CITY OF NEWBERRY,
SOUTH CAROLINA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED
JUNE 30, 2008

Prepared by the City's Finance Department

CITY OF NEWBERRY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2008

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INTRODUCTORY SECTION

CITY OF NEWBERRY
SOUTH CAROLINA

Post Office Drawer 538 • Newberry, South Carolina 29108

October 6, 2008

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, 2008.

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, 2008, 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, 2008, 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 City 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

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INTRODUCTORY SECTION

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compliance and internal control is located at the end of the comprehensive annual financial report. Also, a schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

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, 2008, the City Manager was assisted by nine staff departments, including Economic Development; 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 mid-April 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.

Factors Affecting Financial Conditions

The information presented in the financial statements is perhaps best understood when it is considered within the broader context of the environment within which the City operates.

Local economy

The City of Newberry is located in the central piedmont region of South Carolina. The 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 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. 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 has acquired another lot with plans to construct an 80-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. While there has been no activity on the Cracker Barrel site to date, Love's Truck Stops has 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.

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 at a high level. 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. Despite the nation's lagging economy, downtown Newberry was the beneficiary of significant capital investment during fiscal year 2007-2008. The year saw six new business openings, two comprehensive building rehabilitations, the official opening of the Newberry Firehouse Conference Center, and construction start-up of a new county library at the intersection of Friend and McKibben Streets.

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 six months of operation, the facility rented sixty-two times. Of these, twelve generated overnight stays in area hotels and

twenty-six 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, the SC Arts Council and SC Humanities Council. Based on current bookings, fiscal year 2008-2009 promises to be a productive year for the facility.

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 planned 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. Because of an extremely competitive climate at the time bids were invited, the project was completed under budget – such that there was an excess of TEP grant funds to eligible project expenditures. Consequently, in 2008 SCDOT authorized the City of Newberry to undertake eligible streetscape activities, to include the deployment of wayfinding signage and the purchase of additional street furniture for downtown. This additional scope of work will be funded from the original TEP grant and implemented during the 2008-2009 fiscal year.

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. 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 2008, three of the proposed ten detached homes are under construction. The developer has indicated to City staff that implementation of the master plan for the property will be rapid and that staff can expect significant progress to be made during fiscal year 2008-2009.

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 Design Nine, Inc. of Blacksburg, Virginia 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 recommends 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, City staff has 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. If approved, the City would design and deploy the system during the 2008-2009 fiscal year.

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 2008 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.

Cash management policies and practices. Cash available for investment during fiscal year 2008 was invested in compliance with the provisions of the South Carolina Code of Laws 6-5-10, in demand deposits, certificates of deposit, money market funds, and the State of South Carolina Local Government Investment Pool. The City's investments in money market funds are administered by the Trustee of the City's Combined Public Utility Bond debt service funds. The South Carolina Local Government Investment Pool is a pool of funds belonging to participating local governments which is managed by the State

Treasurer. These funds are invested by the State Treasurer in obligations of the United States and its agencies, repurchase agreements collateralized by securities of the U. S. Government or its agencies, corporate securities, and commercial paper. The City's investment policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. Accordingly, deposits were either insured by federal deposit insurance or collateralized. All collateral on deposits was held by the City, its agent or a financial institution's trust department in the City's name.

Interest earnings from the investment of all City funds during fiscal year 2008 totaled $310,165. Interest rates on checking account balances during fiscal year 2008 ranged from a low of 1.15% in April 2008 to a high of 4.84% in August 2007.

Risk Management and Insurance. The City's general insurance carrier, as of March 1, 1994, is the South Carolina Municipal Insurance and Risk Financing Fund (SCMIRFF), a self-insured pool of participating municipalities throughout South Carolina. Currently the City is insured through SCMIRFF for the following coverage lines: automobile, boiler and machinery, crime, property, and general liability.

Since March 1, 1999, the City has been enrolled in the insurance benefits program of the State of South Carolina. This program is administered by the Employee Insurance Program, a division of the South Carolina Budget and Control Board. The major components of the insurance benefits included under the State's program are as follows:

Group Health Insurance
Group Dental Insurance
Dental Plus
Basic Life Insurance
Optional Life and Accidental Death and Dismemberment Insurance
Dependent Life Insurance
Money Plus (Section 125 Plan)
Long Term Care Insurance
Basic Long Term Disability Insurance
Supplemental Long Term Disability Insurance
Vision Care Program

In order to maintain a level of physical fitness appropriate for performing the job functions required of fire personnel, all fire department employees, full-time and volunteer, are provided physical examinations as prescribed by a standard established by the National Fire Prevention Association. In addition, City employees who are enrolled in the insurance program are annually given the opportunity to participate in a worksite health screening program.

In response to rising workers' compensation insurance premiums and a need for improved loss control management, the City joined the South Carolina Municipal Insurance Trust Fund, a statewide municipal insurance pool, in 1983. The City

restructured its Safety Committee, appointed a Safety Coordinator, and organized Safety Teams within each of its departments. Safety training and accident investigation continue to be incorporated into the work environment. Beginning on January 1, 2003, the City chose to accept a $15,000 per occurrence deductible to mitigate a large increase in insurance premium primarily due to several large losses. For fiscal year 2008, the City paid $18,871 in deductible.

Pension and other postemployment benefits. All permanent employees of the City are eligible to participate in one of two defined benefit pension plans administered by the State of South Carolina, the South Carolina Retirement System (SCRS) and the Police Officer's Retirement System (PORS), both of which are cost sharing multiple-employer public employee retirement plans. The SCRS and PORS offer retirement and disability benefits, cost of living adjustments on an ad-hoc basis, life insurance benefits and survivor benefits. The plans' provisions are established under Title 9 of the SC Code of Laws. Both employees and the City are required to contribute to the SCRS and PORS at rates established under the authority of Title 9 of the Code of Laws. The City's contributions are actuarially determined, but are communicated to and paid by the City as a percentage of the employee's annual earnings.

