory tax	58,392	58,392	58,392	-	58,392
Local government fund	364,474	345,474	329,596	(15,878)	345,460
Other receipts	152,500	235,016	216,641	(18,375)	135,405
Newberry County and county schools					
Recreation fee	18,000	18,000	20,760	2,760	19,645
County fire contribution	171,169	193,075	199,778	6,703	157,695
Economic Development Contribution	-	30,000	20,000	(10,000)	-
Clinton Newberry Natural Gas Authority	495,000	502,684	502,684	-	494,820
Totals	1,431,696	1,434,641	1,380,986	(53,655)	1,347,681
Miscellaneous Revenues					
Sale of unserviceable equipment	2,000	2,000	3,837	1,837	30,640
Other	23,079	24,343	31,482	7,139	39,610
Interest earned	95,000	33,000	31,310	(1,690)	100,982
Totals	120,079	59,343	66,629	7,286	171,232
Total Revenues	\$ 6,513,148	\$ 6,342,329	\$ 6,331,523	\$ (10,806)	\$ 6,476,963

CITY OF NEWBERRY
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2009
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2008)

	Budgeted Amounts		Actual	Variance With	Year Ended
	Original	Final	Amounts	Final Budget	June 30, 2008
General Government					
City Council					
Salaries and wages	\$ 42,674	\$ 41,802	\$ 41,667	\$ 135	\$ 41,396
Overtime	100	100	-	100	-
Printing	2,000	2,000	1,059	941	1,312
Office supplies	1,500	1,500	1,107	393	1,134
Postage	500	500	284	216	184
Membership	317	317	360	(43)	360
Travel	17,442	17,442	16,656	786	17,202
Telephone	1,100	1,100	655	445	1,036
Advertising	625	625	489	136	1,465
Rental/lease of equipment	1,600	1,860	2,033	(173)	1,336
Employee training	540	540	-	540	35
Municipal election	4,000	1,600	1,600	-	-
Codification	3,000	3,000	2,374	626	3,416
Totals	75,398	72,386	68,284	4,102	68,876
City Manager					
Salaries and wages	210,856	209,527	209,324	203	196,940
Overtime	100	100	-	100	-
Printing	300	300	87	213	-
Office supplies	800	800	852	(52)	572
Postage	400	400	124	276	60
Membership, dues and subscriptions	2,552	2,552	2,448	104	2,355
Travel	7,340	7,340	6,345	995	5,025
Car allowance	10,800	10,800	10,830	(30)	10,794
Telephone	2,537	2,537	2,038	499	2,245
Advertising	200	200	-	200	295
Rental/lease of equipment	2,600	2,600	2,638	(38)	2,418
Employee training	600	600	-	600	-
Totals	239,085	237,756	234,686	3,070	220,704
Human Resources					
Salaries and wages	84,249	84,249	84,475	(226)	80,742
Overtime	-	-	-	-	-
Printing	700	700	279	421	170
Office supplies	1,150	1,150	1,077	73	1,468
Postage	430	430	119	311	192
Membership, dues and subscriptions	485	485	320	165	320
Travel	2,235	2,235	1,783	452	2,149
Telephone	775	775	554	221	626
Safety training/hygiene	300	200	-	200	-
Advertising	100	100	-	100	100
Rental/lease of equipment	1,500	1,500	1,427	73	1,052
Employee training	300	300	250	50	268
Contracts	-	-	-	-	-
Totals	92,224	92,124	90,284	1,840	87,087

(continued)

CITY OF NEWBERRY
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2009
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2008)

	Budgeted Amounts		Actual	Variance With	Year Ended
	Original	Final	Amounts	Final Budget	June 30, 2008
General Government (Continued)					
Finance					
Salaries and wages	\$ 181,159	\$ 179,917	\$ 179,868	\$ 49	\$ 174,956
Overtime	300	300	-	300	-
Printing	500	2,500	2,152	348	352
Office supplies	4,100	4,000	3,658	342	4,782
Postage	3,200	3,200	2,833	367	2,405
Membership, dues and subscriptions	525	525	368	157	360
Travel	2,310	1,895	1,024	871	1,233
Telephone	1,225	1,150	1,042	108	1,061
Maintenance contracts	15,029	12,908	10,293	2,615	12,259
Equipment repair	500	500	-	500	-
Small equipment purchases	660	1,050	733	317	136
Advertising	550	550	46	504	92
Rental/lease of equipment	4,510	4,510	4,167	343	4,543
Employee training	580	580	560	20	510
Auditor	11,000	9,958	9,958	-	9,956
Refunds	1,000	3,000	-	3,000	44
Preparation of taxes	7,500	7,500	7,155	345	7,110
Computer programming	4,575	1,600	500	1,100	1,000
Totals	239,223	235,643	224,357	11,286	220,799
City Hall					
Telephone	225	200	139	61	164
Service contracts	42,764	32,830	31,491	1,339	34,413
Machines & equipment	-	56,950	56,950	-	-
Building	-	17,000	16,700	300	-
Small equipment purchases	15,600	600	-	600	479
Totals	58,589	107,580	105,280	2,300	35,056
Planning and Development					
Salaries and wages	167,421	167,421	167,413	8	162,150
Overtime	-	250	84	166	98
Printing	1,400	1,400	359	1,041	467
Office supplies	2,200	2,200	2,098	102	1,710
Postage	1,600	1,600	795	805	748
Membership, dues and subscriptions	1,155	1,155	1,197	(42)	1,150
Travel	5,805	5,805	4,478	1,327	4,594
Vehicle fuel	2,800	2,800	2,521	279	2,704
Vehicle repair	500	500	227	273	433
Tires and tubes	500	500	210	290	-
Utilities - annex	4,500	4,500	2,539	1,961	488
Telephone	1,800	1,800	1,301	499	1,431
Maintenance contracts	4,630	4,630	3,676	954	-
Building and fixture repairs	4,000	4,000	2,180	1,820	64
Small hand tools	250	250	260	(10)	108
Small equipment purchases	-	-	-	-	424
Uniforms	800	800	807	(7)	758
Safety supplies	100	100	62	38	21

(Continued)

CITY OF NEWBERRY
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2009
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2008)

	Budgeted Amounts		Actual	Variance With	Year Ended
	Original	Final	Amounts	Final Budget	June 30, 2008
General Government (Continued)					
Planning and Development (Continued)					
Advertising	\$ 1,400	\$ 1,400	\$ 353	\$ 1,047	\$ 652
Rental/lease of equipment	4,773	4,773	3,858	915	3,247
Employee training	1,150	1,150	925	225	382
Boards and commissions	1,650	1,650	675	975	809
Refunds	500	500	-	500	-
Code enforcements	39,000	38,750	20,481	18,269	18,611
Computer programming	2,000	2,000	1,499	501	1,912
Totals	249,934	249,934	217,998	31,936	202,961
Public Safety					
Police Department					
Salaries and wages	1,322,133	1,271,815	1,218,282	53,533	1,223,897
Holiday pay	45,321	45,321	39,422	5,899	41,049
Training pay	5,500	5,500	7,035	(1,535)	4,518
Court pay	500	500	120	380	60
Overtime	5,500	5,500	6,423	(923)	5,117
Callbacks	14,000	14,000	13,075	925	12,407
Printing	3,000	3,000	1,201	1,799	675
Office supplies	2,800	2,800	2,694	106	3,134
Crime prevention	1,000	1,000	29	971	150
Postage	550	550	496	54	449
Membership, dues and subscriptions	2,369	2,369	2,561	(192)	1,721
Travel	3,025	3,025	1,243	1,782	1,189
Vehicle fuel	103,200	90,539	83,633	6,906	100,399
Vehicle repair	13,000	13,000	15,057	(2,057)	14,261
Tires and tubes	5,000	5,000	7,465	(2,465)	5,768
Utilities	12,000	12,000	10,788	1,212	10,909
Telephone	5,000	5,000	3,443	1,557	3,467
Maintenance contracts	6,800	6,800	5,082	1,718	7,260
Equipment repair	4,000	4,000	1,611	2,389	3,703
Building and fixture repairs	800	800	1,455	(655)	975
Small hand tools	600	600	326	274	386
Small equipment purchases	15,820	17,820	17,248	572	32,007
LEN - small equipment purchases	5,000	5,000	9,705	(4,705)	-
LEN - other agencies	15,000	15,000	18,795	(3,795)	6,296
Uniforms	15,000	15,000	16,008	(1,008)	14,625
Safety training/hygiene	3,000	3,000	3,649	(649)	4,075
Dry cleaning and laundry	4,000	4,000	930	3,070	2,666
Janitorial services	2,000	2,000	1,246	754	1,899
Medical and lab services	550	550	282	268	201
Prisoner care	5,500	7,500	8,250	(750)	2,954
Advertising	700	700	581	119	387
Rental/lease of equipment	6,200	6,200	6,167	33	6,571
Employee training	2,000	2,700	2,979	(279)	2,033
Photo supplies	800	800	10	790	232
Special investigation	700	700	364	336	654
Automotive equipment	88,000	108,000	88,290	19,710	85,800
Totals	1,720,368	1,682,089	1,595,945	86,144	1,601,894

(Continued)

CITY OF NEWBERRY
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2009
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2008)

	Budgeted Amounts		Actual	Variance With	Year Ended
	Original	Final	Amounts	Final Budget	June 30, 2008
Public Safety (Continued)					
Justice and Law					
Salaries and wages	\$ 89,760	\$ 86,992	\$ 81,211	\$ 5,781	\$ 78,625
Overtime	300	300	-	300	-
State assessments	432,500	430,000	426,156	3,844	503,948
Printing	1,200	1,200	796	404	1,157
Office supplies	2,010	2,010	1,071	939	1,917
Postage	1,100	1,100	1,137	(37)	1,111
Memberships, dues and subscriptions	60	60	60	-	60
Refund of fines	18,429	15,000	11,171	3,829	19,981
Travel	1,200	1,200	1,278	(78)	1,249
Jury fees	1,000	1,300	1,690	(390)	1,010
Maintenance contracts	1,800	1,800	1,800	-	1,800
Small equipment purchases	400	1,400	78	1,322	-
Rental/lease of equipment	1,400	1,616	1,616	-	938
Employee training	400	400	525	(125)	170
Totals	563,853	556,672	539,388	17,284	617,249
Fire Department					
Salaries and wages	726,890	692,000	689,894	2,106	694,067
Training pay	6,000	6,000	3,022	2,978	4,673
Volunteer pay	10,000	10,000	3,678	6,322	5,451
Overtime	1,000	1,000	324	676	234
Callbacks	15,000	15,000	10,668	4,332	9,172
Printing	1,100	1,617	1,017	600	711
Office supplies	2,400	2,900	2,551	349	1,846
Postage	650	650	645	5	659
Membership, dues and subscriptions	765	765	691	74	1,072
Travel	10,850	6,650	5,108	1,542	6,629
Vehicle fuel	13,200	14,462	12,351	2,111	13,993
Vehicle repair	10,000	10,000	9,596	404	10,334
Tires and tubes	1,000	1,000	452	548	636
Utilities	32,250	32,250	30,366	1,884	30,887
Telephone	10,500	3,500	2,483	1,017	2,891
Maintenance contracts	12,010	12,010	11,701	309	10,688
Equipment repair	4,000	4,000	3,781	219	4,235
Fire extinguishers	1,400	1,400	1,099	301	478
Building and fixture repairs	7,000	7,600	7,305	295	8,646
Small hand tools	2,500	2,500	2,266	234	1,818
Small equipment purchases	11,900	8,300	8,381	(81)	7,483
Radio supplies and maintenance	6,800	6,800	6,785	15	6,467
Uniforms	7,000	7,000	6,911	89	5,979
Safety equipment	38,250	11,265	11,382	(117)	23,441
Safety training/hygiene	1,530	1,530	1,519	11	969
Dry cleaning and laundry	500	500	343	157	456
Cleaning and sanitation supplies	2,000	2,000	1,985	15	1,817
Janitorial services	350	350	273	77	205
Medical and lab services	500	500	237	263	342

(Continued)

CITY OF NEWBERRY
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2009
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2008)

	Budgeted Amounts		Actual	Variance With	Year Ended
	Original	Final	Amounts	Final Budget	June 30, 2008
Public Safety (Continued)					
Fire Department (Continued)					
Advertising	\$ 500	\$ 500	\$ 400	\$ 100	\$ 375
Rental/lease of equipment	5,386	5,386	5,386	-	5,738
Employee training	3,420	1,420	517	903	915
Physical exams	9,300	9,300	6,927	2,373	3,491
Fire hose supplies	2,500	2,500	2,389	111	4,443
Boarding supplies	3,000	3,000	2,713	287	2,685
Photo supplies	200	200	74	126	16
Fire investigation unit	400	400	397	3	316
Fire prevention	6,000	6,000	5,222	778	5,827
Volunteer firemen	1,900	1,900	1,156	744	1,647
Explorer scout post	200	200	125	75	209
Automobile equipment	-	25,000	23,877	1,123	154,459
Machines and equipment	123,900	47,000	16,657	30,343	67,673
Totals	1,094,051	966,355	902,654	63,701	1,104,073
Public Works					
Public Works Administration					
Salaries and wages	104,728	104,725	104,690	35	98,015
Overtime	75	75	5	70	69
Office supplies	1,100	1,100	1,128	(28)	912
Postage	100	100	30	70	48
Membership, dues and subscriptions	260	260	70	190	-
Travel	475	475	49	426	-
Vehicle fuel	1,860	1,640	1,680	(40)	1,965
Vehicle repair	250	250	278	(28)	158
Tires and tubes	225	335	223	112	111
Utilities	17,000	17,000	10,192	6,808	10,155
Telephone	3,160	3,160	2,050	1,110	2,076
Maintenance contracts	2,776	5,371	3,960	1,411	1,944
Equipment repair	300	300	-	300	-
Small equipment purchases	250	250	148	102	195
Radio maintenance	150	150	-	150	-
Safety equipment	780	780	706	74	641
Safety training and hygiene	100	100	46	54	46
Cleaning and sanitation	100	100	29	71	80
Advertising	1,300	1,000	674	326	467
Rental/lease of equipment	1,003	1,003	1,003	-	1,232
Employee training	499	499	125	374	129
Computer programming	5,000	2,000	-	2,000	5,723
Totals	141,491	140,673	127,086	13,587	123,966
Streets					
Salaries and wages	264,509	246,961	246,968	(7)	223,327
Holiday pay	-	-	22	(22)	101
Overtime	7,000	7,000	3,991	3,009	5,181
Travel	150	150	-	150	-
Vehicle fuel	18,720	16,512	16,995	(483)	21,975

(Continued)

CITY OF NEWBERRY
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2009
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2008)

	Budgeted Amounts		Actual Amounts	Variance With Final Budget	Year Ended June 30, 2008
	Original	Final			
Public Works (Continued)					
Streets (Continued)					
Vehicle repair	\$ 5,000	\$ 5,000	\$ 1,600	\$ 3,400	\$ 2,157
Tires and tubes	4,800	4,800	4,719	81	1,946
Maintenance contracts	260	260	-	260	-
High school contract	5,061	2,283	2,351	(68)	2,864
Equipment repair	12,000	12,000	12,861	(861)	11,807
Small hand tools	500	500	522	(22)	546
Small equipment purchases	-	-	-	-	11,514
Cement and masonry	1,000	1,000	371	629	251
Sidewalk repair	15,000	15,000	4,322	10,678	16,020
Storm drain and pipe	1,500	-	-	-	25
Asphalt supplies and gravel	14,000	9,978	2,310	7,668	13,795
Radio maintenance	200	200	112	88	-
Uniforms	1,585	2,170	1,448	722	1,554
Safety equipment	1,500	1,500	1,085	415	333
Safety training/hygiene	1,000	1,000	124	876	89
Chemicals	10,200	10,200	5,865	4,335	8,030
Signs	5,000	5,000	2,751	2,249	2,751
Employee training	300	300	120	180	212
General supplies	2,000	2,000	1,080	920	1,404
Rights of way	48,000	161,273	143,631	17,642	49,185
Street paving/resurfacing	100,000	45,045	45,045	-	91,100
Stormwater management	100,000	100,000	49,276	50,724	100,945
Machines and equipment	-	-	-	-	15,733
Totals	619,285	650,132	547,569	102,563	582,845
Sanitation					
Salaries and wages	224,738	198,136	201,841	(3,705)	199,062
Holiday	750	500	423	77	439
Overtime	10,000	10,000	6,638	3,362	8,230
Vehicle fuel	53,000	69,949	58,211	11,738	68,694
Vehicle repair	19,000	19,000	13,053	5,947	12,745
Tires and tubes	16,000	16,000	21,704	(5,704)	19,601
Maintenance contracts	2,768	-	120	(120)	-
Equipment repair	25,000	42,088	30,040	12,048	22,451
Small hand tools	150	150	170	(20)	30
Small equipment purchases	33,384	19,064	19,064	-	14,499
Radio maintenance	175	275	197	78	48
Uniforms	960	1,350	880	470	680
Safety equipment	400	400	206	194	261
Safety training/hygiene	532	532	396	136	274
Chemicals	330	330	-	330	-
Employee training	100	100	-	100	-
General supplies	1,200	1,200	234	966	231
Automotive equipment	145,000	185,300	185,300	-	100,150
Totals	533,487	564,374	538,477	25,897	447,395