Retired employees and survivors are allowed to participate in the health, dental, and life insurance programs. At this time, 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.

Additional information on the City's post employment benefits and pension arrangements can be found in Notes 11 and 12 in the financial statements.

Awards

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, 2007. This was the fifteenth 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.

Acknowledgements

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,

Eric G. Budds
City Manager

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, 2007

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.

Clare S. Cox

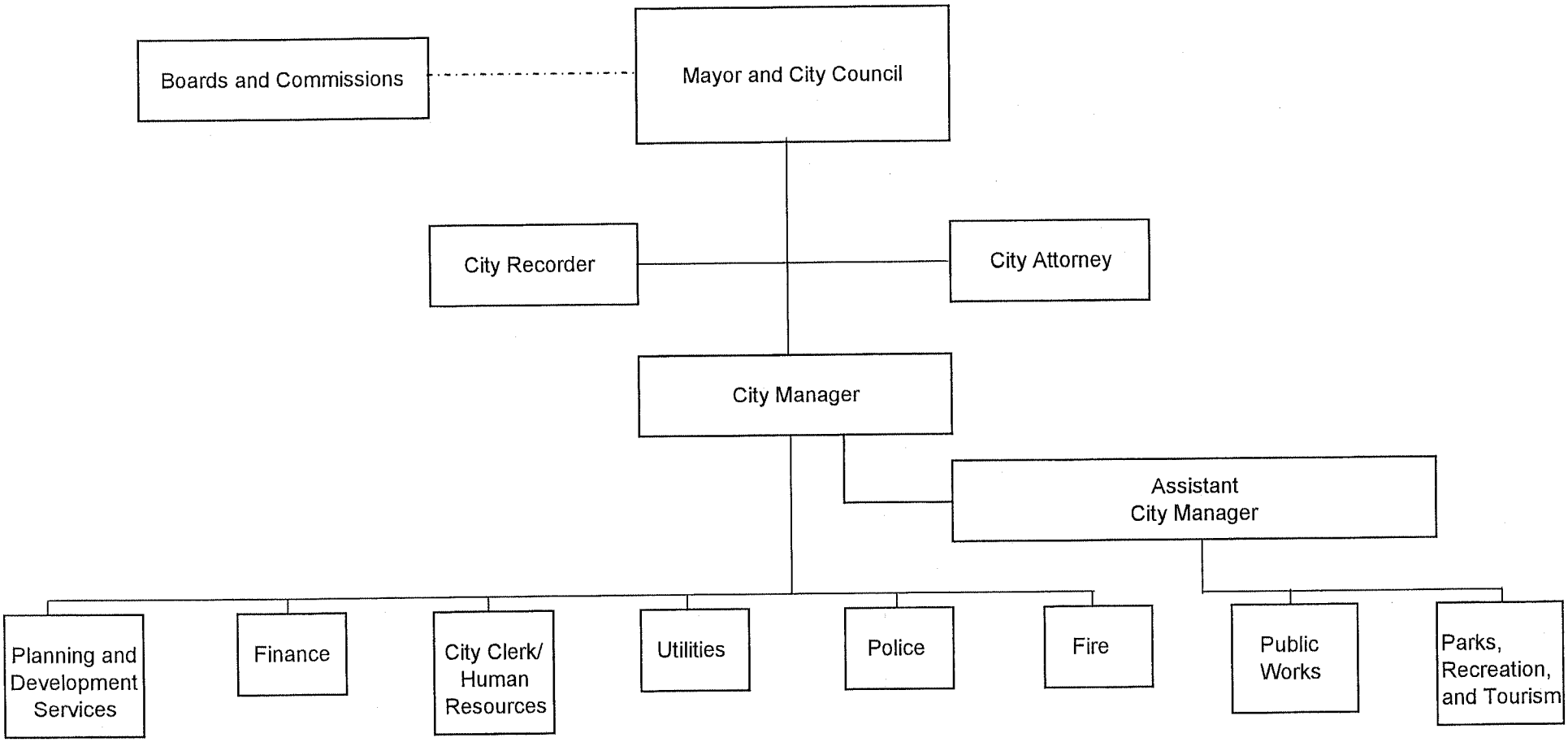
President

Jeffrey L. Esser

Executive Director

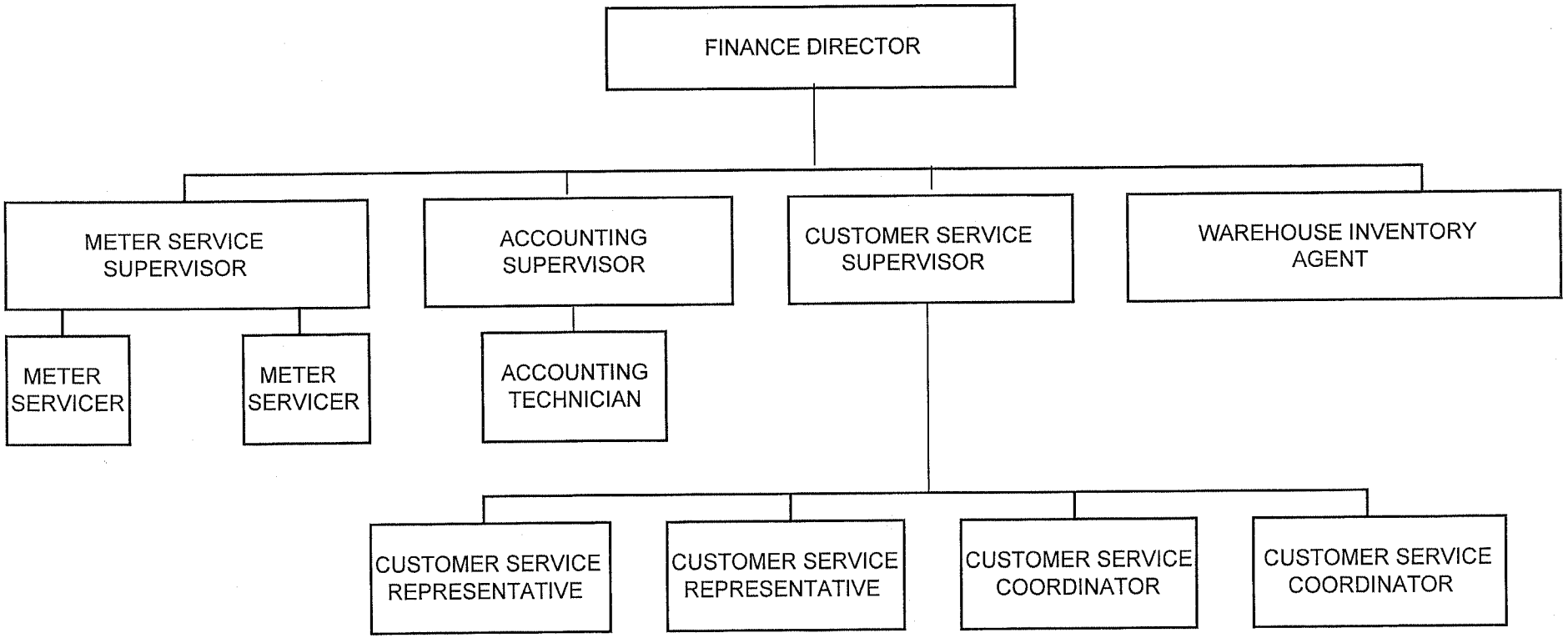
City of Newberry
Organizational Chart

June 30, 2008



City of Newberry
Finance Department
Organizational Chart

June 30, 2008



CITY OF NEWBERRY, SOUTH CAROLINA
List of Principal Officers
June 30, 2008

Title	Name
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	Eugene C. Griffith, Jr.
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	Joseph H. Palmer
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.

FINANCIAL SECTION

McKINLEY, COOPER & CO., LLP
CERTIFIED PUBLIC ACCOUNTANTS
Suite 225
555 North Pleasantburg Drive
GREENVILLE, SOUTH CAROLINA 29607-2191

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Toni R. McKinley
Robert C. Cooper

Members
American Institute of
Certified Public Accountants
S.C. Association of
Certified Public Accountants

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, 2008, 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, 2008, 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 28, 2008, 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.

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 accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and budgetary comparisons, and the schedule of expenditures of federal awards 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 28, 2008

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, 2008. 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 - 10 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 2008 are as follows:

- The assets of the City of Newberry exceeded its liabilities at the close of the most recent fiscal year by $42,426,203 (net assets), an increase in comparison to the previous fiscal year of $4,684,332 or 12.4%. Of this amount, $14,997,849 (unrestricted net assets) may be used to meet the City's ongoing obligations to citizens and creditors.
- Revenues and other financing sources totaled $10,298,669 and expenditures and other financing uses totaled $9,478,401 for all governmental funds at the fund level. Accordingly, combined revenues and other financing sources exceeded expenditures and other financing uses by 8.7 percent ($820,268). As of the close of fiscal year 2008, the City of Newberry's governmental funds reported combined ending fund balance of $5,871,382. Approximately 99.8 percent of this total amount, $5,861,382, is available for spending at the government's discretion (unreserved fund balance).
- At the end of fiscal year 2008, unreserved and undesignated fund balance for the general fund, the City's principal operating fund, was $3,539,475, an increase of $333,836 in comparison to the previous fiscal year.
- The City of Newberry's business-type activities reported net assets at year-end of $30,484,250, an increase of 10.8 percent ($2,982,239).

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 fifteen 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 and the community housing/development fund, since both 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 76 - 89 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 2008, for the federal equitable sharing fund which only saw interest earnings activity during the period.

The basic governmental fund financial statements can be found on pages 32 - 35 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 - 58 of this report.

Other information. In addition to the basic financial statements and accompanying notes, the report also presents certain required supplementary information in the form of a general fund budgetary comparison. This comparison may be found on page 36 of this report.

Other information, including combining and individual fund statements and schedules, begin on page 76 of this report. Statistical tables that provide multi-year historical data begin on page 110, and they were redesigned in fiscal year 2005 to early implement GASB Statement 44.

Government-wide Financial Analysis

The fiscal year 2008 comprehensive annual financial report is the sixth 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 2008, 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 2008 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 $42,426,203 for fiscal year 2008, an increase of

$4,684,332 in total net assets as compared to fiscal year 2007. Net assets are reported in three categories: Invested in capital assets, net of related debt of $25,783,567, restricted net assets of $1,644,787, and unrestricted net assets of $14,997,849.

By far the largest portion of the City's net assets (60.8 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, 2008, the City had $10,000 restricted for the Japanese Gardens permanent fund, $500,521 restricted for utility system debt service, and $1,134,266 restricted for maintenance of the utility system.

The balance of unrestricted net assets ($14,997,849) 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, 2008, with comparative data for fiscal year 2007.