(Continued)

CITY OF NEWBERRY
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2009
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2008)

	Budgeted Amounts		Actual	Variance With	Year Ended
	Original	Final	Amounts	Final Budget	June 30, 2008
Public Works (Continued)					
Building Maintenance					
Salaries and wages	\$ 59,166	\$ 54,000	\$ 53,748	\$ 252	\$ 49,095
Overtime	400	200	55	145	290
Vehicle fuel	2,458	2,783	2,685	98	2,559
Vehicle repair	300	300	223	77	13
Tires and tubes	366	-	-	-	232
Equipment repairs	150	150	32	118	-
Building and fixture repairs	1,500	1,500	320	1,180	269
Small hand tools	350	350	404	(54)	358
Small equipment purchases	600	600	459	141	-
Radio maintenance	50	50	-	50	-
Uniforms	607	732	484	248	224
Safety equipment	150	150	7	143	88
General supplies	550	550	259	291	410
Totals	66,647	61,365	58,676	2,689	53,538
Garage					
Salaries and wages	112,773	112,155	107,802	4,353	106,823
Overtime	-	250	134	116	757
Membership, dues and subscriptions	25	25	35	(10)	25
Travel	200	200	-	200	18
Vehicle fuel	1,883	1,837	1,913	(76)	1,659
Vehicle repair	350	350	276	74	199
Tires and tubes	350	350	210	140	-
Grease and oil	5,300	7,800	6,398	1,402	4,367
Disposal	1,300	1,300	910	390	890
Equipment repair	3,000	3,000	3,015	(15)	3,111
Building and fixture repairs	2,250	2,250	1,946	304	1,230
Small hand tools	2,000	1,500	1,297	203	1,164
Small equipment purchases	3,680	3,680	3,515	165	2
Radio maintenance	150	-	-	-	-
Uniforms	400	400	390	10	380
Safety equipment	100	100	82	18	77
Safety training/hygiene	150	150	46	104	62
Chemicals	1,200	1,200	1,212	(12)	970
Rental/lease of equipment	695	695	502	193	566
Employee training	200	-	25	(25)	137
General supplies	6,000	6,500	6,797	(297)	5,932
Totals	142,006	143,742	136,505	7,237	128,369
Parks, Recreation, and Tourism					
Salaries and wages	291,670	290,525	284,513	6,012	283,224
Overtime	1,000	3,000	4,687	(1,687)	2,765
Printing	1,500	1,500	1,433	67	1,311
Office supplies	1,750	1,750	1,383	367	1,744
Postage	850	850	602	248	977
Membership, dues and subscriptions	630	630	580	50	565

(Continued)

CITY OF NEWBERRY
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2009
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2008)

	Budgeted Amounts		Actual	Variance With	Year Ended
	Original	Final	Amounts	Final Budget	June 30, 2008
Parks, Recreation, and Tourism (Continued)					
Travel	\$ 925	\$ 925	\$ 413	\$ 512	\$ 425
Vehicle fuel	14,500	12,483	11,262	1,221	11,165
Vehicle repair	2,000	2,000	1,422	578	1,279
Tires and tubes	800	800	667	133	648
Utilities	24,000	26,500	25,953	547	25,373
Telephone	1,800	1,600	1,289	311	1,521
Maintenance contracts	2,500	-	-	-	5,345
Equipment repair	3,500	3,500	2,233	1,267	3,434
Building and fixture repairs	15,000	15,000	15,815	(815)	15,226
Landscape repair	3,000	2,500	4,845	(2,345)	1,315
Small hand tools	1,000	700	647	53	898
Small equipment purchases	2,500	2,000	880	1,120	2,495
Storm drain/pipe	1,000	500	418	82	762
Asphalt supplies/gravel	2,000	-	-	-	611
Radio maintenance	500	500	-	500	-
Uniforms	1,500	1,500	1,116	384	910
Safety training/hygiene	1,500	1,500	1,164	336	886
Cleaning and sanitation supplies	850	850	499	351	840
Chemicals	3,000	3,000	2,914	86	2,752
Advertising	1,500	1,500	1,450	50	1,789
Rental/lease of equipment	3,700	3,700	3,817	(117)	4,030
Employee training	600	600	100	500	39
Football	6,000	6,000	5,566	434	5,121
Baseball	10,000	10,000	11,177	(1,177)	9,813
Softball	2,000	2,000	1,678	322	1,876
Basketball	2,750	3,200	3,187	13	3,053
Senior adult programs	3,000	3,000	2,855	145	2,412
Other events	10,000	7,250	7,110	140	10,145
Automobile equipment	-	-	-	-	19,064
Machines and equipment	20,000	16,378	17,470	(1,092)	10,870
Buildings/resurface courts	-	46,082	46,082	-	19,908
Totals	438,825	473,823	465,227	8,596	454,591
Non-Departmental					
General Insurance					
Claims reimbursement	3,000	1,500	-	1,500	-
SCMIRF	90,450	77,200	77,181	19	85,721
Totals	93,450	78,700	77,181	1,519	85,721
Employee Benefits					
SC retirement	174,065	168,878	170,374	(1,496)	162,177
SC police retirement	237,779	228,363	211,283	17,080	205,403
Social security	306,426	295,682	272,945	22,737	269,520
City's share of employee insurance	556,176	499,290	490,331	8,959	505,370
GASB 45 Current	6,066	-	-	-	-
GASB 45 Catchup	24,264	-	-	-	-
Workers' compensation	92,250	84,100	72,658	11,442	91,199

(Continued)

**CITY OF NEWBERRY
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2009
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2008)**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With</u>	<u>Year Ended</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>	<u>June 30, 2008</u>
Non-Departmental (Continued)					
Employee Benefits (Continued)					
Workers' comp. deductibles	\$ 30,000	\$ 30,000	\$ 12,828	\$ 17,172	\$ 12,639
Unemployment	6,500	6,500	9,754	(3,254)	5,277
Employer/employee relations	22,000	22,000	13,919	8,081	18,427
Physical exams	2,000	2,000	1,337	663	1,445
Wellness program	1,850	1,850	1,495	355	1,641
Totals	<u>1,459,376</u>	<u>1,338,663</u>	<u>1,256,924</u>	<u>81,739</u>	<u>1,273,098</u>
Community Promotions and Projects					
MASC dues	5,285	5,285	5,285	-	5,284
Council on aging	4,000	4,000	4,000	-	4,000
City newsletter	3,000	3,000	-	3,000	-
Newberry Co. LEOA	1,500	1,500	1,500	-	1,500
Community enhancement	20,000	15,000	12,732	2,268	15,750
Economic Dev Contributions	-	5,000	5,000	-	-
Economic Dev Study	-	25,000	25,000	-	-
Development incentive reimbursement	28,000	28,000	27,368	632	39,627
City beautification	48,000	59,540	59,235	305	60,475
Parking lot rental	900	900	900	-	900
Advertising	45,000	-	-	-	48,396
Regional planning	8,000	7,935	7,935	-	7,935
Consulting	-	10,400	-	10,400	-
Totals	<u>163,685</u>	<u>165,560</u>	<u>148,955</u>	<u>16,605</u>	<u>183,867</u>
Capital lease principal and Interest payments	<u>248,338</u>	<u>242,459</u>	<u>242,459</u>	<u>-</u>	<u>256,483</u>
Totals	<u>248,338</u>	<u>242,459</u>	<u>242,459</u>	<u>-</u>	<u>256,483</u>
Grand Totals	<u>\$ 8,239,315</u>	<u>\$ 8,060,030</u>	<u>\$ 7,577,935</u>	<u>\$ 482,095</u>	<u>\$ 7,748,572</u>

NONMAJOR SPECIAL REVENUE FUNDS

Special Revenue Funds account for the accumulation and disbursement of restricted resources. The City has the following Special Revenue Funds.

NANU – This fund is used to account for the revenues and expenditures of the Newberry Allied Narcotics Unit (NANU), the City's drug task force.

Federal Equitable Sharing – This fund is used to account for the City's share of federal drug seizure revenues and expenditures.

Tourism Fund – This fund is used to account for the renovations and operations of the conference center and for tourism promotion.

Special Events Fund – This fund is used to account for transactions of the special events of the City such as city festivals.

State Accommodations Tax Fund – This fund is used to account for transactions related to the City's share of money received from the statewide accommodations tax.

Cultural Arts Fund – This fund is used to account for transactions related to certain employees provided to the Newberry Opera House Foundation by contract. The City provides certain employees to operate solely under the direction of the Newberry Opera House Foundation Board of Directors.

Streetscape Fund – This fund is used to account for the revenues and expenditures of the street and sidewalk improvement program.

Local Hospitality/Accommodations Fee Fund – This fund is used to account for the money received from the additional 2% fee charged for meals and 3% fee charged for lodging by the City of Newberry.

Volunteer Firemen – This fund is used to account for collection of shared insurance premium rebates from the State of South Carolina and expenditures on behalf of the City's firemen.

Victim's Rights Fund – This fund is used to account for the transactions of the State mandated Victim's Rights program.

CITY OF NEWBERRY
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2009
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2008)

	NANU	Federal Equitable Sharing	Tourism Fund	Special Events Fund	State Accommodations Tax Fund	Cultural Arts Fund
Assets						
Cash and cash investments	\$ 31,575	\$ 12,764	\$ 77,331	\$ 10,848	\$ 6,148	\$ 13,138
Accounts/fees receivable	-	-	-	-	-	-
Due from other governments	-	-	-	-	31,947	-
Other	-	-	-	-	-	-
Due from other funds	-	-	9,584	-	-	-
Total Assets	<u>\$ 31,575</u>	<u>\$ 12,764</u>	<u>\$ 86,915</u>	<u>\$ 10,848</u>	<u>\$ 38,095</u>	<u>\$ 13,138</u>
Liabilities and Fund Balances						
Liabilities						
Accounts payable	\$ -	\$ -	\$ 4,256	\$ -	\$ -	\$ 7,381
Retainage payable	-	-	-	-	-	-
Deferred revenue	-	-	5,770	-	-	-
Due to other funds	318	-	-	-	11,181	4,557
Total Liabilities	<u>318</u>	<u>-</u>	<u>10,026</u>	<u>-</u>	<u>11,181</u>	<u>11,938</u>
Fund Balances						
Unreserved						
Designated for future expenditures	31,257	12,764	76,889	10,848	26,914	1,200
Total Liabilities and Fund Balances	<u>\$ 31,575</u>	<u>\$ 12,764</u>	<u>\$ 86,915</u>	<u>\$ 10,848</u>	<u>\$ 38,095</u>	<u>\$ 13,138</u>

Streetscape Fund	Local Hospitality Fee Fund	Volunteer Fire	Victim's Rights Fund	Totals June 30,2009	Totals June 30,2008
\$ 679	\$ 136,839	\$ 9,985	\$ 140,944	\$ 440,251	\$ 471,365
-	47,730	-	-	47,730	54,452
2,783	-	-	-	34,730	97,958
-	59	-	36	95	434
-	-	-	4,825	14,409	17,179
<u>\$ 3,462</u>	<u>\$ 184,628</u>	<u>\$ 9,985</u>	<u>\$ 145,805</u>	<u>\$ 537,215</u>	<u>\$ 641,388</u>
\$ -	\$ -	\$ -	\$ 466	\$ 12,103	\$ 7,092
-	-	-	-	-	8,160
-	-	-	-	5,770	6,972
1,500	-	-	-	17,556	70,526
<u>1,500</u>	<u>-</u>	<u>-</u>	<u>466</u>	<u>35,429</u>	<u>92,750</u>
<u>1,962</u>	<u>184,628</u>	<u>9,985</u>	<u>145,339</u>	<u>501,786</u>	<u>548,638</u>
<u>\$ 3,462</u>	<u>\$ 184,628</u>	<u>\$ 9,985</u>	<u>\$ 145,805</u>	<u>\$ 537,215</u>	<u>\$ 641,388</u>

CITY OF NEWBERRY
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2009
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2008)

	NANU	Federal Equitable Sharing	Tourism Fund	Special Events Fund	State Accommodations Tax Fund	Cultural Arts Fund
Revenues						
Fees						
Hospitality	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accommodations	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Intergovernmental						
Public safety	-	-	-	-	-	-
Community development	-	-	-	-	-	-
Grants	-	-	-	-	-	-
Accommodations tax	-	-	-	-	66,356	-
Other state receipts	-	-	-	-	-	-
Other grants	-	-	-	-	-	-
Local						
Other	-	-	-	5,395	-	-
Drug seizure	1,160	-	-	-	-	-
Donations	-	-	-	1,750	-	-
Rental and other	-	-	39,947	-	-	37,814
Interest Income	43	-	124	-	31	44
Total Revenues	1,203	-	40,071	7,145	66,387	37,858
Expenditures						
Grants						
Operating expenditures	-	-	-	-	-	-
Capital expenditures	-	-	-	-	-	-
Other						
Operating expenditures	9,048	-	221,961	39,166	-	195,240
Capital expenditures	-	-	-	-	-	-
Tourism contribution/NOHF	-	-	-	-	-	-
Debt service						
Principal	-	-	71,914	-	-	-
Interest	-	-	42,775	-	-	-
Total Expenditures	9,048	-	336,650	39,166	-	195,240
Excess (Deficiency) of						
Revenues Over Expenditures	(7,845)	-	(296,579)	(32,021)	66,387	(157,382)
Other Financing Sources (Uses)						
Transfers in (out)						
General Fund	-	-	-	-	(27,068)	-
Debt Service Funds - TIF	-	-	-	-	-	-
Other Special Revenue Funds	-	-	282,233	31,800	(44,207)	157,382
Enterprise Funds	-	-	-	-	-	-
Fund Balances, beginning	39,102	12,764	91,235	11,069	31,802	1,200
Fund Balances, ending	\$ 31,257	\$ 12,764	\$ 76,889	\$ 10,848	\$ 26,914	\$ 1,200

Streetscape Fund	Local Hospitality Fee Fund	Volunteer Fire	Victim's Rights Fund	Totals June 30, 2009	Totals June 30, 2008
\$ -	\$ 478,172	\$ -	\$ -	\$ 478,172	\$ 480,736
-	73,634	-	-	73,634	76,457
-	1,372	-	-	1,372	443
-	-	13,159	-	13,159	12,890
-	-	-	-	-	-
-	-	-	-	-	492,000
-	-	-	-	66,356	70,603
-	-	-	-	-	33,200
-	-	-	-	-	64,620
-	-	-	55,720	61,115	90,783
-	-	-	-	1,160	2,864
-	-	-	-	1,750	7,000
-	-	-	-	77,761	65,101
-	561	98	719	1,620	14,638
-	553,739	13,257	56,439	776,099	1,411,335
-	-	-	-	-	135,648
-	-	-	-	-	451,414
-	-	17,513	52,612	535,540	445,235
-	-	-	-	-	107,361
-	40,000	-	-	40,000	40,000
-	-	-	-	71,914	69,163
-	-	-	-	42,775	45,526
-	40,000	17,513	52,612	690,229	1,294,347
-	513,739	(4,256)	3,827	85,870	116,988
-	(133,500)	-	-	(160,568)	(190,780)
-	27,846	-	-	27,846	(63,178)
-	(427,208)	-	-	-	-
-	-	-	-	-	10,000
1,962	203,751	14,241	141,512	548,638	675,608
<u>\$ 1,962</u>	<u>\$ 184,628</u>	<u>\$ 9,985</u>	<u>\$ 145,339</u>	<u>\$ 501,786</u>	<u>\$ 548,638</u>

CITY OF NEWBERRY
SPECIAL REVENUE FUNDS - NEWBERRY ALLIED NARCOTICS UNIT
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2009
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2008)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>	<u>Year Ended</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>	<u>June 30, 2008</u>
Revenues					
Drug seizure	\$ 2,000	\$ 2,000	\$ 1,160	\$ (840)	\$ 2,864
Interest income	750	100	43	(57)	770
Total Revenues	<u>2,750</u>	<u>2,100</u>	<u>1,203</u>	<u>(897)</u>	<u>3,634</u>
Expenditures					
Drug seizure					
Operating expenditures	20,050	20,050	9,048	11,002	6,709
Total Expenditures	<u>20,050</u>	<u>20,050</u>	<u>9,048</u>	<u>11,002</u>	<u>6,709</u>
Excess (Deficiency) of					
Revenues Over Expenditures	(17,300)	(17,950)	(7,845)	10,105	(3,075)
Fund Balances, beginning	<u>39,102</u>	<u>39,102</u>	<u>39,102</u>	<u>-</u>	<u>42,177</u>
Fund Balances, ending	<u>\$ 21,802</u>	<u>\$ 21,152</u>	<u>\$ 31,257</u>	<u>\$ 10,105</u>	<u>\$ 39,102</u>