City of Newberry's Net Assets

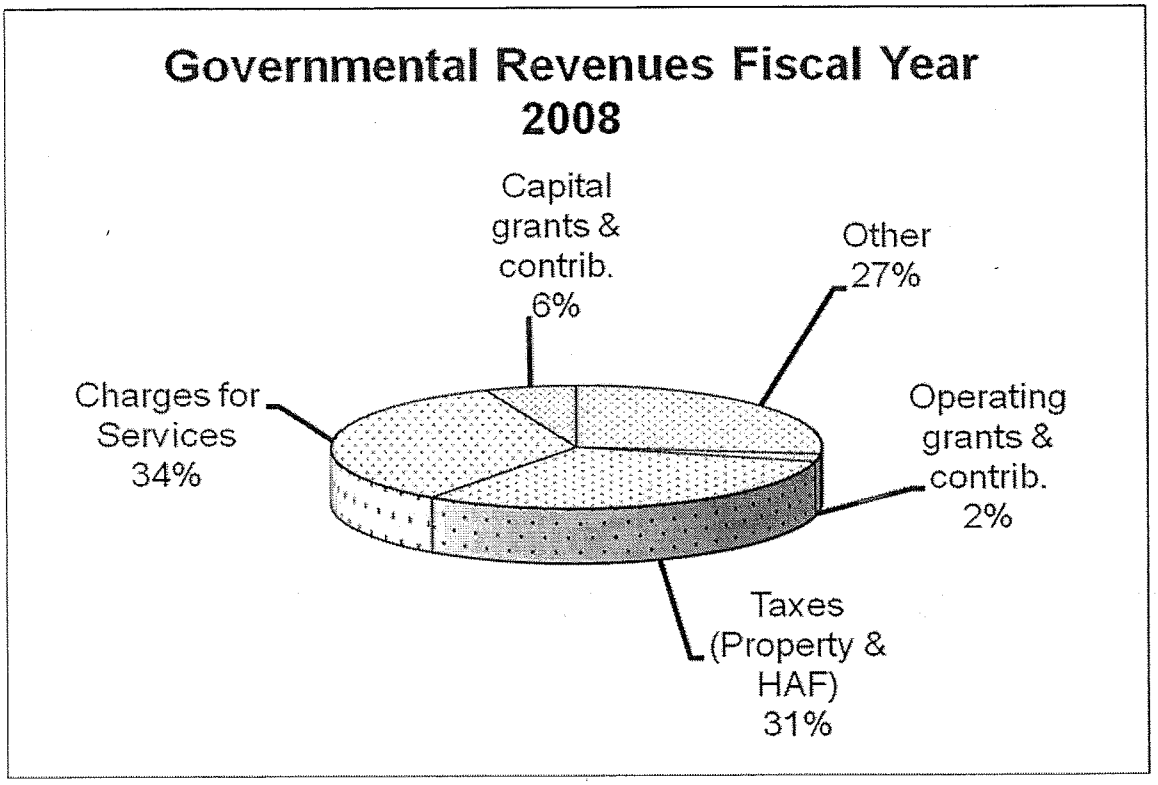
	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Current and other assets	$ 6,688,473	$ 5,900,908	$ 12,333,554	$ 10,231,222	$ 19,022,027	$ 16,132,130
Capital assets	$ 9,448,513	$ 8,817,752	$ 21,583,728	$ 20,670,002	$ 31,032,241	$ 29,487,754
Total assets	$16,136,986	$ 14,718,660	$ 33,917,282	$ 30,901,224	$ 50,054,268	$ 45,619,884
Long-term liabilities outstanding	$ 3,862,353	$ 4,105,863	$ 1,955,567	$ 2,126,236	$ 5,817,920	$ 6,232,099
Other liabilities	$ 332,680	$ 372,937	$ 1,477,465	$ 1,272,977	$ 1,810,145	$ 1,645,914
Total liabilities	$ 4,195,033	$ 4,478,800	$ 3,433,032	$ 3,399,213	$ 7,628,065	$ 7,878,013
Net assets:						
Invested in capital assets, net of related debt	$ 5,930,087	$ 5,014,176	$ 19,853,480	$ 18,755,630	$ 25,783,567	$ 23,769,806
Restricted	$ 10,000	$ 10,000	$ 1,634,787	$ 1,528,920	$ 1,644,787	$ 1,538,920
Unrestricted	$ 6,001,866	$ 5,215,684	$ 8,995,983	$ 7,217,461	$ 14,997,849	$ 12,433,145
Total net assets	$11,941,953	$ 10,239,860	$ 30,484,250	$ 27,502,011	$ 42,426,203	$ 37,741,871