CITY OF NEWBERRY
SPECIAL REVENUE FUNDS - TOURISM FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2009
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2008)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>	<u>Year Ended</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>	<u>June 30, 2008</u>
Revenues					
Intergovernmental					
Community development grant	\$ -	\$ -	\$ -	\$ -	\$ -
Rental and other	50,328	51,345	39,947	(11,398)	33,408
Interest income	2,000	215	124	(91)	3,766
Total Revenues	<u>52,328</u>	<u>51,560</u>	<u>40,071</u>	<u>(11,489)</u>	<u>37,174</u>
Expenditures					
Other					
Operating expenditures	237,672	245,225	221,961	23,264	166,556
Capital expenditures	-	-	-	-	97,684
Debt service					
Principal	71,914	71,914	71,914	-	69,163
Interest	42,775	42,775	42,775	-	45,526
Total Expenditures	<u>352,361</u>	<u>359,914</u>	<u>336,650</u>	<u>23,264</u>	<u>378,929</u>
Excess (Deficiency) of Revenues Over Expenditures	(300,033)	(308,354)	(296,579)	11,775	(341,755)
Other Financing Sources (Uses)					
Transfers in					
General fund	-	-	-	-	65,000
Other special revenue funds	272,005	280,326	282,233	1,907	153,505
Fund Balances, beginning	<u>91,235</u>	<u>91,235</u>	<u>91,235</u>	<u>-</u>	<u>214,485</u>
Fund Balances, ending	<u>\$ 63,207</u>	<u>\$ 63,207</u>	<u>\$ 76,889</u>	<u>\$ 13,682</u>	<u>\$ 91,235</u>

CITY OF NEWBERRY
SPECIAL REVENUE FUNDS - SPECIAL EVENTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2009
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2008)

	Budgeted Amounts		Actual	Variance with	Year Ended
	Original	Final	Amounts	Final Budget	June 30, 2008
Revenues					
Local - other	\$ 3,150	\$ 3,570	\$ 5,395	\$ 1,825	\$ 2,910
Donations	8,500	1,750	1,750	-	7,000
Interest income	-	-	-	-	97
Total Revenues	11,650	5,320	7,145	1,825	10,007
Expenditures					
Other					
Operating expenditures	16,700	42,048	39,166	2,882	12,951
Total Expenditures	16,700	42,048	39,166	2,882	12,951
Excess (Deficiency) of Revenues Over Expenditures	(5,050)	(36,728)	(32,021)	4,707	(2,944)
Other Financing Sources					
Transfer from					
Other special revenue funds	3,000	31,800	31,800	-	-
Fund Balances, beginning	11,069	11,069	11,069	-	14,013
Fund Balances, ending	\$ 9,019	\$ 6,141	\$ 10,848	\$ 4,707	\$ 11,069

CITY OF NEWBERRY
SPECIAL REVENUE FUNDS - STATE ACCOMMODATIONS TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2009
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2008)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>	<u>Year Ended</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>	<u>June 30, 2008</u>
Revenues					
Intergovernmental					
Accommodations tax	\$ 60,000	\$ 60,000	\$ 66,356	\$ 6,356	\$ 70,603
Interest income	500	50	31	(19)	615
Total Revenues	<u>60,500</u>	<u>60,050</u>	<u>66,387</u>	<u>6,337</u>	<u>71,218</u>
Expenditures					
Other					
Operating expenditures	-	-	-	-	10,000
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,000</u>
Excess of Revenues Over Expenditures	60,500	60,050	66,387	6,337	61,218
Other Financing Sources (Uses)					
Transfer to					
General Fund	(26,750)	(26,750)	(27,068)	(318)	(27,280)
Other special revenue funds	(35,250)	(42,300)	(44,207)	(1,907)	(30,680)
Fund Balances, beginning	<u>31,802</u>	<u>31,802</u>	<u>31,802</u>	<u>-</u>	<u>28,544</u>
Fund Balances, ending	<u>\$ 30,302</u>	<u>\$ 22,802</u>	<u>\$ 26,914</u>	<u>\$ 4,112</u>	<u>\$ 31,802</u>

CITY OF NEWBERRY
SPECIAL REVENUE FUNDS - CULTURAL ARTS FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2009
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2008)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>	<u>Year</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>	<u>Ended</u>
					<u>June 30, 2008</u>
Revenues					
Newberry Opera House reimbursement	\$ 38,725	\$ 39,355	\$ 37,814	\$ (1,541)	\$ 31,693
Interest income	500	40	44	4	726
Total Revenues	<u>39,225</u>	<u>39,395</u>	<u>37,858</u>	<u>(1,537)</u>	<u>32,419</u>
Expenditures					
Other					
Operating expenditures	<u>194,012</u>	<u>196,777</u>	<u>195,240</u>	<u>1,537</u>	<u>177,100</u>
Total Expenditures	<u>194,012</u>	<u>196,777</u>	<u>195,240</u>	<u>1,537</u>	<u>177,100</u>
Excess (Deficiency) of Revenues Over Expenditures	(154,787)	(157,382)	(157,382)	-	(144,681)
Other Financing Sources (Uses)					
Transfers in					
Other special revenue funds	154,902	157,382	157,382	-	144,681
Fund Balances, beginning	<u>1,200</u>	<u>1,200</u>	<u>1,200</u>	<u>-</u>	<u>1,200</u>
Fund Balances, ending	<u>\$ 1,315</u>	<u>\$ 1,200</u>	<u>\$ 1,200</u>	<u>\$ -</u>	<u>\$ 1,200</u>

CITY OF NEWBERRY
SPECIAL REVENUE FUNDS - STREETSCAPE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2009
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2008)

	Budgeted Amounts		Actual	Variance with	Year
	Original	Final	Amounts	Final Budget	Ended June 30, 2008
Revenues					
Intergovernmental					
Community development grant	\$ 98,672	\$ 98,672	\$ -	\$ (98,672)	\$ 492,000
Other grant	-	-	-	-	64,620
Other state receipts	-	-	-	-	33,200
Interest income	-	-	-	-	-
Total Revenues	<u>98,672</u>	<u>98,672</u>	<u>-</u>	<u>(98,672)</u>	<u>589,820</u>
Expenditures					
Grants					
Operating expenditures	-	-	-	-	88,348
Capital expenditures	98,672	98,672	-	98,672	506,414
Other					
Capital expenditures	20,000	20,000	-	20,000	9,677
Total Expenditures	<u>118,672</u>	<u>118,672</u>	<u>-</u>	<u>118,672</u>	<u>604,439</u>
Excess (Deficiency) of Revenues Over Expenditures	(20,000)	(20,000)	-	20,000	(14,619)
Other Financing Sources (Uses)					
Transfers in					
General fund	20,000	20,000	-	(20,000)	-
Other special revenue funds	-	-	-	-	4,465
Enterprise funds	-	-	-	-	10,000
Fund Balances, beginning	<u>1,962</u>	<u>1,962</u>	<u>1,962</u>	<u>-</u>	<u>2,116</u>
Fund Balances, ending	<u>\$ 1,962</u>	<u>\$ 1,962</u>	<u>\$ 1,962</u>	<u>\$ -</u>	<u>\$ 1,962</u>

CITY OF NEWBERRY
SPECIAL REVENUE FUNDS - LOCAL HOSPITALITY/ACCOMMODATIONS FEE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2009
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2008)

	Budgeted Amounts		Actual	Variance with	Year Ended
	Original	Final	Amounts	Final Budget	June 30, 2008
Revenues					
Fees					
Hospitality	\$ 496,048	\$ 486,127	\$ 478,172	\$ (7,955)	\$ 480,736
Accommodations	80,752	79,137	73,634	(5,503)	76,457
Penalties	279	154	1,372	1,218	443
Interest income	11,000	600	561	(39)	5,169
Total Revenues	<u>588,079</u>	<u>566,018</u>	<u>553,739</u>	<u>(12,279)</u>	<u>562,805</u>
Expenditures					
Tourism contribution/NOHF	40,000	40,000	40,000	-	40,000
Total Expenditures	<u>40,000</u>	<u>40,000</u>	<u>40,000</u>	<u>-</u>	<u>40,000</u>
Excess of Revenues Over Expenditures	548,079	526,018	513,739	(12,279)	522,805
Other Financing Sources (Uses)					
Transfer to/from					
Debt service funds - TIF	(37,000)	27,846	27,846	-	(63,178)
General fund	(133,500)	(133,500)	(133,500)	-	(228,500)
Other special revenue funds	(401,407)	(427,208)	(427,208)	-	(271,971)
Fund Balances, beginning	<u>203,751</u>	<u>203,751</u>	<u>203,751</u>	<u>-</u>	<u>244,595</u>
Fund Balances, ending	<u>\$ 179,923</u>	<u>\$ 196,907</u>	<u>\$ 184,628</u>	<u>\$ (12,279)</u>	<u>\$ 203,751</u>

CITY OF NEWBERRY
SPECIAL REVENUE FUNDS - VICTIM'S RIGHTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2009
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2008)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>	<u>Year Ended</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>	<u>June 30, 2008</u>
Revenues					
Court fines and assessments	\$ 83,000	\$ 51,800	\$ 55,720	\$ 3,920	\$ 87,873
Interest income	2,500	1,100	719	(381)	2,766
Total Revenues	<u>85,500</u>	<u>52,900</u>	<u>56,439</u>	<u>3,539</u>	<u>90,639</u>
Expenditures					
Drug seizure/other					
Operating expenditures	52,421	56,559	52,612	3,947	49,540
Total Expenditures	<u>52,421</u>	<u>56,559</u>	<u>52,612</u>	<u>3,947</u>	<u>49,540</u>
Excess of Revenues Over Expenditures	33,079	(3,659)	3,827	7,456	41,099
Fund Balances, beginning	<u>141,512</u>	<u>141,512</u>	<u>141,512</u>	<u>-</u>	<u>100,413</u>
Fund Balances, ending	<u>\$ 174,591</u>	<u>\$ 137,853</u>	<u>\$ 145,339</u>	<u>\$ 7,456</u>	<u>\$ 141,512</u>

CITY OF NEWBERRY
SCHEDULE OF FINES, ASSESSMENTS AND SURCHARGES
VICTIM'S RIGHTS FUND
YEAR ENDED JUNE 30, 2009

Municipal Court Revenue to City of Newberry

Court revenue booked in General Fund, excluding Victim's Rights money and other police revenue	\$ 712,532
Court assessments and surcharges to State of South Carolina	<u>(426,156)</u>
Net Court Revenue to City of Newberry	<u><u>\$ 286,376</u></u>

Municipal Court Revenue to State of South Carolina

Court assessments to the State Treasurer	\$ 277,365	
DUI assessments to the State Treasurer	546	
DUI Spinal Cord Research Surcharges to the State Treasurer	4,546	
DUI DPS Pullouts to the State Treasurer	4,546	
DUS Pullouts to the State Treasurer	10,540	
Drug Surcharges to the State Treasurer	5,688	
Law Enforcement Surcharges to State Treasurer	102,915	
Criminal Justice Academy Surcharges	19,810	
DUI/DUAC Test Conviction Fees	<u>200</u>	
Total Court Revenue to State Treasurer		<u><u>\$ 426,156</u></u>

Victim Services

Court assessments allocated to Victim Services	\$ 34,975	
Court surcharges allocated to Victim Services	20,745	
Investment income	<u>719</u>	
Funds allocated to Victim Services		\$ 56,439
Victim Services expenditures		<u>(52,612)</u>

Excess of Revenues Over Expenditures 3,827

Fund Balances, beginning 141,512

Fund Balances, ending \$ 145,339

DEBT SERVICE FUNDS

The Debt Service Funds are used to account for the accumulation of resources for, and the payment of, principal and interest from governmental resources.

Series 1998 Tax Increment Revenue (TIF) Bond - This fund is used to account for the activities related to the special assessment bond issue which paid off the Newberry Opera House construction loan and costs of issuance and made certain utility improvements.

Series 2008 Tax Increment Revenue (TIF) Bond - This fund is used to account for the activities related to the special assessment bond issue which was issued for the purpose of refinancing the 1998 Tax Increment Revenue Bonds.

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**CITY OF NEWBERRY
DEBT SERVICE FUNDS - TIF
COMBINING BALANCE SHEET
JUNE 30, 2009**

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2008)

	<u>1998 TIF</u>	<u>2008 TIF</u>	<u>Year Ended June 30, 2009</u>	<u>Year Ended June 30, 2008</u>
Assets				
Cash and cash equivalents	\$ -	\$ 234,919	\$ 234,919	\$ 80,255
Property taxes receivable (net of allowance for uncollectibles)	<u>-</u>	<u>30,414</u>	<u>30,414</u>	<u>122,849</u>
Total Assets	<u>\$ -</u>	<u>\$ 265,333</u>	<u>\$ 265,333</u>	<u>\$ 203,104</u>
Liabilities and Fund Balances				
Liabilities				
Deferred revenue	<u>\$ -</u>	<u>\$ 22,828</u>	<u>\$ 22,828</u>	<u>\$ 14,419</u>
Total Liabilities	<u>-</u>	<u>22,828</u>	<u>22,828</u>	<u>14,419</u>
Fund Balances				
Unreserved, undesignated	<u>-</u>	<u>242,505</u>	<u>242,505</u>	<u>188,685</u>
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 265,333</u>	<u>\$ 265,333</u>	<u>\$ 203,104</u>

CITY OF NEWBERRY
DEBT SERVICE FUNDS - TIF
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2009
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2008)

	1998	2008	Totals	Totals
	TIF	TIF	June 30, 2009	June 30, 2008
Revenues				
Property taxes - current	\$ -	\$ 336,620	\$ 336,620	\$ 308,105
Property taxes - delinquent	1,941	21,176	23,117	19,586
School sales tax	-	22,642	22,642	7,334
Interest	62	184	246	241
Total Revenues	<u>2,003</u>	<u>380,622</u>	<u>382,625</u>	<u>335,266</u>
Expenditures				
Operating expenditures	-	7,000	7,000	-
Debt service				
Principal	235,000	-	235,000	225,000
Interest	38,833	27,126	65,959	83,178
Total Expenditures	<u>273,833</u>	<u>34,126</u>	<u>307,959</u>	<u>308,178</u>
Excess (Deficiency) of Revenues Over Expenditures	(271,830)	346,496	74,666	27,088
Other Financing Sources				
Transfer to/from				
Special Revenue Fund	37,000	(64,846)	(27,846)	63,178
Debt Service Fund	46,145	(46,145)	-	-
Issuance of bonds	-	1,357,000	1,357,000	-
Payoff of 1998 TIF Bond	-	(1,350,000)	(1,350,000)	-
Fund Balances, beginning	<u>188,685</u>	<u>-</u>	<u>188,685</u>	<u>98,419</u>
Fund Balances, ending	<u><u>\$ -</u></u>	<u><u>\$ 242,505</u></u>	<u><u>\$ 242,505</u></u>	<u><u>\$ 188,685</u></u>

CITY OF NEWBERRY
DEBT SERVICE FUNDS - 1998 TIF
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2009
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2008)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>	<u>Year Ended</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>	<u>June 30, 2008</u>
Revenues					
Property taxes - current	\$ 253,000	\$ -	\$ -	\$ -	\$ 308,105
Property taxes - delinquent	12,708	1,941	1,941	-	19,586
School sales tax	4,000	-	-	-	7,334
Interest	200	62	62	-	241
Total Revenues	<u>269,908</u>	<u>2,003</u>	<u>2,003</u>	<u>-</u>	<u>335,266</u>
Expenditures					
Debt service					
Principal	235,000	235,000	235,000	-	225,000
Interest	71,908	38,833	38,833	-	83,178
Total Expenditures	<u>306,908</u>	<u>273,833</u>	<u>273,833</u>	<u>-</u>	<u>308,178</u>
Excess (Deficiency) of Revenues Over Expenditures	(37,000)	(271,830)	(271,830)	-	27,088
Other Financing Sources					
Transfer from					
Special Revenue Fund	37,000	37,000	37,000	-	63,178
Debt Service Fund - 2008 TIF	-	46,145	46,145	-	-
Fund Balances, beginning	<u>188,685</u>	<u>188,685</u>	<u>188,685</u>	<u>-</u>	<u>98,419</u>
Fund Balances, ending	<u>\$ 188,685</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 188,685</u>

CITY OF NEWBERRY
DEBT SERVICE FUNDS - 2008 TIF
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2009

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Property taxes - current	\$ 313,000	\$ 313,000	\$ 336,620	\$ 23,620
Property taxes - delinquent	13,727	13,727	21,176	7,449
School sales tax	-	-	22,642	22,642
Interest	75	75	184	109
Total Revenues	326,802	326,802	380,622	53,820
Expenditures				
Operating expenditures	7,000	7,000	7,000	-
Debt service				
Interest	27,126	27,126	27,126	-
Total Expenditures	34,126	34,126	34,126	-
Excess (Deficiency) of Revenues Over Expenditures	292,676	292,676	346,496	53,820
Other Financing Sources				
Transfer to/from				
Special Revenue Fund	(64,846)	(64,846)	(64,846)	-
Debt Service Fund	-	-	(46,145)	(46,145)
Issuance of bonds	1,357,000	1,357,000	1,357,000	-
Payoff of 1998 TIF Bond	(1,350,000)	(1,350,000)	(1,350,000)	-
Fund Balances, beginning	-	-	-	-
Fund Balances, ending	\$ 234,830	\$ 234,830	\$ 242,505	\$ 7,675

PERMANENT FUND

Japanese Gardens - This fund is used to account for principal trust amounts received and related interest income. The interest portion of the permanent fund can be used to maintain the Japanese Gardens.

**CITY OF NEWBERRY
PERMANENT FUND - JAPANESE GARDENS
COMPARATIVE BALANCE SHEETS
JUNE 30, 2009 AND 2008**

	<u>2009</u>	<u>2008</u>
Assets		
Cash and investments	\$ 16,688	\$ 16,340
Interest receivable	<u>25</u>	<u>42</u>
Total Assets	<u><u>\$ 16,713</u></u>	<u><u>\$ 16,382</u></u>
Liabilities and Fund Balances		
Fund Balances		
Reserved for Japanese Gardens maintenance	\$ 10,000	\$ 10,000
Unreserved, undesignated	<u>6,713</u>	<u>6,382</u>
Total Liabilities and Fund Balances	<u><u>\$ 16,713</u></u>	<u><u>\$ 16,382</u></u>

CITY OF NEWBERRY
JAPANESE GARDENS PERMANENT FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2009
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2008)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>	<u>Year Ended</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>	<u>June 30, 2008</u>
Operating Revenue					
Grants	\$ -	\$ -	\$ -	\$ -	\$ -
Interest revenue	450	200	192	(8)	414
Operating Expenses					
Maintenance of Japanese Gardens	<u>(2,000)</u>	<u>(1,750)</u>	<u>(1,411)</u>	<u>339</u>	<u>(126)</u>
Operating Income (Loss)	(1,550)	(1,550)	(1,219)	331	288
Transfer In					
General Fund	<u>1,550</u>	<u>1,550</u>	<u>1,550</u>	<u>-</u>	<u>1,550</u>
Net Income	-	-	331	331	1,838
Fund Balances, beginning	<u>16,382</u>	<u>16,382</u>	<u>16,382</u>	<u>-</u>	<u>14,544</u>
Fund Balances, ending	<u>\$ 16,382</u>	<u>\$ 16,382</u>	<u>\$ 16,713</u>	<u>\$ 331</u>	<u>\$ 16,382</u>

ENTERPRISE FUND

The Enterprise Fund accounts for operations that are financed and operated in a manner similar to private business enterprise. The intent of the City is that costs of providing goods or services to the general public on a continuing basis will be financed or recovered through user charges.

Utility System - This fund is used to account for the activities of the Electric, Water and Sewer System (a department of the City of Newberry). Activities of the fund include administration, operation and maintenance of the electric, water and sewer system and billing and collection activities. The fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for Water and Sewer debt. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the fund.

**CITY OF NEWBERRY
ENTERPRISE FUND
COMPARATIVE BALANCE SHEETS
JUNE 30, 2009 AND 2008**

	<u>2009</u>	<u>2008</u>
Assets		
Current Assets		
Cash and cash investments	\$ 4,339,777	\$ 6,669,058
Receivables (net of allowances for uncollectibles)		
Accounts	3,075,793	2,834,352
Intergovernmental	2,425	-
Interest receivable	732	5,283
Other	13,161	3,075
Inventory	1,087,963	1,069,138
Restricted Assets		
Cash and cash investments	642,398	626,491
Interest receivable	185	654
Total Current Assets	<u>9,162,434</u>	<u>11,208,051</u>
Noncurrent Assets		
Capital Assets		
Land and land improvements	437,589	431,228
Buildings and fixtures	3,484,975	3,508,489
Office furniture and equipment	211,010	206,734
Traffic controls and fire alarm system	185,112	185,112
Street lighting	407,124	406,044
Other equipment	357,509	237,403
Motor vehicles and equipment	1,996,274	1,819,055
Electric distribution system	9,875,898	9,678,928
Water distribution system	15,794,290	15,290,157
Sewer collection system	21,274,758	19,802,717
Construction in progress	1,020,009	666,671
Totals	55,044,548	52,232,538
Less accumulated depreciation	<u>(31,894,573)</u>	<u>(30,648,810)</u>
Total Capital Assets	23,149,975	21,583,728
Bond issuance cost	174,381	96,384
Restricted assets		
Cash and cash investments	2,115,618	1,007,642
Note receivable - Newberry Opera House Foundation	57,787	57,787
Total Noncurrent Assets	<u>25,497,761</u>	<u>22,745,541</u>
Total Assets	<u>34,660,195</u>	<u>33,953,592</u>

(Continued)

**CITY OF NEWBERRY
ENTERPRISE FUND
COMPARATIVE BALANCE SHEETS
JUNE 30, 2009 AND 2008**

	<u>2009</u>	<u>2008</u>
Liabilities		
Current Liabilities		
Accounts payable	\$ 1,412,326	\$ 1,409,612
Accrued salaries payable	66,599	56,118
Compensated absences payable	104,127	105,437
Due to other funds	47,934	36,310
Accrued interest payable	7,102	11,735
Revenue bonds payable	635,481	615,410
Total Current Liabilities	<u>2,273,569</u>	<u>2,234,622</u>
Noncurrent Liabilities		
Revenue bonds payable	575,741	1,211,222
Compensated absences payable	44,773	23,498
Other post-employment benefit obligation	1,823	-
Total Noncurrent Liabilities	<u>622,337</u>	<u>1,234,720</u>
Total Liabilities	<u>2,895,906</u>	<u>3,469,342</u>
Net Assets		
Invested in capital assets, net of related debt	21,938,753	19,757,096
Restricted for		
Debt service	1,731,291	500,521
Maintenance of utility system	1,026,910	1,134,266
Unrestricted	<u>7,067,335</u>	<u>9,092,367</u>
Total Net Assets	<u>\$ 31,764,289</u>	<u>\$ 30,484,250</u>

**CITY OF NEWBERRY
ENTERPRISE FUND
SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2009
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2008)**

	Budgeted Amounts		Actual	Variance with	Year Ended
	Original	Final	Amounts	Final Budget	June 30, 2007
Operating Revenues					
Connection and reconnection fees	\$ 74,000	\$ 76,000	\$ 80,767	\$ 4,767	\$ 83,357
Water receipts	3,137,664	3,173,290	3,218,926	45,636	3,101,255
Electric receipts	15,656,902	15,656,902	15,934,946	278,044	15,443,718
Sewer receipts	2,898,250	2,904,461	3,023,405	118,944	2,754,515
Sales and use tax	360,227	360,227	353,454	(6,773)	351,322
Utility penalty	185,000	185,000	203,257	18,257	208,801
Water taps	50,000	62,000	70,892	8,892	19,840
Sewer taps	30,000	35,000	34,000	(1,000)	13,788
Temporary electric services	8,000	8,000	8,410	410	8,640
Newberry housing authority	-	1,086	1,086	-	1,086
Fire flow access fees	23,000	23,000	23,869	869	23,380
Other revenue	22,280	20,130	40,921	20,791	32,606
CATV - pole rental	29,655	29,655	29,655	-	29,655
Total Operating Revenues	22,474,978	22,534,751	23,023,588	488,837	22,071,963
Operating Expense					
City Hall	23,500	23,000	22,028	972	17,050
Finance	334,464	329,025	314,715	14,310	298,970
Utility administration	244,754	213,757	195,499	18,258	161,017
Warehouse	47,029	46,963	45,930	1,033	43,529
Electric distribution	38,768	38,768	36,945	1,823	790,312
Information services	856,692	854,780	818,129	36,651	
Water and sewer maintenance	766,985	760,753	709,414	51,339	700,383
Water production	1,025,971	1,078,389	1,048,615	29,774	960,797
Waste treatment	861,743	921,732	921,515	217	828,458
General insurance	93,450	78,700	77,181	1,519	85,722
Employee fringe benefits	677,285	639,921	612,954	26,967	586,186
Nondepartmental	13,977,752	13,972,646	14,265,662	(293,016)	13,540,626
Depreciation	1,700,000	1,700,000	1,820,889	(120,889)	1,837,717
Total Operating Expenses	20,648,393	20,658,434	20,889,476	(231,042)	19,850,767
Operating Income	1,826,585	1,876,317	2,134,112	257,795	2,221,196

(Continued)

CITY OF NEWBERRY
ENTERPRISE FUND
SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2009
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2008)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>	<u>Year Ended</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>	<u>June 30, 2008</u>
Nonoperating Income					
(Expenses)					
Interest revenue	\$ 111,000	\$ 56,725	\$ 58,586	\$ 1,861	\$ 194,545
County sales tax	-	491,261	491,261	-	1,773,933
Gain (loss) on extinguishment of capital assets	-	-	(69,678)	(69,678)	(50,723)
Interest expense, bank management fees and amortization	(100,000)	(100,000)	(70,140)	29,860	(79,800)
Total Nonoperating Income	11,000	447,986	410,029	(37,957)	1,837,955
(Expenses)					
Income Before Capital					
Contributions and Transfers	1,837,585	2,324,303	2,544,141	219,838	4,059,151
Capital contributions	-	-	-	-	132,329
Transfer from (to)					
General fund	(1,264,102)	(1,264,102)	(1,264,102)	-	(1,191,241)
Special revenue funds	-	-	-	-	(18,000)
Net Income	573,483	1,060,201	1,280,039	219,838	2,982,239
Net Assets, beginning	30,484,250	30,484,250	30,484,250	-	27,502,011
Net Assets, ending	\$ 31,057,733	\$ 31,544,451	\$ 31,764,289	\$ 219,838	\$ 30,484,250

**CITY OF NEWBERRY
ENTERPRISE FUND
SCHEDULE OF EXPENSES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2009
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2008)**

	Budgeted Amounts		Actual	Variance with	Year Ended
	Original	Final	Amounts	Final Budget	June 30, 2008
City Hall					
Utilities	\$ 18,000	\$ 13,400	\$ 13,216	\$ 184	\$ 14,680
Building and fixture repair	4,000	8,400	7,732	668	1,007
Cleaning and sanitation supplies	1,500	1,200	1,080	120	1,363
Totals	23,500	23,000	22,028	972	17,050
Finance					
Salaries and wages	218,233	218,077	218,036	41	210,115
Overtime	1,500	1,500	5	1,495	712
Printing	500	500	-	500	-
Office supplies	4,250	4,000	3,515	485	5,097
Postage	32,435	31,250	31,399	(149)	23,960
Membership, dues and subscriptions	195	195	195	-	165
Travel	1,950	1,265	148	1,117	201
Vehicle fuel	6,900	5,963	5,714	249	6,497
Vehicle repair	700	1,000	1,017	(17)	771
Tires and tubes	1,100	800	294	506	1,005
Telephone - cellular	400	410	403	7	391
Maintenance contracts	33,476	31,757	28,938	2,819	24,249
Equipment repair	750	750	72	678	-
Small hand tools	500	500	383	117	336
Small equipment purchases	2,400	2,925	2,458	467	210
Radio supplies	150	200	105	95	-
Uniforms	2,750	2,750	2,537	213	2,568
Safety equipment	200	200	22	178	-
Safety training/hygiene	300	300	121	179	-
Advertising	500	500	67	433	22
Rent/lease equipment	8,440	8,440	7,925	515	8,735
Employee training	1,435	1,385	903	482	478
Audit	11,000	9,958	9,958	-	9,958
Computer programming	4,400	4,400	500	3,900	3,500
Totals	334,464	329,025	314,715	14,310	298,970

(Continued)

**CITY OF NEWBERRY
ENTERPRISE FUND
SCHEDULE OF EXPENSES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2009
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2008)**

	Budgeted Amounts		Actual	Variance with	Year Ended
	Original	Final	Amounts	Final Budget	June 30, 2008
Utility Administration					
Salaries and wages	\$ 190,056	\$ 162,095	\$ 162,126	\$ (31)	\$ 135,243
Overtime	-	750	-	750	-
Printing	500	500	-	500	-
Office supplies	4,500	4,500	2,075	2,425	2,250
Postage	800	800	386	414	488
Membership, dues and subscriptions	5,133	5,133	5,156	(23)	5,163
Travel	7,925	7,925	3,424	4,501	4,029
Vehicle fuel	1,100	1,358	1,253	105	1,313
Vehicle repair	500	500	214	286	232
Tires and tubes	200	200	-	200	236
Utilities	4,500	3,923	2,708	1,215	866
Telephone	2,500	2,500	2,393	107	2,208
Maintenance contracts	6,315	3,590	3,584	6	-
Building and fixture repairs	4,000	4,000	809	3,191	-
Small equipment purchases	2,500	2,500	476	2,024	173
Advertising	7,000	7,096	7,321	(225)	4,959
Rent/lease equipment	3,600	2,762	3,089	(327)	3,857
Employee training	625	625	310	315	-
Engineering supplies	3,000	3,000	175	2,825	-
Totals	244,754	213,757	195,499	18,258	161,017
Warehouse					
Salaries and wages	36,049	36,043	36,085	(42)	33,492
Overtime	200	200	-	200	-
Office supplies	1,000	1,000	908	92	968
Postage	15	15	2	13	-
Membership, dues and subscriptions	30	30	30	-	30
Travel	140	-	-	-	-
Vehicle fuel (forklift)	80	80	36	44	38
Utilities	4,000	4,000	3,731	269	3,489
Telephone	225	170	171	(1)	200
Maintenance contracts	630	600	555	45	520
Equipment repair	50	50	7	43	13
Building and fixture repairs	300	400	324	76	797
Small equipment purchases	150	460	310	150	-
Safety equipment	50	25	-	25	-
Dry cleaning/laundry	25	25	-	25	-
Rental/lease of equipment	505	505	502	3	566

(Continued)

**CITY OF NEWBERRY
ENTERPRISE FUND
SCHEDULE OF EXPENSES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2009
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2008)**

	Budgeted Amounts		Actual	Variance with	Year Ended
	Original	Final	Amounts	Final Budget	June 30, 2008
Warehouse (Continued)					
Employee training	\$ 150	\$ 81	\$ 25	\$ 56	\$ 21
Freight and shipping	30	30	-	30	10
Cost of sales	400	400	302	98	281
Inventory loss	3,000	2,849	2,942	(93)	3,104
Totals	47,029	46,963	45,930	1,033	43,529
Information Services					
Salaries and wages	34,693	34,693	34,693	-	-
Printing	125	125	-	125	-
Office supplies	250	250	217	33	-
Postage	15	15	-	15	-
Membership, dues and subscriptions	60	60	45	15	-
Travel	2,105	2,105	1,316	789	-
Telephone	1,000	1,000	600	400	-
Equipment repair	50	50	74	(24)	-
Safety equipment	50	50	-	50	-
Rental/lease of equipment	420	420	-	420	-
Totals	38,768	38,768	36,945	1,823	-
Electric Distribution					
Salaries and wages	468,818	469,472	453,598	15,874	405,821
Overtime and holiday pay	20,859	20,859	16,898	3,961	15,977
Office supplies	400	399	436	(37)	243
Membership, dues and subscriptions	1,380	1,380	1,502	(122)	1,467
Travel	3,285	3,285	2,376	909	1,497
Vehicle fuel	22,250	22,250	24,738	(2,488)	27,330
Vehicle repair	12,000	12,000	14,849	(2,849)	19,051
Tires and tubes	2,500	2,499	3,986	(1,487)	3,605
Utilities	11,000	11,000	11,599	(599)	11,839
Telephone	1,000	1,000	1,059	(59)	994
Maintenance contracts	51,000	51,000	51,390	(390)	42,886
Contracts - elec. Rates/needs	2,000	7,456	8,338	(882)	7,307
Meter testing	9,000	9,000	8,227	773	8,525
Equipment repair	2,000	2,000	2,478	(478)	1,391

(Continued)

CITY OF NEWBERRY
ENTERPRISE FUND
SCHEDULE OF EXPENSES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2009
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2008)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Year Ended June 30, 2008
	Original	Final			
Electric Distribution (Continued)					
Substation repairs	\$ 6,500	\$ 8,230	\$ 8,351	\$ (121)	\$ 2,738
Building and fixture repairs	2,000	2,000	1,840	160	716
Small hand tools	4,000	4,000	2,995	1,005	5,193
Small equipment purchases	2,000	2,000	1,363	637	2,917
Cement and masonry	200	200	-	200	-
Uniforms	20,000	20,000	11,594	8,406	10,267
Safety equipment	5,000	3,000	5,609	(2,609)	4,507
Cleaning and sanitation supplies	1,050	1,300	1,123	177	1,156
Meters and meter parts	6,000	6,000	5,934	66	5,274
Electric materials	110,000	110,000	115,383	(5,383)	126,278
Advertising	500	500	-	500	1,081
Rent/lease equipment	1,600	1,600	1,269	331	1,456
Employee training	5,350	7,350	7,008	342	4,949
Engineering	30,000	20,000	15,627	4,373	19,551
Legal Expenses	45,000	45,000	27,927	17,073	51,256
Rights of way	10,000	10,000	10,632	(632)	5,040
Totals	856,692	854,780	818,129	36,651	790,312
Water and Sewer Maintenance					
Salaries and wages	359,276	330,000	307,285	22,715	309,029
Overtime and holiday pay	36,884	36,884	23,706	13,178	22,911
Office supplies	825	825	560	265	488
Postage	150	150	-	150	11
Membership, dues and subscriptions	840	840	310	530	-
Travel	4,905	4,905	3,939	966	4,372
Vehicle fuel	29,505	29,505	26,572	2,933	32,572
Vehicle repair	12,000	16,800	13,708	3,092	10,130
Tires and tubes	3,500	6,000	4,885	1,115	3,432
Utilities	22,000	22,000	20,906	1,094	17,941
Telephone	1,600	1,600	1,185	415	1,169
Maintenance contracts	3,000	2,000	1,064	936	4,683
Contract - TV sewer lines	7,500	6,500	6,075	425	5,440
Meter testing	3,000	3,000	-	3,000	-
Equipment repairs	35,000	50,100	63,205	(13,105)	73,986
Building and fixture repairs	2,500	2,500	413	2,087	1,152
Small hand tools	4,775	4,775	4,611	164	4,390
Small equipment purchases	10,000	4,000	3,179	821	10,455