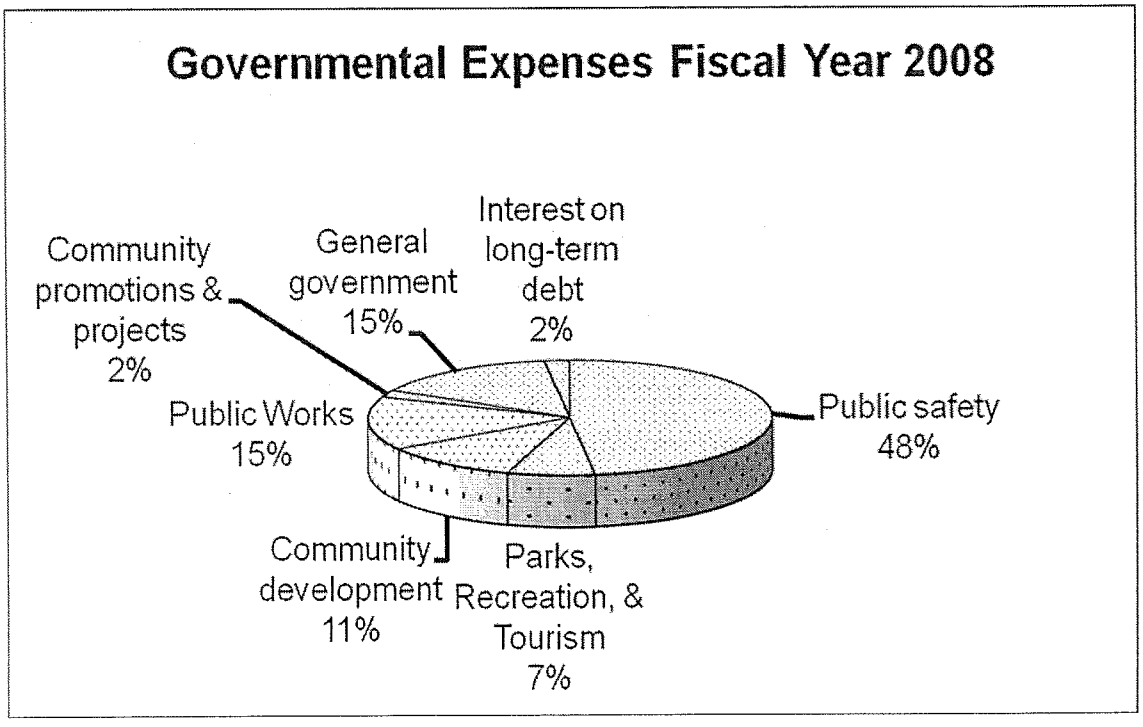
The following table shows a recap of revenues and expenses for fiscal year 2008, with comparative data for fiscal year 2007:

	Governmental Activities	Governmental Activities	Business-Type Activities	Business-Type Activities	Total	Total
	2008	2007	2008	2007	2008	2007
Revenue:						
Program revenues:						
Charges for Services	$ 3,072,765	$ 2,921,072	$ 22,071,963	$ 20,767,125	$ 25,144,728	$ 23,688,197
Operating grants and contributions	$ 183,563	$ 18,000	$ -	$ -	$ 183,563	$ 18,000
Capital grants and contributions	$ 556,620	$ 114,212	$ 132,329	$ 189,835	$ 688,949	$ 304,047
General Revenues:						
Taxes	$ 2,882,168	$ 2,726,785	$ -	$ -	$ 2,882,168	$ 2,726,785
Grants and contributions not restricted to specific programs	$ -	$ -	$ -	$ -	$ -	$ -
Other	$ 2,513,458	$ 1,487,371	$ 1,968,478	$ 523,261	$ 4,481,936	$ 2,010,632
Total revenues	$ 9,208,574	$ 7,267,440	$ 24,172,770	$ 21,480,221	$ 33,381,344	$ 28,747,661
Expenses:						
General government	$ 1,314,360	$ 1,445,489	$ -	$ -	$ 1,314,360	$ 1,445,489
Public safety	$ 4,190,713	$ 3,825,223	$ -	$ -	$ 4,190,713	$ 3,825,223
Public Works	$ 1,341,670	$ 1,382,291	$ -	$ -	$ 1,341,670	$ 1,382,291
Parks, Recreation, & Tourism	$ 579,420	$ 533,905	$ -	$ -	$ 579,420	$ 533,905
Community development	$ 948,805	$ 114,662	$ -	$ -	$ 948,805	$ 114,662
Community promotions and projects	$ 183,867	$ 234,583	$ -	$ -	$ 183,867	$ 234,583
Interest on long-term debt	$ 156,887	$ 170,940	$ -	$ -	$ 156,887	$ 170,940
Combined electric, water, and sewer utilities	$ -	$ -	$ 19,981,290	$ 19,046,776	$ 19,981,290	$ 19,046,776
Total expenses	$ 8,715,722	$ 7,707,093	$ 19,981,290	$ 19,046,776	$ 28,697,012	$ 26,753,869
Increase(decrease) in net assets before transfers	$ 492,852	$ (439,653)	$ 4,191,480	$ 2,433,445	$ 4,684,332	$ 1,993,792
Transfers	$ 1,209,241	$ 1,080,700	$ (1,209,241)	$ (1,080,700)	$ -	$ -
Increase in net assets	$ 1,702,093	$ 641,047	$ 2,982,239	$ 1,352,745	$ 4,684,332	$ 1,993,792
Net assets, July 1	$ 10,239,860	$ 9,598,813	$ 27,502,011	$ 26,149,266	$ 37,741,871	$ 35,748,079
Net assets, June 30	$ 11,941,953	$10,239,860	$ 30,484,250	$ 27,502,011	$ 42,426,203	$ 37,741,871

Governmental activities. Governmental activities increased the City's net assets by $1,702,093. Compared to governmental activity expenses ($8,715,722), tax-related revenues ($2,882,168) covered approximately 33.1 percent, and program revenues ($3,812,948) covered approximately 43.7 percent. Public Safety accounted for approximately 48.1 percent of all expenses in governmental activities. A major contributor to the increase in net assets was the receipt of a grant from the Clinton-Newberry Natural Gas Authority in the amount of $518,472 for the purpose of economic and community development, for which few expenses materialized in fiscal year 2008. The City also was the recipient of other grants used to accomplish upgrades and projects, particularly notable in the Streetscape Fund with capital grants of $506,414. Additionally, all City departments continued to use budgeted funds effectively and within budget allocations, while most revenue sources exceeded expectations.

The graphs below show a breakdown by percentage of governmental revenues and expenses.





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 $24,172,770 exceeded the total expenses and outgoing transfers of $21,190,531, yielding a positive change in net assets of $2,982,239 for fiscal year 2008. Of note is the purchase of electricity line item at $12,981,182, which translates to 65.0 percent of all business-type expenses of $19,981,290. The size of the purchase of electricity line item can be further appreciated by noting that this single line item is 45.2 percent of total primary government expenses.

- A major factor in the $2,982,239 increase in net assets was the overall 2.09 percent electric rate increase and 4.99 percent sewer rate increase, both effective on the July 1, 2007 billing. The City's primary electric supplier, Piedmont Municipal Power Agency, had implemented a rate increase to the City of 2.48 percent, effective May 1, 2007.
- Increases in units sold in fiscal year 2008 as compared to fiscal year 2007 were reflected in treated sewer cubic feet (up 5.55 percent), water cubic feet (up 8.43 percent),and electric kilowatt-hours (up 8.32 percent).
- Fiscal year 2008 also saw the receipt of $1,773,933 of 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 $5,871,382. The City's general fund, with an ending fund balance of $4,601,905, amounts to 78.4 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 2008, the unreserved, undesignated fund balance of the general fund was $3,539,475, or 76.9 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 45.7 percent of total general fund expenditures, while total fund balance ($4,601,905) represents 59.4 percent of total general fund expenditures ($7,748,572).

The unreserved, undesignated fund balance of the City's general fund increased by $333,836 during fiscal year 2008. The City had anticipated actual use of fund balance in the amount of $99,128 during its mid-year budget review. However, general fund revenues and other financing sources came in at 1.5 percent over budget while general fund expenditures and other financing uses ended the fiscal year at 3.0 percent under budget. The major revenue source exceeding budgetary projections was court fines and forfeitures ($63,912 over budget), primarily due to increased court activity. On the expenditure side, actual costs in the fire department came in $57,737 under budget, largely due to the delay in purchasing equipment to be financed by a federal grant. Also notable were the $54,215 under budget condition in the employee benefits department, primarily related to personnel vacancies during the fiscal year and the $45,354 under budget condition in the police department, primarily due to vacant personnel positions. State assessments related to court fines were the primary contributor to the $7,820 over-budget condition in the justice and law department.

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 $8,995,983, or 29.5 percent of total proprietary fund net assets in the amount of $30,484,250. The City's largest component of proprietary fund net assets is our investment in capital assets, net of related debt, at $19,853,480, or 65.1 percent of total net assets. 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 increased by $314,411 during fiscal year 2008 to reach the final expenditure budget of $8,062,569. On the expenditure side, the largest increase by department of $167,113 was recorded in the justice and law department. The largest addition within this department was to the state assessments line item due to increased court activity. The largest budgetary expenditure decrease ($26,205) was in the general insurance department, primarily due to lower than anticipated insurance premiums. On the revenue side, the largest line item budgetary change was an increase of $184,000 in court fines and forfeitures, due to increased court activity. The largest budgetary decrease ($24,195) occurred in other state receipts, due to changes in grant funds awarded. During the fiscal year, revenues and other financing sources exceeded budgetary estimates and expenditures and other financing uses were

less than budgetary estimates, thus adding $339,362 to fund balance instead of using $99,128 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 2008, the City had a combined total of capital assets of $31,032,241 (net of accumulated depreciation), an increase of $1,544,487 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

$383,762 in parking lot and other landscape improvements

$132,650 for a new fire department service truck

$100,150 for a new trash loader in the public works department

Business-type Activities

$1,255,196 for completion of the new screw pumps at the City's wastewater treatment plant

$487,681 for construction in progress on aeration improvements at the City's wastewater treatment plant

The following table shows a recap of the City's capital assets, net of accumulated depreciation, for fiscal year 2008, with comparative data for fiscal year 2007.

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

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Land and improvements	$ 1,906,799	$ 1,381,983	$ 403,814	$ 317,055	$ 2,310,613	$ 1,699,038
Buildings, improvements and fixtures	$ 5,624,374	$ 5,640,451	$ 1,868,914	$ 1,736,434	$ 7,493,288	$ 7,376,885
Streets, sidewalks and bridges	$ 625,955	$ 369,049	$ -	$ -	$ 625,955	$ 369,049
Motor vehicles and equipment	$ 1,072,709	$ 1,132,319	$ 233,807	$ 270,072	$ 1,306,516	$ 1,402,391
Office furniture and equipment	$ -	$ 2,913	$ 96,712	$ 96,453	$ 96,712	$ 99,366
Other equipment	$ 218,676	$ 243,604	$ 42,406	$ 10,412	$ 261,082	$ 254,016
Traffic controls and fire alarm system	$ -	$ -	$ 28,171	$ 37,562	$ 28,171	$ 37,562
Street Lighting	$ -	$ -	$ 120,149	$ 7,811	$ 120,149	$ 7,811
Electric distribution system	$ -	$ -	$ 3,219,652	$ 3,433,743	$ 3,219,652	$ 3,433,743
Water distribution system	$ -	$ -	$ 7,209,442	$ 7,509,529	$ 7,209,442	$ 7,509,529
Sewer collection system	$ -	$ -	$ 7,693,990	$ 7,001,043	$ 7,693,990	$ 7,001,043
Construction in progess	$ -	$ 47,433	$ 666,671	$ 249,888	$ 666,671	$ 297,321
Total	$ 9,448,513	$ 8,817,752	$ 21,583,728	$ 20,670,002	$31,032,241	$ 29,487,754

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 2008, the City of Newberry had total debt outstanding (bonds, notes, capital leases) of $5,359,199. 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 2008, with comparative data for fiscal year 2007:

City of Newberry's Outstanding Debt

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Tax increment financing bonds	$ 1,585,000	$ 1,810,000	$ -	$ -	$1,585,000	$ 1,810,000
Revenue bonds	$ -	$ -	$ 1,826,632	$ 2,016,356	$1,826,632	$ 2,016,356
Capital leases	$ 1,947,567	$ 2,008,856	$ -	$ -	$1,947,567	$ 2,008,856
Total	$ 3,532,567	$ 3,818,856	$ 1,826,632	$ 2,016,356	$5,359,199	$ 5,835,212

The City's total debt decreased by $476,013 (8.2 percent) during fiscal year 2008. Newly issued capital leases totaled $232,500 for the purchase of a service truck in the fire department and a trash loader in the public works department. Also issued during the fiscal year was the 2007 Combined Public Utility System Revenue Bond in the amount of $380,000 for the purchase of land and building used to house the City's utility and planning and development services departments.