(Continued)

CITY OF NEWBERRY
ENTERPRISE FUND
SCHEDULE OF EXPENSES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2009
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2008)

	Budgeted Amounts		Actual	Variance with	Year Ended
	Original	Final	Amounts	Final Budget	June 30, 2008
Water and Sewer Maintenance (Continued)					
Cement and masonry	\$ 60,000	\$ 70,000	\$ 61,818	\$ 8,182	\$ 49,977
Uniforms	7,300	7,300	7,338	(38)	5,208
Safety equipment	14,000	14,000	6,778	7,222	6,775
Cleaning and sanitation supplies	1,050	1,299	1,423	(124)	1,851
Chemicals	3,500	3,500	1,228	2,272	3,884
Meters and meter parts	21,000	16,000	7,591	8,409	17,012
Pipes, fittings and hydrants	82,500	82,500	99,177	(16,677)	85,530
Advertising	750	889	889	-	-
Rental/lease equipment	2,000	2,000	1,269	731	1,991
Employee training	2,625	2,625	2,193	432	3,076
Engineering	5,000	3,500	3,340	160	3,086
Rights of way	30,000	34,756	34,767	(11)	19,832
Totals	766,985	760,753	709,414	51,339	700,383
Water Production					
Salaries and wages	341,619	323,321	322,793	528	278,566
Overtime and holiday pay	6,476	6,427	2,968	3,459	2,003
Regulatory fees	14,701	14,752	14,752	-	14,701
Office supplies	2,000	2,000	2,119	(119)	1,918
Postage	2,800	1,800	1,340	460	1,096
Membership, dues and subscriptions	775	775	775	-	815
Travel	1,500	1,500	824	676	732
Vehicle fuel	4,200	4,200	3,582	618	11,551
Vehicle repair	750	750	318	432	640
Tires and tubes	500	500	211	289	46
Diesel Fuel-WTP/WWTP	5,000	5,000	4,187	813	-
Utilities	310,000	350,000	330,035	19,965	346,505
Telephone	6,500	6,500	2,208	4,292	1,205
Maintenance contracts	23,550	13,525	9,158	4,367	20,715
Rate study	3,500	3,500	4,061	(561)	2,687
Sludge handling contract	14,000	24,000	23,650	350	16,250
Outside lab testing	10,000	10,000	8,714	1,286	3,982
Equipment repairs	76,000	76,000	77,937	(1,937)	75,704
Building and fixture repairs	7,000	6,000	4,071	1,929	6,072
Small hand tools	750	750	675	75	572
Small equipment purchases	4,000	2,000	825	1,175	3,552
Uniforms	1,000	1,400	1,127	273	769
Safety equipment	2,250	6,590	4,239	2,351	4,896

(Continued)

**CITY OF NEWBERRY
ENTERPRISE FUND
SCHEDULE OF EXPENSES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2009
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2008)**

	Budgeted Amounts		Actual	Variance with	Year Ended
	Original	Final	Amounts	Final Budget	June 30, 2008
Water Production (Continued)					
Cleaning and sanitation supplies	\$ 1,500	\$ 1,500	\$ 1,187	\$ 313	\$ 1,375
Chemicals	140,000	178,000	190,413	(12,413)	125,486
Medical and lab supplies	17,800	19,800	21,251	(1,451)	17,191
Pipes, fittings and hydrants	1,500	1,500	1,087	413	1,110
Electrical materials	1,000	999	457	542	797
Advertising	3,000	3,000	2,507	493	3,299
Rental/lease equipment	5,500	5,500	5,245	255	2,273
Employee training	1,800	1,800	1,760	40	955
Engineering	15,000	5,000	4,139	861	13,334
Totals	1,025,971	1,078,389	1,048,615	29,774	960,797
Waste Treatment					
Salaries and wages	\$ 239,304	\$ 235,000	\$ 221,970	\$ 13,030	\$ 218,870
Overtime and holiday pay	12,945	12,945	12,724	221	9,778
Regulatory fees	2,700	2,700	2,449	251	2,440
Office supplies	2,000	2,000	1,127	873	2,421
Postage	500	500	416	84	289
Membership, dues and subscriptions	455	455	335	120	400
Travel	3,850	3,850	1,731	2,119	3,565
Vehicle fuel	4,500	5,564	5,374	190	8,489
Vehicle repair	500	500	1,235	(735)	2,603
Tires and tubes	500	500	691	(191)	106
Diesel Fuel WTP/WWPT	5,000	5,000	4,541	459	-
Utilities	225,539	303,039	300,824	2,215	228,096
Telephone	2,800	2,800	2,815	(15)	2,739
Maintenance contracts	14,000	14,000	13,588	412	13,164
Rate study	3,500	3,500	1,558	1,942	3,520
Sludge handling contract	160,000	115,000	121,402	(6,402)	153,061
Outside lab testing	29,000	29,000	17,016	11,984	25,664
Pretreatment program	15,000	41,099	35,205	5,894	12,537
Equipment repairs	50,000	50,000	74,519	(24,519)	47,515
Building and fixture repairs	3,500	3,500	3,587	(87)	1,373
Small hand tools	1,500	1,500	792	708	660
Small equipment purchases	1,000	1,000	170	830	710
Radio maintenance	-	-	-	-	126
Uniforms	1,000	1,000	814	186	671
Safety equipment	2,000	3,728	4,253	(525)	4,256

(Continued)

**CITY OF NEWBERRY
ENTERPRISE FUND
SCHEDULE OF EXPENSES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2009
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2008)**

	Budgeted Amounts		Actual	Variance with	Year Ended
	Original	Final	Amounts	Final Budget	June 30, 2008
Waste Treatment (Continued)					
Safety training/hygiene	\$ 1,000	\$ 1,000	\$ 25	\$ 975	\$ 330
Cleaning and sanitation supplies	1,000	1,000	605	395	556
Chemicals	52,300	52,300	68,827	(16,527)	54,328
Medical and lab supplies	10,000	10,000	10,980	(980)	15,678
Pipes, fittings and hydrants	1,500	1,500	776	724	519
Electrical materials	1,000	1,000	858	142	466
Advertising	150	300	974	(674)	-
Rental/lease equipment	2,200	2,200	1,593	607	1,805
Employee training	3,500	3,500	2,927	573	1,393
Engineering	7,500	10,252	4,814	5,438	10,330
Extra legal	500	500	-	500	-
Totals	861,743	921,732	921,515	217	828,458
General Insurance					
Claims reimbursement	3,000	1,500	-	1,500	-
SCMIRF	90,450	77,200	77,181	19	85,722
Totals	93,450	78,700	77,181	1,519	85,722
Employee Fringe and Benefits					
SC retirement	181,435	177,308	173,104	4,204	154,066
Social security	147,815	144,452	135,759	8,693	122,721
City's share of employee insurance	250,645	234,161	225,533	8,628	223,397
GASB 45 OPEB expense	13,390	4,000	1,823	2,177	-
Workers' compensation	45,500	41,500	40,087	1,413	47,974
Workers' compensation deductibles	15,000	15,000	6,329	8,671	6,232
Unemployment claims	5,000	5,000	576	4,424	265
Employer/employee relations	15,000	15,000	7,519	7,481	9,951
Physical examinations	2,500	2,500	959	1,541	1,718
Wellness program	1,000	1,000	1,300	(300)	807
Compensated absences	-	-	19,965	(19,965)	19,055
Totals	677,285	639,921	612,954	26,967	586,186

(Continued)

**CITY OF NEWBERRY
ENTERPRISE FUND
SCHEDULE OF EXPENSES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2009
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2008)**

	Budgeted Amounts		Actual	Variance with	Year Ended
	Original	Final	Amounts	Final Budget	June 30, 2008
Nondepartmental					
Sales and use tax	\$ 360,277	\$ 360,227	\$ 351,127	\$ 9,100	\$ 347,781
Purchase of electricity	13,469,084	13,469,084	13,773,043	(303,959)	12,981,182
SCE&G water contract	16,575	17,122	21,632	(4,510)	14,319
Streetlight charges	-	3,897	4,358	(461)	-
Refunds	18,500	14,500	9,270	5,230	18,073
Bad debt expense	75,000	75,000	78,709	(3,709)	-
Community enhancement	25,000	25,000	22,421	2,579	94,949
Web site maintenance	10,500	5,000	2,286	2,714	1,718
Utility bad debt expense	-	-	-	-	79,788
Lease - Lindsay Drivethru	2,816	2,816	2,816	-	2,816
Totals	13,977,752	13,972,646	14,265,662	(293,016)	13,540,626
Depreciation	1,700,000	1,700,000	1,820,889	(120,889)	1,837,717
Grand Totals	\$ 20,648,393	\$ 20,658,434	\$ 20,889,476	\$ (231,042)	\$ 19,850,767

**CITY OF NEWBERRY
ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2009 AND 2008**

	<u>2009</u>	<u>2008</u>
Cash Flows from Operating Activities		
Receipts from customers	\$ 22,769,636	\$ 21,755,281
Purchase of electricity	(13,773,043)	(12,981,182)
Payments to suppliers	(3,487,144)	(3,205,831)
Payments to employees	(1,780,618)	(1,612,344)
Net Cash Provided by Operating Activities	<u>3,728,831</u>	<u>3,955,924</u>
Cash Flows from Noncapital Financing Activities		
Transfers in (out)	(1,264,102)	(1,209,241)
Net Cash Used in Noncapital Financing Activities	<u>(1,264,102)</u>	<u>(1,209,241)</u>
Cash Flows from Capital and Related Financing Activities		
Capital expenses	(3,456,814)	(2,698,149)
Bond proceeds	-	380,000
Bond issue costs	(104,199)	-
County sales tax	491,261	1,773,933
Proceeds from sale of capital assets	-	7,794
Principal payments on bonds and notes payable	(615,410)	(569,724)
Interest and other fees paid	(48,571)	(54,702)
Net Cash Used in Capital and Related Financing Activities	<u>(3,733,733)</u>	<u>(1,160,848)</u>
Cash Flows from Investing Activities		
Interest on investments	63,606	209,905
Principal payments received on notes receivable	-	40,000
Net Cash Provided by Investing Activities	<u>63,606</u>	<u>249,905</u>
Net Increase (Decrease) in Cash	(1,205,398)	1,835,740
Cash and Cash Investments, Beginning	<u>8,303,191</u>	<u>6,467,451</u>
Cash and Cash Investments, Ending	<u><u>\$ 7,097,793</u></u>	<u><u>\$ 8,303,191</u></u>

(Continued)

**CITY OF NEWBERRY
ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2009 AND 2008**

	<u>2009</u>	<u>2008</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating Income	\$ 2,134,112	\$ 2,221,196
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation	1,820,889	1,837,717
Decrease (increase) in accounts receivable	(241,441)	(401,174)
Decrease (increase) in inventories	(18,825)	(9,529)
Decrease (increase) in other receivables	(12,511)	84,492
Increase (decrease) in accounts payable	2,714	194,390
Increase (decrease) in compensated absences	19,965	19,055
Increase (decrease) in accrued salaries	12,304	11,118
Increase (decrease) in due to other funds	11,624	(1,341)
Net Cash Provided by Operating Activities	<u><u>\$ 3,728,831</u></u>	<u><u>\$ 3,955,924</u></u>
Noncash Capital Activities		
Contributions of capital assets	<u><u>\$ -</u></u>	<u><u>\$ 132,329</u></u>

CAPITAL ASSETS - GOVERNMENTAL FUNDS

The Capital Assets - Governmental Funds provide accountability for the City's general capital assets. A capital asset is accounted for in this account when it has been purchased using general governmental resources and is used for general governmental purposes. Assets are recorded at historical cost if purchased, or if historical cost is not available, estimated historical cost, or fair market value on the date donated, if donated.

CITY OF NEWBERRY
COMPARATIVE SCHEDULES OF CAPITAL ASSETS
USED IN THE OPERATION OF GOVERNMENTAL FUNDS
BY SOURCE
JUNE 30, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
Capital Assets		
Land and improvements	\$ 2,301,016	\$ 2,293,970
Buildings, improvements and fixtures	7,147,601	7,108,000
Streets, sidewalks and bridges	1,670,680	1,625,635
Motor vehicles and equipment	4,228,220	4,027,648
Office furniture and equipment	118,545	99,988
Other equipment	639,791	600,309
Construction in progress	476,638	-
Total Capital Assets	<u><u>\$ 16,582,491</u></u>	<u><u>\$ 15,755,550</u></u>
Investment in Capital Assets by Source		
General Fund	\$ 6,788,743	\$ 6,438,439
Special Revenue Funds	3,526,572	3,049,935
Capital Projects Funds	983,603	983,603
Donations	4,511,094	4,511,094
Parking Enterprise Funds	374,186	374,186
Contribution by Utility Enterprise Fund	398,293	398,293
Total Investment in Capital Assets	<u><u>\$ 16,582,491</u></u>	<u><u>\$ 15,755,550</u></u>

CITY OF NEWBERRY
SCHEDULE OF CAPITAL ASSETS USED IN THE OPERATION OF
GOVERNMENTAL FUNDS - BY FUNCTION AND ACTIVITY
YEAR ENDED JUNE 30, 2009

Function and Activity	Land and Land Improvements	Building Improvements and Fixtures	Streets, Sidewalks, and Bridges	Motor Vehicle and Equipment	Office Furniture and Equipment	Other Equipment	Construction in Progress	Total
General Government								
Council	\$ 1,902,396	\$ 7,113,734	\$ -	\$ -	\$ -	\$ 110,980	\$ -	\$ 9,127,110
Finance	-	-	-	-	11,240	-	-	11,240
City Hall	-	-	-	-	63,416	8,850	-	72,266
Planning and development	-	-	-	37,682	-	-	-	37,682
Telecommunications	-	-	-	-	-	-	476,638	476,638
Total General Government	<u>1,902,396</u>	<u>7,113,734</u>	<u>-</u>	<u>37,682</u>	<u>74,656</u>	<u>119,830</u>	<u>476,638</u>	<u>9,724,936</u>
Public Safety								
Police	-	3,400	-	781,278	43,889	126,444	-	955,011
Fire	-	30,467	-	1,488,519	-	127,070	-	1,646,056
Total Public Safety	<u>-</u>	<u>33,867</u>	<u>-</u>	<u>2,269,797</u>	<u>43,889</u>	<u>253,514</u>	<u>-</u>	<u>2,601,067</u>
Public Works								
Administration	-	-	-	20,425	-	23,069	-	43,494
Streets and drainage	-	-	1,670,680	544,541	-	18,107	-	2,233,328
Sanitation and streets	-	-	-	1,157,915	-	-	-	1,157,915
Building maintenance	-	-	-	19,955	-	-	-	19,955
Garage	-	-	-	26,215	-	44,792	-	71,007
Total Public Works	<u>-</u>	<u>-</u>	<u>1,670,680</u>	<u>1,769,051</u>	<u>-</u>	<u>85,968</u>	<u>-</u>	<u>3,525,699</u>
Parks, recreation and tourism	<u>398,620</u>	<u>-</u>	<u>-</u>	<u>151,690</u>	<u>-</u>	<u>180,479</u>	<u>-</u>	<u>730,789</u>
Total Capital Assets	<u>\$ 2,301,016</u>	<u>\$ 7,147,601</u>	<u>\$ 1,670,680</u>	<u>\$ 4,228,220</u>	<u>\$ 118,545</u>	<u>\$ 639,791</u>	<u>\$ 476,638</u>	<u>\$ 16,582,491</u>

CITY OF NEWBERRY
SCHEDULE OF CHANGES IN CAPITAL ASSETS USED IN THE OPERATION
OF GOVERNMENTAL FUNDS - BY FUNCTION AND ACTIVITY
YEAR ENDED JUNE 30, 2009

Function and Activity	Capital Assets June 30, 2008	Additions	Deductions	Capital Assets June 30, 2009
General Government				
Council	\$ 9,080,464	\$ 46,646	\$ -	\$ 9,127,110
Finance	17,291	-	6,051	11,240
City Hall	31,839	56,950	16,523	72,266
Planning and development	37,682	-	-	37,682
Telecommunications	-	476,638	-	476,638
Total General Government	9,167,276	580,234	22,574	9,724,936
Public Safety				
Police	957,240	88,290	90,519	955,011
Fire	1,605,521	40,535	-	1,646,056
Total Public Safety	2,562,761	128,825	90,519	2,601,067
Public Works				
Administration	43,494	-	-	43,494
Streets and drainage	2,193,475	45,045	5,192	2,233,328
Sanitation and streets	972,615	185,300	-	1,157,915
Building maintenance	19,955	-	-	19,955
Garage	71,007	-	-	71,007
Total Public Works	3,300,546	230,345	5,192	3,525,699
Parks, Recreation, and Tourism	724,967	22,825	17,003	730,789
Total Capital Assets	\$ 15,755,550	\$ 962,229	\$ 135,288	\$ 16,582,491

STATISTICAL SECTION

This part of the City of Newberry's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

	Page
Contents	
Financial Trends	114-119
These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	
Revenue Capacity	120-129
These schedules contain information to help the reader assess the government's most significant local revenue source, utility system receipts. Additional data is presented on property tax revenue, the most significant general fund revenue source and a traditional revenue source of interest to readers of this report.	
Debt Capacity	130-135
These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	
Demographic and Economic Information	136-137
These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	
Operating Information	138-140
These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	
Sources:	Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

City of Newberry
Net Assets by Component
Last Seven Fiscal Years (1)
(accrual basis of accounting)

	2003	2004	2005	2006	2007	2008	2009
	\$	\$	\$	\$	\$	\$	\$
Governmental activities							
Invested in capital assets, net of related debt	3,776,375	3,858,984	4,122,670	3,920,914	5,014,176	5,930,087	6,447,586
Restricted	69,015	10,000	10,000	10,000	10,000	10,000	10,000
Unrestricted	2,906,765	3,352,803	4,001,053	5,667,899	5,215,684	6,001,866	6,777,040
Total governmental activities net assets	<u>6,752,155</u>	<u>7,221,787</u>	<u>8,133,723</u>	<u>9,598,813</u>	<u>10,239,860</u>	<u>11,941,953</u>	<u>13,234,626</u>
Business-type activities							
Invested in capital assets, net of related debt	17,840,464	18,640,596	18,650,539	18,614,512	18,755,630	19,853,480	21,938,753
Restricted	4,567,490	1,500,134	969,491	1,051,168	1,528,920	1,634,787	2,758,201
Unrestricted	5,152,990	4,548,809	5,529,050	6,483,586	7,217,461	8,995,983	7,067,335
Total business-type activities net assets	<u>27,560,944</u>	<u>24,689,539</u>	<u>25,149,080</u>	<u>26,149,266</u>	<u>27,502,011</u>	<u>30,484,250</u>	<u>31,764,289</u>
Primary government							
Invested in capital assets, net of related debt	21,616,839	22,499,580	22,773,209	22,535,426	23,769,806	25,783,567	28,386,339
Restricted	4,636,505	1,510,134	979,491	1,061,168	1,538,920	1,644,787	2,768,201
Unrestricted	8,059,755	7,901,612	9,530,103	12,151,485	12,433,145	14,997,849	13,844,375
Total primary government net assets	<u>34,313,099</u>	<u>31,911,326</u>	<u>33,282,803</u>	<u>35,748,079</u>	<u>37,741,871</u>	<u>42,426,203</u>	<u>44,998,915</u>

(1) Reporting data coincides with GASB 34 implementation in fiscal year 2003.

City of Newberry
Changes in Net Assets
Last Seven Fiscal Years (1)
(accrual basis of accounting)

	2003	2004	2005	2006	2007	2008	2009
	\$	\$	\$	\$	\$	\$	\$
Expenses							
Governmental activities:							
General government	951,461	969,006	1,005,597	1,030,011	1,445,489	1,314,360	1,189,122
Public safety	2,881,264	3,106,543	3,293,811	3,474,702	3,825,223	4,190,713	4,071,407
Public works	1,237,546	1,331,018	1,281,033	1,377,159	1,382,291	1,341,670	1,538,902
Recreation	461,020	480,602	504,492	509,442	533,905	579,420	581,708
Community development	35,031	108,710	121,262	188,088	114,662	948,805	785,508
Community promotions	151,113	160,230	230,180	249,642	234,583	183,867	148,955
Interest on long-term debt	128,829	119,846	109,050	129,897	170,940	156,887	130,055
Total governmental activities expenses	<u>5,846,264</u>	<u>6,275,955</u>	<u>6,545,425</u>	<u>6,958,941</u>	<u>7,707,093</u>	<u>8,715,722</u>	<u>8,445,657</u>
Business-type activities: Utility system	<u>17,474,698</u>	<u>21,736,601</u>	<u>17,887,156</u>	<u>18,420,267</u>	<u>19,046,776</u>	<u>19,981,290</u>	<u>21,029,294</u>
Total primary government expenses	<u><u>23,320,962</u></u>	<u><u>28,012,556</u></u>	<u><u>24,432,581</u></u>	<u><u>25,379,208</u></u>	<u><u>26,753,869</u></u>	<u><u>28,697,012</u></u>	<u><u>29,474,951</u></u>
Program Revenues							
Governmental activities:							
Charges for services:							
General government	1,137,848	1,187,358	1,200,276	1,301,029	1,437,771	1,468,790	1,401,080
Public safety	494,673	481,017	665,597	557,813	862,315	988,539	791,774
Public works	305,286	334,424	591,701	575,977	579,809	574,127	609,412
Parks, Recreation, & Tourism	38,273	41,782	34,972	35,925	41,177	38,399	38,420
Community promotion and projects	-	-	-	-	-	2,910	5,395
Operating grants and contributions	57,381	96,065	357,807	148,329	18,000	183,563	180,233
Capital grants and contributions	157	-	-	329,874	114,212	556,620	520,272
Total governmental activities program revenues	<u>2,033,618</u>	<u>2,140,646</u>	<u>2,850,353</u>	<u>2,948,947</u>	<u>3,053,284</u>	<u>3,812,948</u>	<u>3,546,586</u>
Business-type activities: Utility system							
Charges for services	18,560,750	19,382,534	18,896,660	19,995,736	20,767,125	22,071,963	23,023,588
Operating grants and contributions	-	15,536	-	-	-	-	-
Capital grants and contributions	-	367,484	340,836	146,006	189,835	132,329	-
Total business-type activities program revenues	<u>18,560,750</u>	<u>19,765,554</u>	<u>19,237,496</u>	<u>20,141,742</u>	<u>20,956,960</u>	<u>22,204,292</u>	<u>23,023,588</u>
Total primary government program revenues	<u><u>20,594,368</u></u>	<u><u>21,906,200</u></u>	<u><u>22,087,849</u></u>	<u><u>23,090,689</u></u>	<u><u>24,010,244</u></u>	<u><u>26,017,240</u></u>	<u><u>26,570,174</u></u>

	2003 \$	2004 \$	2005 \$	2006 \$	2007 \$	2008 \$	2009 \$
Net (expense)/revenue							
Governmental activities	(3,812,646)	(4,135,309)	(3,695,072)	(4,009,994)	(4,653,809)	(4,902,774)	(4,899,071)
Business-type activities	1,086,052	(1,971,047)	1,350,340	1,721,475	1,910,184	2,223,002	1,994,294
Total primary government net expense	<u>(2,726,594)</u>	<u>(6,106,356)</u>	<u>(2,344,732)</u>	<u>(2,288,519)</u>	<u>(2,743,625)</u>	<u>(2,679,772)</u>	<u>(2,904,777)</u>
General Revenues and Other Changes in Net Assets							
Governmental activities:							
Property taxes	1,757,023	1,905,091	1,783,419	2,091,233	2,181,578	2,324,532	2,481,874
Local hospitality and accommodation fee	367,676	396,926	442,297	481,809	545,207	557,636	553,178
Intergovernmental revenue	903,373	1,302,367	1,179,810	1,708,424	1,098,074	1,861,027	1,741,740
Interest revenue	26,542	22,402	51,539	160,413	199,890	115,620	36,020
Miscellaneous	63,042	25,961	188,712	128,074	189,407	536,811	114,830
Transfers	950,000	952,194	961,231	905,131	1,080,700	1,209,241	1,264,102
Total governmental activities	<u>4,067,656</u>	<u>4,604,941</u>	<u>4,607,008</u>	<u>5,475,084</u>	<u>5,294,856</u>	<u>6,604,867</u>	<u>6,191,744</u>
Business-type activities:							
Intergovernmental revenue	-	-	-	-	234,805	1,773,933	491,261
Interest revenue	107,531	51,836	70,432	183,842	273,621	194,545	58,586
Miscellaneous	-	-	-	-	14,835	-	-
Transfers	(950,000)	(952,194)	(961,231)	(905,131)	(1,080,700)	(1,209,241)	(1,264,102)
Total business-type activities	<u>(842,469)</u>	<u>(900,358)</u>	<u>(890,799)</u>	<u>(721,289)</u>	<u>(557,439)</u>	<u>759,237</u>	<u>(714,255)</u>
Total primary government	<u>3,225,187</u>	<u>3,704,583</u>	<u>3,716,209</u>	<u>4,753,795</u>	<u>4,737,417</u>	<u>7,364,104</u>	<u>5,477,489</u>
Change in Net Assets							
Government activities	255,010	469,632	911,936	1,465,090	641,047	1,702,093	1,292,673
Business-type activities	243,583	(2,871,405)	459,541	1,000,186	1,352,745	2,982,239	1,280,039
Total primary government	<u>498,593</u>	<u>(2,401,773)</u>	<u>1,371,477</u>	<u>2,465,276</u>	<u>1,993,792</u>	<u>4,684,332</u>	<u>2,572,712</u>

(1) Reporting data coincides with GASB 34 implementation in fiscal year 2003.

City of Newberry
Governmental Activities Tax Revenues By Source
Last Seven Fiscal Years (1)
(accrual basis of accounting)

<u>Fiscal Year</u>	<u>Property Tax</u> <u>\$</u>
2003	1,757,023
2004	1,905,091
2005	1,783,419
2006	2,091,233
2007	2,181,578
2008	2,324,532
2009	2,481,874

(1) Reporting data coincides with GASB 34 implementation in fiscal year 2003.

City of Newberry
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
General fund										
Reserved	-	-	-	-	-	-	-	-	-	-
Unreserved	2,769,499	2,351,315	2,706,407	2,651,022	2,879,588	3,190,209	3,680,919	4,262,543	4,601,905	4,963,913
Total general fund	2,769,499	2,351,315	2,706,407	2,651,022	2,879,588	3,190,209	3,680,919	4,262,543	4,601,905	4,963,913
All other governmental funds										
Reserved	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Unreserved, reported in:										
Special revenue funds	159,359	369,877	359,043	425,061	569,944	632,182	1,787,283	675,608	1,064,410	1,430,335
Debt service fund	78,493	5,186	15,904	59,015	(30,486)	(39,795)	34,444	98,419	188,685	242,505
Permanent fund	4,327	4,006	4,546	3,719	2,821	1,969	2,783	4,544	6,382	6,713
Total all other governmental funds	252,179	389,069	389,493	497,795	552,279	604,356	1,834,510	788,571	1,269,477	1,689,553
Total all governmental funds	3,021,678	2,740,384	3,095,900	3,148,817	3,431,867	3,794,565	5,515,429	5,051,114	5,871,382	6,653,466

City of Newberry
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenues										
Taxes	1,317,555	1,345,212	1,681,830	1,756,840	1,791,784	1,850,080	2,130,995	2,143,143	2,319,513	2,472,998
Licenses, permits and franchise fees	953,483	1,017,050	1,031,366	1,137,848	1,187,358	1,200,276	1,301,029	1,437,771	1,468,790	1,401,080
Fines and forfeitures	387,459	429,468	555,394	494,673	481,017	665,597	597,539	923,200	975,649	778,615
Charges for service	144,831	525,981	683,008	711,235	773,132	1,068,970	1,095,606	1,172,337	1,173,072	1,206,405
Intergovernmental	1,795,419	966,709	1,051,967	952,359	1,390,932	1,537,617	2,184,202	1,244,364	2,614,366	2,455,404
Miscellaneous	672,582	319,004	108,458	96,292	55,863	248,867	296,892	308,190	258,360	150,850
Total revenues	5,271,329	4,603,424	5,112,023	5,149,247	5,680,086	6,571,407	7,606,263	7,229,005	8,809,750	8,465,352
Expenditures										
General government	598,538	550,109	579,697	605,682	628,223	645,494	663,899	828,763	835,483	940,889
Public safety	2,286,440	2,196,609	2,307,620	2,374,084	2,529,513	3,311,386	2,590,447	2,933,901	3,394,144	3,117,160
Public works	1,213,615	1,171,941	961,146	1,090,185	1,219,816	1,121,842	1,156,509	1,192,851	1,336,113	1,408,313
Recreation	429,828	398,743	361,483	408,817	421,594	439,768	392,754	409,275	454,591	465,227
Community development	520,216	120,898	64,111	20,637	99,849	435,301	1,189,674	1,182,894	948,805	785,508
Nondepartmental	1,347,422	1,148,284	1,099,958	1,150,333	1,200,264	1,513,303	1,654,863	1,736,804	1,782,737	1,764,466
Debt Service										
Principal	259,805	221,608	259,093	296,282	334,698	333,719	410,502	487,063	518,789	518,492
Interest	165,542	160,073	154,335	144,130	132,323	122,874	164,111	174,369	160,561	139,615
Other charges	394	-	-	-	-	-	-	-	-	-
Total expenditures, including capital	6,821,800	5,968,265	5,787,443	6,090,150	6,566,280	7,923,687	8,222,759	8,945,920	9,431,223	9,139,670
Total capital expenditures only	746,446	473,629	242,115	383,710	448,644	1,199,977	1,450,870	1,427,464	1,349,556	962,229
Excess of revenues over (under) expenditures	(1,550,471)	(1,364,841)	(675,420)	(940,903)	(886,194)	(1,352,280)	(616,496)	(1,716,915)	(621,473)	(674,318)
Other financing sources (uses)										
Transfers in	1,057,000	1,155,519	1,028,847	1,076,850	1,107,967	961,231	1,030,980	1,207,385	1,254,419	1,291,948
Transfers out		(205,519)	(78,847)	(126,850)	(155,773)	-	(125,849)	(126,685)	(45,178)	(27,846)
Issuance of debt/construction loan/costs	289,668	133,547	81,510	41,975	217,050	753,747	1,432,229	171,900	232,500	1,542,300
Repayment of debt/construction loan/costs		-	-	-	-	-	-	-	-	(1,350,000)
Total other financing sources (uses)	1,346,668	1,083,547	1,031,510	991,975	1,169,244	1,714,978	2,337,360	1,252,600	1,441,741	1,456,402
Net change in fund balances	(203,803)	(281,294)	356,090	51,072	283,050	362,698	1,720,864	(464,315)	820,268	782,084
Debt service as a percentage of noncapital expenditures	7.0%	6.9%	7.5%	7.7%	7.6%	6.8%	8.5%	8.8%	8.4%	8.0%

City of Newberry
Utility Enterprise System (1) Operating Revenues By Source
Last Ten Fiscal Years
(accrual basis of accounting)

Fiscal Year	Electric Receipts	Percent of Total	Water Receipts	Percent of Total	Sewer Receipts	Percent of Total	Other Operating Revenue	Percent of Total	Total Combined Public Utility Operating Revenue
	\$		\$		\$		\$		\$
2000	12,315,369	69.3%	2,911,810	16.4%	1,875,486	10.6%	667,397	3.8%	17,770,063
2001	12,462,561	69.4%	3,028,739	16.9%	1,840,751	10.2%	637,460	3.5%	17,969,512
2002	12,733,045	69.5%	3,074,512	16.8%	1,906,443	10.4%	608,187	3.3%	18,322,188
2003	12,793,345	69.0%	3,074,512	16.6%	1,906,443	10.3%	775,250	4.2%	18,549,551
2004	13,340,502	68.8%	3,073,167	15.9%	2,098,611	10.8%	868,490	4.5%	19,380,771
2005	13,293,635	70.3%	2,725,743	14.4%	2,195,893	11.6%	681,389	3.6%	18,896,660
2006	14,089,562	70.5%	2,854,328	14.3%	2,342,721	11.7%	709,125	3.5%	19,995,736
2007	14,527,809	70.0%	2,932,711	14.1%	2,549,842	12.3%	756,763	3.6%	20,767,125
2008	15,443,718	70.0%	3,101,255	14.1%	2,754,515	12.5%	772,475	3.5%	22,071,963
2009	15,934,946	69.2%	3,218,926	14.0%	3,023,405	13.1%	846,311	3.7%	23,023,588

(1) By Resolution adopted on August 27, 1948, Newberry City Council combined the existing Waterworks System, the existing Sewer System and the existing Electrical Distribution System into one system designated as the Combined Public Utility System of the City of Newberry. Since the systems are legally treated as one system, debt covenants are applied to the combined revenues.

City of Newberry
General Government Property Tax Revenues by Source
Last Ten Fiscal Years
(modified accrual basis of accounting)

Fiscal Year	General Fund Property Tax	Debt Service Fund Property Tax	Total Property Tax
	\$	\$	\$
2000	1,241,635	75,920	1,317,555
2001	1,270,383	74,829	1,345,212
2002	1,590,513	91,317	1,681,830
2003	1,631,656	125,184	1,756,840
2004	1,686,385	105,399	1,791,784
2005	1,678,379	171,701	1,850,080
2006	1,879,017	251,978	2,130,995
2007	1,902,399	240,744	2,143,143
2008	1,991,822	327,691	2,319,513
2009	2,113,261	359,737	2,472,998

City of Newberry, South Carolina
Utility Customer Trends - By Service and Category
Last Ten Years

	<u>June 2000</u>	<u>June 2001</u>	<u>June 2002</u>	<u>June 2003</u>	<u>June 2004</u>	<u>June 2005</u>	<u>June 2006</u>	<u>June 2007</u>	<u>June 2008</u>	<u>June 2009</u>
Electric Customers:										
Residential	3,996	3,965	3,931	3,943	3,992	4,012	4,016	4,055	4,045	4,102
Commercial	790	813	829	833	845	848	861	874	859	862
Industrial	14	14	14	14	13	13	12	12	12	25
Total	4,800	4,792	4,774	4,790	4,850	4,873	4,889	4,941	4,916	4,989
Water Customers:										
Residential	4,129	4,098	4,063	4,046	4,092	4,072	4,088	4,103	4,096	4,147
Commercial	662	667	675	691	703	715	731	740	740	743
Industrial	21	22	21	23	24	24	25	25	26	26
Total	4,812	4,787	4,759	4,760	4,819	4,811	4,844	4,868	4,862	4,916
Sewer Customers:										
Residential	3,589	3,552	3,515	3,510	3,548	3,543	3,552	3,572	3,564	3,602
Commercial	537	529	535	545	555	561	576	578	570	573
Industrial	18	20	20	22	21	21	21	21	22	22
Total	4,144	4,101	4,070	4,077	4,124	4,125	4,149	4,171	4,156	4,197
Total Number Utility Customers (1)	5,784	5,795	5,770	5,771	5,829	5,829	5,865	5,895	5,881	5,946

(1) The City serves some customers with only electric, only water or only sewer; therefore, total customers billed is based on number of utility bills produced and is not a mathematical computation.