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, available revenues from the Newberry Opera House Foundation, a separate non-profit corporation, and a mortgage on the Newberry Opera House building owned by the City and leased to the Newberry Opera House Foundation.

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 2008, the debt limitation for the City is $1,879,930, of which none is presently obligated.

Additional information on the City of Newberry's long-term debt as reported for fiscal year 2008 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, 2008, unemployment for Newberry County stood at 7.3 percent versus 6.1 percent at June 30, 2007. In comparison, the state's unemployment rate at June 30, 2008 was 6.1 percent and the national rate was 5.5 percent.

Using data from the City of Newberry hospitality and accommodations fund, hospitality gross sales increased from $23.4 million for the year ended June 30, 2007, to $24.0 million for the year ended June 30, 2008. Accommodations gross sales remained constant at $2.5 million for the year ended June 30, 2008. All of these factors were considered in preparing the City's budget for the 2009 fiscal year.

At June 30, 2008, unreserved and undesignated fund balance in the general fund was $3,539,475. The City of Newberry has appropriated $158,365 of this fund balance for spending in the FY 2009 original budget. This use of fund balance is being carefully monitored by city administration to prevent dependency on one-time revenues to financially support recurring expenditures.

In the City's utility enterprise fund, City Council increased overall electric rates by 4.17% and overall sewer rates by 7.50%, effective on the July 1, 2008 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 further preparations for the future 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.

CITY OF NEWBERRY
STATEMENT OF NET ASSETS
JUNE 30, 2008

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	$ 5,590,293	$ 6,669,058	$ 12,259,351
Receivables (net of allowances for uncollectibles)			
Taxes	267,658	-	267,658
Accounts	-	2,834,352	2,834,352
Intergovernmental	289,499	-	289,499
Other	75,106	8,358	83,464
Internal receivables (payable)	36,310	(36,310)	-
Inventories	60,466	1,069,138	1,129,604
Notes receivable	355,000	-	355,000
Restricted assets			
Cash and cash equivalents	-	1,634,133	1,634,133
Interest receivable	-	654	654
Note receivable - Newberry Opera House Foundation	-	57,787	57,787
Capital assets			
Land and construction in progress	785,620	987,015	1,772,635
Other capital assets, net of accumulated depreciation	8,662,893	20,596,713	29,259,606
Bond issuance cost (net of accumulated amortization)	-	96,384	96,384
Loan cost (net of accumulated amortization)	14,141	-	14,141
Total Assets	16,136,986	33,917,282	50,054,268
Liabilities			
Accounts payable	31,304	1,409,612	1,440,916
Retainage payable	8,160	-	8,160
Due to other government agencies	47,867	-	47,867
Accrued salaries and payroll liabilities	219,460	56,118	275,578
Accrued interest payable	25,889	11,735	37,624
Long-term liabilities			
Due within one year	709,491	720,847	1,430,338
Due in more than one year	3,152,862	1,234,720	4,387,582
Total Liabilities	4,195,033	3,433,032	7,628,065
Net Assets			
Investment in capital assets, net of related debt	5,930,087	19,853,480	25,783,567
Restricted for			
Expendable			
Debt service	-	500,521	500,521
Maintenance	-	1,134,266	1,134,266
Nonexpendable			
Permanent Fund	10,000	-	10,000
Unrestricted	6,001,866	8,995,983	14,997,849
Total Net Assets	$ 11,941,953	$ 30,484,250	$ 42,426,203

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

CITY OF NEWBERRY
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2008

Activities	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Governmental Activities	Net (Expense) Revenue and Changes in Net Assets: Business-Type Activities	Total
Governmental Activities							
General Government	$ 1,314,360	$ 1,468,790	$ -	$ -	$ 154,430	$ -	$ 154,430
Public safety	4,190,713	988,539	70,631	-	(3,131,543)	-	(3,131,543)
Public works	1,341,670	574,127	45,632	-	(721,911)	-	(721,911)
Parks, recreation, and tourism	579,420	38,399	-	-	(541,021)	-	(541,021)
Community development	948,805	-	67,300	556,620	(324,885)	-	(324,885)
Community promotion and projects	183,867	2,910	-	-	(180,957)	-	(180,957)
Interest on long-term debt	156,887	-	-	-	(156,887)	-	(156,887)
Total Governmental Activities	8,715,722	3,072,765	183,563	556,620	(4,902,774)	-	(4,902,774)
Business-Type Activities							
Utility system	19,981,290	22,071,963	-	132,329	-	2,223,002	2,223,002
Total Primary Government	$ 28,697,012	$ 25,144,728	$ 183,563	$ 688,949	(4,902,774)	2,223,002	(2,679,772)
General Revenues							
Taxes							
Property taxes, levied for general purposes					1,996,841	-	1,996,841
Property taxes, levied for debt service					327,691	-	327,691
Local hospitality and accommodations fee					557,636	-	557,636
Intergovernmental revenue					1,861,027	1,773,933	3,634,960
Interest revenue					115,620	194,545	310,165
Miscellaneous					536,811	-	536,811
Transfers					1,209,241	(1,209,241)	-
Total General Revenues and Transfers					6,604,867	759,237	7,364,104
Change in Net Assets					1,702,093	2,982,239	4,684,332
Net Assets, beginning					10,239,860	27,502,011	37,741,871
Net Assets, ending					$ 11,941,953	$ 30,484,250	$ 42,426,203