City of Newberry
Utility Enterprise System Units Sold By Source
Last Ten Fiscal Years

Fiscal Year	Electric Kilowatt-hours	Percent Change	Water Cubic Feet	Percent Change	Treated Sewer Cubic Feet	Percent Change
2000	161,233,514	0.38%	208,576,270	4.56%	90,177,049	2.30%
2001	166,858,465	3.49%	226,731,985	8.70%	96,000,530	6.46%
2002	166,115,159	-0.45%	224,122,787	-1.15%	90,135,106	-6.11%
2003	169,899,221	2.28%	228,748,797	2.06%	89,452,327	-0.76%
2004	169,664,320	-0.14%	220,722,470	-3.51%	87,962,128	-1.67%
2005	172,980,472	1.95%	205,497,473 (1)	-6.90%	88,825,908	0.98%
2006	179,829,708	3.96%	199,542,449	-2.90%	95,283,833	7.27%
2007	179,341,477	-0.27%	196,656,486	-1.45%	97,589,068	2.42%
2008	194,261,115	8.32%	213,241,967	8.43%	103,006,055	5.55%
2009	191,986,260	-1.17%	219,134,802	2.76%	101,462,795	-1.50%

NOTE: Percent change is attributable to the combination of growth and weather conditions.

(1) One of the City's largest water customers, Newberry County Water and Sewer Authority, brought online its own water treatment plant during fiscal year 2005, thus lowering the amount of water it purchased from the City.

**City of Newberry, South Carolina
Average Historic Utility Rates (1)
Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Electric</u> \$	<u>Percent Increase</u> %	<u>Water</u> \$	<u>Percent Increase</u> %	<u>Sewer</u> \$	<u>Percent Increase</u> %	<u>TOTAL</u> \$	<u>Percent Increase</u> %
2000	85.44	0.46	17.27	0.00	17.57	0.00	120.28	0.33
2001	86.86	1.66	17.27	0.00	17.57	0.00	121.7	1.18
2002	86.86	0	17.27	0.00	18.52	5.41	122.65	0.78
2003	87.69	0.96	17.27	0.00	19.5	5.29	124.46	1.48
2004	88.14	0.51	17.27	0.00	20.48	5.03	125.89	1.15
2005	89.89	1.99	17.27	0.00	21.51	5.03	128.67	2.21
2006	89.89	0.00	17.87	3.47	22.46	4.42	130.22	1.2
2007	91.51	1.80	18.47	3.36	23.44	4.36	133.42	2.46
2008	92.50	1.08	18.47	0.00	24.61	4.99	135.58	1.62
2009 (2)	94.55	2.22	18.47	0.00	26.54	7.84	139.56	2.94

(1) This table shows the in-City residential electric, water and sewer charges, based upon the rates in effect at the end of the fiscal years shown, with charges calculated based upon usage of 988 kWh per month for electric (exclusive of wholesale power cost adjustments), 776 cubic feet for water and 776 cubic feet for sewer, and the percentage increase in charges in such fiscal years for such levels of usage.

(2) Rates reflected for June 30, 2009. An overall increase of 4.17% on electricity and 7.5% on sewer became effective on the July 1, 2008 billing (fiscal year 2009). Additionally, please note that an overall rate increase of 5.01% on electricity and 7.5% on sewer became effective on the July 1, 2009 billing (fiscal year 2010).

City of Newberry
Principal Utility Customers by Total Billed (1)
June 30, 2009

Customer	Fiscal Year 2009			Fiscal Year 2000		
	Total Billed	Rank	Percentage of Total Operating Revenue (2)	Total Billed	Rank	Percentage of Total Operating Revenue (3)
	\$			\$		
Louis Rich	5,261,275	1	22.85%	3,281,357	1	18.47%
Saluda Commission of Public Works	820,282	2	3.56%	526,029	2	2.96%
Newberry College	696,390	3	3.02%	453,042	5	2.55%
ISE	467,102	4	2.03%	497,301	3	2.80%
Newberry County Memorial Hospital	462,836	5	2.01%	324,826	7	1.83%
Newberry Housing Authority-Grant Homes	385,095	6	1.67%			0.00%
Shakespeare	348,504	7	1.51%	487,913	4	2.75%
Packaging Corp. of America, Inc.	342,053	8	1.49%	309,030	8	1.74%
Newberry County Water & Sewer	234,038	9	1.02%	431,346	6	2.43%
Newberry High School	199,839	10	0.87%	202,718	9	1.14%
Winn-Dixie			0.00%	170,441	10	0.96%
Total	9,217,414		40.03%	6,684,003		37.61%

(1) Source: City of Newberry utility records. Excludes utility billing records for City's own property.

(2) Total audited operating revenue for fiscal year 2009 is \$ 23,023,588 .

(3) Total audited operating revenue for fiscal year 2000 is \$ 17,770,062 .

City of Newberry
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Tax Year	Real Property (2)			Personal Property (3)			Total Taxable Assessed Value	Total Direct Tax Rate (4)	Estimated Actual Taxable Value (5)	Assessed Value as a Percentage of Actual Value
		Residential Property	Commercial Property	Total Real Property	Motor Vehicles	Other Personal Property	Total Personal Property				
		\$	\$	\$	\$	\$	\$	\$	\$	\$	
2000 (1)	1999	Not Available	Not Available	11,436,480	Not Available	Not Available	5,993,380	17,429,860	73.80	293,868,636	5.93%
2001	2000	Not Available	Not Available	11,463,170	Not Available	Not Available	6,588,190	18,051,360	73.80	300,690,939	6.00%
2002	2001	Not Available	Not Available	11,417,990	Not Available	Not Available	6,532,770	17,950,760	94.00	301,576,173	5.95%
2003	2002	Not Available	Not Available	11,603,540	Not Available	Not Available	6,273,560	17,877,100	94.00	302,863,007	5.90%
2004	2003	Not Available	Not Available	11,641,550	Not Available	Not Available	6,650,430	18,291,980	94.00	310,825,886	5.88%
2005	2004	4,914,640	6,779,900	11,694,540	3,003,260	3,628,340	6,631,600	18,326,140	94.00	313,079,010	5.85%
2006	2005	4,949,970	7,386,260	12,336,230	4,112,215	3,419,720	7,531,935	19,868,165	96.50	342,195,769	5.81%
2007 (1)	2006	7,228,310	9,214,640	16,442,950	2,364,620	3,878,970	6,243,590	22,686,540	86.00	414,017,506	5.48%
2008	2007	7,203,750	9,294,700	16,498,450	2,426,050	3,867,140	6,293,190	22,791,640	89.70	416,595,391	5.47%
2009	2008	7,296,220	9,424,580	16,720,800	2,212,970	3,910,130	6,123,100	22,843,900	93.30	419,076,036	5.45%

(1) Reassessment.

(2) Sources: Newberry County Assessor and Newberry County Auditor. \$776,460 in assessed value (\$14,066,583 in estimated actual value) was legally required to be allocated to the Tax Increment Financing District and is not included in the above information. Values related to tax-exempt property are not maintained. The breakdown between residential and commercial real property has not been reported for prior years and is stated beginning in fiscal year 2005.

(3) Source: Newberry County Auditor. All years include assessed value of \$688,710 for Merchant's Inventory, now paid by the State of South Carolina, instead of local taxpayers to the City. The breakdown between residential and commercial real property has not been reported for prior years and this is stated beginning in fiscal year 2005.

(4) Tax rates are per \$1,000 of assessed value.

(5) Sources: Newberry County Assessor and Newberry County Auditor.

**City of Newberry
Property Tax Rates
(Per \$1000 of Assessed Value)
Direct and Overlapping Governments
Last Ten Fiscal Years**

					Overlapping Rates							Total Direct & Overlapping Rates
City of Newberry					Newberry County (1)			Newberry County School District (1)				
Fiscal Year	Tax Year	Operating Millage	Debt Service Millage	Total City Millage	Operating Millage	Debt Service Millage	Total County Millage	Operating Millage	Debt Service Millage	Total School Millage	Other (1)	
2000 (2)	1999	73.8	0	73.8	65.2	15.2	80.4	144.7	0	144.7	10.9	309.8
2001	2000	73.8	0.0	73.8	66.5	22	88.5	156.7	0	156.7	11.8	330.8
2002	2001	94	0.0	94.0	81.9	8.9	90.8	165	54.5	219.5	2.7	407.0
2003	2002	94.0	0.0	94.0	108.7	7.1	115.8	173.1	53.0	226.1	3.1	439.0
2004	2003	94.0	0.0	94.0	114.3	1.5	115.8	179.5	50.6	230.1	3.1	443.0
2005	2004	94.0	0.0	94.0	114.3	4.2	118.5	185.5	41.7	227.2	3.3	443.0
2006	2005	96.5	0.0	96.5	114.3	11.0	125.3	192.3	53.0	245.3	3.4	470.5
2007 (2)	2006	86.0	0.0	86.0	135.5	9.8	145.3	182.1	53.0	235.1	6.6	473.0
2008	2007	89.7	0.0	89.7	138.0	10.9	148.9	190.0	53.0	243.0	7.1	488.7
2009	2008	93.3	0.0	93.3	141.3	10.4	151.7	194.0	53.0	247.0	7.3	499.3

(1) Source: Newberry County Auditor.

(2) Reassessment.

City of Newberry
Principal Property Taxpayers (1)
June 30, 2009

<u>Taxpayer</u>	<u>Fiscal Year 2009 (Tax Year 2008)</u>			<u>Fiscal Year 2000 (Tax Year 1999)</u>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value (2)</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value (3)</u>
	\$			\$		
Bellsouth Tele. Inc.	604,180	1	2.64%	687,560	1	3.94%
ISE Newberry Inc.	480,830	2	2.10%	103,050	10	0.59%
Lowe's Home Centers	357,180	3	1.56%			-
Wal-Mart Real Est.	278,930	4	1.22%			-
Duke Energy Corp.	176,210	5	0.77%	164,960	3	0.95%
White Oak Manor Inc.	154,910	6	0.68%	138,040	5	0.79%
Newberry Commercial	128,700	7	0.56%			
New Heritage Square	118,310	8	0.52%			
Newberry Indian Hills	107,470	9	0.47%			
South Carolina RS	107,360	10	0.47%			
145 Associates			0.00%	163,450	4	0.94%
Ellett Brothers Inc.			0.00%	132,330	8	0.76%
Glimcher Properties Lmt. Prtsh.			0.00%	284,060	2	1.63%
Nance Forest Apartments				122,180	9	0.70%
Rogers Arkansas Assoc.				136,870	6	0.79%
Glimcher Properties Ltd.			0.00%	135,060	7	0.77%
Total	2,514,080		11.01%	2,067,560		11.86%

(1) Source: Newberry County Auditor.

(2) Total assessed valuation for tax year 2008 is \$22,843,900 .

(3) Total assessed valuation for tax year 1999 is \$17,429,860 .

City of Newberry
Property Tax Levies and Collections (1)
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Tax Year</u>	<u>Total Tax Levy for Fiscal Year (2)</u> \$	<u>Collected within the Fiscal Year of the Levy</u>		<u>Collections/ Adjustments in Subsequent Years</u> \$	<u>Total Collections to Date</u>	
			<u>Amount</u> \$	<u>Percentage of Levy</u>		<u>Amount</u> \$	<u>Percentage of Levy</u>
2000	1999	1,248,094	1,196,707	95.9%	51,065	1,247,772	100.0%
2001	2000	1,281,364	1,226,913	95.8%	54,246	1,281,159	100.0%
2002	2001	1,589,256	1,541,502	97.0%	47,392	1,588,894	100.0%
2003	2002	1,615,709	1,562,473	96.7%	52,033	1,614,506	99.9%
2004	2003	1,654,707	1,610,741	97.3%	41,389	1,652,130	99.8%
2005	2004	1,657,919	1,609,570	97.1%	46,838	1,656,408	99.9%
2006	2005	1,862,082	1,795,145	96.4%	58,884	1,854,029	99.6%
2007	2006	1,928,695	1,842,532	95.5%	75,830	1,918,362	99.5%
2008	2007	2,016,572	1,926,514	95.5%	72,891	1,999,405	99.2%
2009	2008	2,097,729	2,013,278	96.0%	-	2,013,278	96.0%

(1) Category includes tax collections for real and personal property as reflected in the general fund for all fiscal years, for current taxes and delinquent taxes respectively. TIF debt service fund tax collections are excluded.

(2) Total tax levy excludes Merchant's Inventory Reimbursement paid by the State of South Carolina to the City on \$688,710 assessed value. Total tax levy also excludes Tax Increment Financing (TIF) debt service collected via City of Newberry, Newberry County and Newberry County School District tax levies.

City of Newberry
Ratios of Outstanding Debt by Type (1)
Last Ten Fiscal Years

Fiscal Year	Governmental Activities			Business-Type Activities		Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Special Assessment Bonds (2)	Capital Leases	CPU Bonds (3)	Capital Leases			
	\$	\$	\$	\$	\$	\$		\$
2000	-	3,100,000	229,863	7,734,754	159,824	11,224,441	7.6%	1061
2001	-	2,940,000	301,802	6,548,264	78,706	9,868,772	6.5%	933
2002	-	2,775,000	289,219	5,736,959	-	8,801,178	5.6%	832
2003	-	2,600,000	209,912	4,900,632	-	7,710,544	4.7%	728
2004	-	2,415,000	277,264	3,585,100	-	6,277,364	3.7%	593
2005	-	2,220,000	892,292	3,092,978	-	6,205,270	3.6%	586
2006	-	2,020,000	2,114,018	2,562,741	-	6,696,759	3.7%	622
2007	-	1,810,000	2,008,856	2,016,356	-	5,835,212	3.1%	537
2008	-	1,585,000	1,947,567	1,826,632	-	5,359,199	2.8%	492
2009	-	1,357,000	1,849,375	1,211,222	-	4,417,597	2.3%	405

(1) Details of the City's outstanding debt can be found in the notes to the financial statements.

(2) Composed of 1998 Tax Increment Financing Bond (fiscal years 2000-2008), which was refinanced as the 2008 Tax Increment Revenue Refunding Bond in August 2008 (fiscal year 2009).

(3) Composed of Combined Public Utility (CPU) debt as follows: 2007 CPU Bond for fiscal years 2008-2009, 2003 CPU Bond for fiscal years 2004-2009, 1993A Bond and SRF Loan for fiscal years 2000-2003, and 1993B Bond for fiscal years 2000-2001. Note that the 2009 State Revolving Fund Loan, which closed on June 24, 2009, is not included since no loan activity occurred by June 30, 2009.

City of Newberry
Ratios of General Bonded Debt Outstanding (1)
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property	Per Capita
	<u>\$</u>	<u>\$</u>	<u>\$</u>		<u>\$</u>

Note: The City of Newberry had no general bonded debt outstanding in the last 10 years.

(1) Details regarding the City's outstanding debt can be found in the notes to the financial statements.

City of Newberry
Direct and Overlapping Governmental General Obligation Debt
As of June 30, 2009

<u>Governmental Unit</u>	<u>Debt Outstanding</u> \$	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u> \$
Debt repaid with property taxes: County (1)	6,095,704	19.10% (2)	<u>1,164,279</u>
Subtotal, overlapping debt			<u>1,164,279</u>
City of Newberry direct debt repaid with property taxes	-	100%	-
Total direct and overlapping debt			<u><u>1,164,279</u></u>

(1) Source: Newberry County Treasurer

Breakdown of Newberry County's outstanding general obligation debt follows:

1995 County General Obligation Bond	\$ 150,000
2000 County General Obligation Bond	\$ 3,080,000
2007 County General Obligation Bond	\$ 650,000
2007A County General Obligation Bond	\$ 915,704
2008 County General Obligation Bond	\$ 1,300,000
	<u>\$ 6,095,704</u>

(2) The percentage of general obligation debt applicable to the City of Newberry is based on the percentage of assessed valuation of property located in the City. Newberry County assessed valuation, per the Newberry County Auditor, is \$119,599,843. City of Newberry assessed valuation from the table within this statistical section labeled "Assessed Value and Estimated Actual Value of Taxable Property" is \$22,843,900.

NOTE: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by City of Newberry residents and businesses. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

City of Newberry
Legal Debt Margin Information
Last Ten Fiscal Years

	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Debt Limit - 8 percent of total assessed value	\$ 1,394,389	\$ 1,444,108	\$ 1,456,972	\$ 1,451,596	\$ 1,463,358	\$ 1,497,511	\$ 1,620,690	\$ 1,860,383	\$ 1,879,930	\$ 1,889,629
Total net debt applicable to limit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Legal debt margin	\$ 1,394,389	\$ 1,444,108	\$ 1,456,972	\$ 1,451,596	\$ 1,463,358	\$ 1,497,511	\$ 1,620,690	\$ 1,860,383	\$ 1,879,930	\$ 1,889,629
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Legal Debt Margin Calculation for Fiscal Year 2009

Assessed Value - general	\$ 22,843,900
Assessed Value - tax increment financing district	\$ 776,460
Total assessed value	<u>\$ 23,620,360</u>
Debt limit (8% of total assessed value)	\$ 1,889,629
Debt applicable to limit:	
Total general obligation bonds	<u>\$ -</u>
Legal debt margin	<u><u>\$ 1,889,629</u></u>

**City of Newberry, South Carolina
Pledged-Revenue Coverage
Tax Increment Financing (TIF) Bond (1)
Last Ten Fiscal Years**

Fiscal Year	TIF Revenue	Contribution (to)/from City Local Hospitality/ Accommodations Fund (2)	Debt Issuance Expenditures	Amount Available for Debt Service	Debt Service Requirements			Coverage (3)
					Principal	Interest	Total	
	\$	\$	\$	\$	\$	\$	\$	
2000	379,741	-	-	379,741	150,000	155,575	305,575	1.24
2001	76,048	158,625	-	234,673	160,000	147,980	307,980	0.76
2002	91,718	224,018	-	315,736	165,000	140,018	305,018	1.04
2003	125,510	224,288	-	349,798	175,000	131,687	306,687	1.14
2004	105,699	112,668	-	218,367	185,000	122,868	307,868	0.71
2005	171,891	127,358	-	299,249	195,000	113,558	308,558	0.97
2006	252,270	125,849	-	378,119	200,000	103,880	303,880	1.24
2007	241,125	126,685	-	367,810	210,000	93,835	303,835	1.21
2008	335,266	63,178	-	398,444	225,000	83,178	308,178	1.29
2009	382,625	(27,846)	-	354,779	235,000	65,959	300,959	1.18

(1) The City refinanced the 1998 TIF Bond at a 4.90% interest rate with the 2008 TIF Bond at a 3.61% interest rate in August 2008. The 2008 TIF Bond principal included \$7,000 for debt issuance expenditures plus \$1,350,000 required to pay off the 1998 TIF Bond.

(2) The debt is to be serviced by the tax dollars generated by the tax increment financing district in accordance with State law and contributions from the Newberry Opera House, the renovation of which was partially financed by the proceeds of the bond. While the Newberry Opera House has been a major success as a performing arts center and has covered its operational expenses, there has been no surplus generated from which to make up the difference between the tax revenue and the debt service requirements. The City made annual contributions from its Local Hospitality/Accommodations Fund to the TIF debt service fund from fiscal year 2001 through fiscal year 2008 of this table, with partial repayment from the TIF debt service fund to the Local Hospitality/Accommodations Fund shown in fiscal year 2009.

(3) There is no coverage requirement above the annual principal and interest for the TIF bond.

**City of Newberry, South Carolina
Pledged-Revenue Coverage
Combined Public Utility System
Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>System Operating Revenues (1)</u> \$	<u>System Operating Expenses (2)</u> \$	<u>Amount Available for Debt Service</u> \$	<u>Audited Debt Service</u>			<u>Coverage (3)</u>
				<u>Principal</u> \$	<u>Interest</u> \$	<u>Total</u> \$	
2000	17,770,062	14,605,670	3,164,392	1,166,875	351,421	1,518,296	2.08
2001	17,969,511	15,033,926	2,935,585	1,186,490	301,891	1,488,381	1.97
2002	18,322,187	15,316,639	3,005,548	811,305	260,949	1,072,254	2.80
2003	18,549,550	15,580,108	2,969,442	836,327	227,653	1,063,980	2.79
2004	19,380,770	16,046,641	3,334,129	1,315,532	154,103	1,469,635	2.27
2005	18,896,660	15,765,976	3,130,684	492,122	114,595	606,717	5.16
2006	19,995,736	16,647,305	3,348,431	530,237	99,367	629,604	5.32
2007	20,767,125	17,231,152	3,535,973	546,385	83,425	629,810	5.61
2008	22,071,963	18,013,050	4,058,913	569,724	73,867	643,591	6.31
2009 (4)	23,023,588	19,068,587	3,955,001	615,410	83,514	698,924	5.66

(1) Exclusive of interest earnings and non-operating income.

(2) Exclusive of depreciation and non-operating expenses.

(3) Debt Service Requirements for 2007 Bond (FY2008-2009), 2003 Bond (FY 2004-2009), 1993 A and SRF Loan (FY 2000-2003), and 1993 B Bond (FY 2000-2001). Coverage stated is by fiscal year. Bond indentures require coverage of 120% of annual principal and interest.

(4) The City's 2009 South Carolina Water Pollution Control Revolving Fund (SRF) Loan in the amount of \$19,236,065 plus capitalized interest, if any, was closed on June 24, 2009, but no loan activity occurred by June 30, 2009. The first payment due date is December 1, 2011.

**City of Newberry, South Carolina
Demographic and Economic Statistics
Last Ten Fiscal Years**

Fiscal Year	(1) Population	(2) Personal Income \$	(3) Per Capita Personal Income \$	(4) Median Household Income \$	(5) Median Age	(6) Education Level In Years of Formal Schooling	(7) School Enrollment	(8) Unemployment Rate %
2000	10,576	146,900,640	13,890	26,264	34.2	11.6	5,718	4.9
2001	10,580	152,235,620	14,389	27,064	33.8	12.6	5,957	6.8
2002	10,584	157,574,592	14,888	27,864	33.8	12.6	5,938	7.7
2003	10,588	162,917,556	15,387	28,664	33.8	12.6	5,657	7.5
2004	10,591	168,259,217	15,887	29,464	33.8	12.6	5,858	6.9
2005	10,595	173,609,670	16,386	30,264	33.8	12.6	5,678	6.5
2006	10,761	181,699,485	16,885	31,065	33.8	12.6	5,743	7.3
2007	10,874	189,033,616	17,384	31,865	33.8	12.6	5,733	6.1
2008	10,893	194,799,519	17,883	32,665	33.8	12.6	5,766	7.3
2009	10,907	189,421,869	17,367	35,119	33.8	12.6	5,736	13.0

(1) Fiscal Year 2001 figure from 2000 Census. Estimates by City of Newberry Finance Department for fiscal years 2000 and fiscal years 2002-2005. Estimates by South Carolina Budget and Control Board for fiscal years 2006-2009.

(2) Mathematical computation of per capital personal income multiplied by population.

(3) Fiscal Year 2001 figure from 2000 Census. Estimates by City of Newberry Finance Department for fiscal years 2000 and fiscal years 2002-2008. Fiscal year 2009 estimates from Central Midlands Council of Governments.

(4) Fiscal Year 2001 figure from 2000 Census. Estimates by City of Newberry Finance Department for fiscal years 2000 and fiscal years 2002-2008. Fiscal year 2009 estimates from Central Midlands Council of Governments.

(5) Fiscal Year 2001 figure from 2000 Census. Estimates by City of Newberry Finance Department for all other fiscal years.

(6) Sources: Estimates by Newberry County Development Board based on 1990 Census for fiscal year 2000.

Estimates by City of Newberry Finance Department based on 2000 Census for fiscal years 2001-2009.

(7) Source: Newberry County School District.

(8) Source: South Carolina Employment Security Commission.

**CITY OF NEWBERRY
PRINCIPAL EMPLOYERS (1)
CURRENT YEAR AND NINE YEARS AGO (2)**

EMPLOYER	2009			2000		
	EMPLOYEES	RANK	PERCENTAGE OF TOTAL COUNTY EMPLOYMENT (3)	EMPLOYEES	RANK	PERCENTAGE OF TOTAL COUNTY EMPLOYMENT (4)
Louis Rich (*)	2350	1	13.64%	1582	1	9.77%
Newberry County School District (**)	900	2	5.22%	800	2	4.94%
Newberry County Memorial Hospital (**)	488	3	2.83%	350	6	2.16%
Wal-Mart	341	4	1.98%			
Georgia Pacific (*)	275	5	1.60%	277	7	1.71%
County of Newberry	239	6	1.39%			
Newberry College	225	7	1.31%			
Caterpillar, Inc. (*)	200	8	1.16%			
Springfield Place/JF Hawkins	173	9	1.00%			
Komatsu America (*)	165	10	0.96%			
Shakespeare Electronics and Fiberglass (*)			0.00%	395	5	2.44%
McKechnie Vehicle Components (*)			0.00%	163	10	1.01%
American Fiber and Finishing (*)				500	3	3.09%
International Paper				172	9	1.06%
Renfro				400	4	2.47%
Thomas and Howard				250	8	1.54%

(1) Listing of principal employers of Newberry County provided since no listing compiled of principal employers inside City only. A single asterisk (*) is used to denote employers principally located outside the City limits and double asterisks (**) are used to denote employers with principal locations both inside and outside the City limits. No asterisk is used when the employer is principally located inside the City limits. Current year's data derived from Newberry County Chamber of Commerce records. Data for earlier year derived primarily from bond official statements, as available.

(2) Data presented is from May, 2001, the closest comparison available to nine years ago.

(3) Percentage calculated using total county employment of 17,234 as found in the 2000 Census.

(4) Percentage calculated using total county employment of 16,188 as found in the 1990 Census.

CITY OF NEWBERRY
BUDGETED FULL-TIME EQUIVALENT CITY OF NEWBERRY EMPLOYEES BY FUNCTION (1)
LAST TEN FISCAL YEARS

FUNCTION	BUDGETED FULL-TIME EQUIVALENT EMPLOYEES									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General Government										
City Council	7	7	7	7	7	7	7	7	7	7
City Administration (2)	3	3	4	4	4	4	4	4	4	4
Finance	3.5	3.5	3.5	3.5	3.5	4	4	4	4	4
Planning and Development	1	2	2	2	2	2.5	3	4	4	4
Public Safety										
Police										
Officers	28	29	27	28	28	28	31	32	32	32
Civilians	3	3	3	3	3	3	3	3	3	3
Justice and Law Civilians	1.5	1.5	1.75	1.75	1.75	1.75	3.2	3.2	3.2	3.8
Fire (3)										
Firefighters and Officers	19	19	19	19	19	19	19	19	19	19
Civilians	1	1	1	1	1	1	1	1	1	1
Public Works										
Public Works Administration	2	2	2	2	2	2	2	2	2	2
Streets	12	12	10	10	10	10	10	10	10	10
Sanitation	9	9	9	8	8	7	7	7	7	5
Building Maintenance	2	2	2	2	2	2	2	2	2	2
Garage	4	4	3	3	3	3	3	3	3	3
Recreation	13	13	9	9.5	9.5	11	14	14	10	13
Utility System										
Administration/Finance/Warehouse/ Information Services	11	11	11	11	11	11	11	11	12	13
Electric	12	12	12	12	12	12	12	12	11	11
Water/Sewer Maintenance	8	9	11	11	11	11	11	11	11	11
Water Plant	9	9	9	9	9	9	9	9	9	9
Wastetreatment Plant	6	6	6	6	6	6	6	6	6	6
Total	155	158	152.25	152.75	152.75	154.25	162.2	164.2	160.2	162.8

(1) Source: City of Newberry Human Resources Director

(2) City Administration comprised of City Manager and Human Resource departments.

(3) In addition to City staff, there were 20 Volunteer Firefighters in fiscal year 2009.

**CITY OF NEWBERRY
OPERATING INDICATORS BY FUNCTION (1)
LAST TEN FISCAL YEARS**

FUNCTION	FISCAL YEAR									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General Government (2)										
Finance										
Business licenses (active licenses by last completed calendar year)	(3)	(3)	1072	1,061	1,099	1,192	1,114	1,147	1,176	1,193
Planning and Development										
New construction values per building permits	\$ 8,390,595	\$ 4,998,628	\$ 656,540	\$ 3,075,955	\$ 5,088,814	\$ 8,362,652	\$ 20,031,345	\$ 20,250,479	\$ 12,229,166	\$ 6,720,921
Public Safety										
Police										
Incidences	10,894	11,370	10,765	10,009	9,477	11,811	11,277	11,814	12,901	12,742
Arrests and traffic violations (4)	1,526	1,526	5,136	5,027	4,095	5,997	5,207	8,251	7,015	6,304
Parking violations	147	147	83	155	212	277	245	272	429	542
Fire										
Volunteer personnel	24	24	19	20	21	19	16	18	15	14
Calls answered	528	528	388	488	540	643	593	543	501	491
Inspections	85	85	85	141	100	353	497	583	761	739
Public Works (5)										
Streets										
Streets resurfaced (miles)	-	2.27	-	1.37	2.23	1.04	1.2	0.90	0.93	1.64
Sanitation										
Refuse collected in tons per year	6,681	6,841	6,762	7,572	7,277	7,387	8,138	8,707	8,228	7,615
Recreation										
# Participants residing within City limits	(3)	754	634	546	803	854	792	805	729	942
# Participants residing outside City limits	(3)	70	214	174	296	301	209	233	320	338
# Participants total	647	824	848	720	1,099	1,155	1,001	1,038	1,049	1,280
Utility System										
Electric										
Annual non-coincident purchased demand (kW)	36,078	35,578	36,965	36,303	35,783	31,308	34,714	30,670	30,697	31,314
Water										
Average production (gallons per day)	5,134,027	5,336,101	5,351,810	5,194,750	5,049,025	4,488,442	4,677,914 (6)	4,543,934	4,797,981	4,959,345
Sewer										
Average treatment (gallons per day)	2,123,495	2,469,619	2,139,900	2,352,745	2,186,575	2,255,724	2,310,800	2,390,000	2,200,000	2,342,925
Total										

(1) Source: Various City of Newberry departments.

(2) General governments comprised of City Council, City Manager, Human Resources, Finance and Planning and Development Services, for some of which there are no indicators presently available.

(3) Prior year data furnished as available.

(4) Fiscal years 2000 - 2001 reflect traffic violations only.

(5) Public Works comprised of Public Works Administration, Street, Sanitation, Building Maintenance and Garage, for some of which there are no indicators presently available.

(6) Newberry County Water and Sewer Authority opened its treatment plant during fiscal year 2005. For comparison purposes, the Authority's fiscal year 2004 total usage was an estimated 866,133 gallons per day.

**CITY OF NEWBERRY
CAPITAL ASSET STATISTICS BY FUNCTION (1)
LAST TEN FISCAL YEARS**

FUNCTION (2)	FISCAL YEAR									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Public Safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	34	34	35	35	35	37	32	31	38	38
Fire										
Stations	2	2	2	2	2	2	2	2	2	2
Fire trucks	5	5	5	5	5	6	6	6	8	8
Public Works (3)										
Streets										
Streets within City (miles)	83	83	84	84	84	84	84	84	84	87
Sanitation										
Packer trucks	3	4	4	4	4	5	5	5	5	5
Recreation										
Parks	15	15	15	15	15	15	15	15	15	15
Parks acreage	100	100	100	100	100	100	100	100	100	100
Utility System										
Electric										
Miles of primary conductor	250	250	245	253	247	247	247	253	255	259
Miles of secondary conductor	86	85	86	86	86	86	87	88	89	91
Water										
Miles of water main lines	119	123	123	123	125	125	125	125	126	127
Fire hydrants	466	477	476	474	477	479	481	481	482	482
Maximum daily production capacity (gallons)	8,100,000	8,100,000	8,100,000	8,100,000	8,100,000	8,100,000	8,100,000	8,100,000	8,100,000	8,100,000
Sewer										
Miles of sanitary sewer main lines	118	121	121	122	123	123	123	124	124	124
Maximum daily treatment capacity (gallons)	3,220,000	3,220,000	3,220,000	3,220,000	3,220,000	3,220,000	3,220,000	3,220,000	3,220,000	3,220,000

(1) Source: Various City of Newberry departments.

(2) No capital asset indicators are available for General Government function.

(3) Public Works comprised of Public Works Administration, Street, Sanitation, Building Maintenance and Garage departments, for some of which there are no indicators available.

**GOVERNMENT AUDITING
STANDARDS SECTION**



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

To the Mayor and City Council
Newberry, South Carolina

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Newberry, South Carolina, as of and for the year ended June 30, 2009, which collectively comprise the City of Newberry, South Carolina's basic financial statements and have issued our report thereon dated August 21, 2009. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Newberry, South Carolina's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Newberry, South Carolina'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 City of Newberry, South Carolina'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 City's financial statements that is more than inconsequential will not be prevented or detected by the City of Newberry, South Carolina's internal control.

To the Mayor and City Council
Newberry, South Carolina
Page Two

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 City of Newberry, South Carolina's internal control.

Our consideration of internal control over financial reporting 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 financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Newberry, South Carolina's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 *Government Auditing Standards*.

This report is intended solely for the information and use of the Mayor and City 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 specified parties.

McKinley, Cooper & Co., LLP

August 21, 2009