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

CITY OF NEWBERRY
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2008

	General	Community Housing/ Development	Other Governmental	Totals June 30, 2008
Assets				
Cash and cash equivalents	$ 4,502,061	$ 515,472	$ 572,760	$ 5,590,293
Receivables (net of allowance for uncollectibles)				
Taxes	144,809	-	122,849	267,658
Intergovernmental	191,541	-	97,958	289,499
Interest and other	20,178	-	54,928	75,106
Notes receivable	-	355,000	-	355,000
Due from other funds	101,335	-	17,179	118,514
Inventories	60,466	-	-	60,466
Total Assets	$ 5,020,390	$ 870,472	$ 865,674	$ 6,756,536
Liabilities and Fund Balances				
Liabilities				
Accounts payable	$ 24,212	$ -	$ 7,092	$ 31,304
Retainage payable	-	-	8,160	8,160
Intergovernmental	47,867	-	-	47,867
Accrued salaries and payroll liabilities	219,460	-	-	219,460
Due to other funds	7,178	-	75,026	82,204
Deferred revenue	119,768	355,000	21,391	496,159
Total Liabilities	418,485	355,000	111,669	885,154
Fund Balances				
Reserved for Japanese Gardens maintenance	-	-	10,000	10,000
Unreserved, reported in				
General fund	4,601,905	-	-	4,601,905
Special revenue funds - designated for future expenditures	-	515,472	548,938	1,064,410
Debt service fund	-	-	188,685	188,685
Permanent fund	-	-	6,382	6,382
Total Fund Balances	4,601,905	515,472	754,005	5,871,382
Total Liabilities and Fund Balances	$ 5,020,390	$ 870,472	$ 865,674	6,756,536

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, 2008

Fund Balance - Governmental Funds		$ 5,871,382
Amounts reported for Governmental Activities in the Statement of Net Assets are different because:		
Capital Assets used in govermental activities are not current financial resources and therefore are not reported in the governmental funds.		
The cost of capital assets is	15,755,550	
Accumulated depreciation is	(6,307,037)	9,448,513
Loan costs incurred in governmental activities are not current financial resources and are therefore not reported in the governmental funds.		14,141
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	(25,889)	
Compensated absences payable	(329,786)	
Capital lease obligations	(1,947,567)	
Revenue bonds payable	(1,585,000)	(3,888,242)
Deferred revenue is not a liability in governmental activities		496,159
Total Net Assets - Governmental Activities		$ 11,941,953

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, 2008

	General	Community Housing/ Development	Other Governmental Funds	Total Governmental Funds June 30, 2008
Revenues				
Taxes	$ 1,991,822	$ -	$ 327,691	$ 2,319,513
Licenses, permits and franchise fees	1,468,790	-	-	1,468,790
Fines, forfeitures and penalties	884,912	-	90,737	975,649
Charges for services	612,526	-	560,546	1,173,072
Intergovernmental	1,347,681	538,472	727,947	2,614,100
Miscellaneous	171,232	-	87,394	258,626
Total Revenues	6,476,963	538,472	1,794,315	8,809,750
Expenditures				
General government	835,483	-	-	835,483
Public safety	3,323,216	-	70,928	3,394,144
Public works	1,336,113	-	-	1,336,113
Parks, recreation, and tourism	454,591	-	-	454,591
Community development	-	25,000	923,805	948,805
Non-departmental	1,542,686	-	240,051	1,782,737
Debt service				
Principal	224,626	-	294,163	518,789
Interest	31,857	-	128,704	160,561
Total Expenditures	7,748,572	25,000	1,657,651	9,431,223
Excess (Deficiency) of Revenues Over Expenditures	(1,271,609)	513,472	136,664	(621,473)
Other Financing Sources (Uses)				
Capital leases	232,500	-	-	232,500
Transfers in (out)				
General fund	-	2,000	-	2,000
Permanent fund	(1,550)	-	1,550	-
Special revenue funds	188,780	-	(235,958)	(47,178)
Utility system fund	1,191,241	-	18,000	1,209,241
Debt service fund	-	-	45,178	45,178
Total Other Financing Sources (Uses)	1,610,971	2,000	(171,230)	1,441,741
Net Change in Fund Balances	339,362	515,472	(34,566)	820,268
Fund Balances, beginning	4,262,543	-	788,571	5,051,114
Fund Balances, ending	$ 4,601,905	$ 515,472	$ 754,005	$ 5,871,382

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, 2008

Net Change in Fund Balances - Total Governmental Funds		$ 820,268
Amounts reported for Governmental Activities in the Statement of Activities are different because (see Note 1, also)		
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.		
Depreciation expense	$ (709,250)	
Capital outlay	1,349,556	640,306
The net effect of various miscellaneous transactions involving capital assets is to decrease net assets.		(9,545)
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.		293,789
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.		(42,779)
Repayment of bond principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Assets and does not affect the Statement of Activities.		225,000
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:		3,674
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. Also, governmental funds report the effect of issuance costs when the debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.		
Issuance of debt	(232,500)	
Loan cost amortization	(1,139)	(233,639)
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:		5,019
Change in Net Assets of Governmental Activities		$ 1,702,093

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

CITY OF NEWBERRY
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	$ 1,948,800	$ 1,951,800	$ 1,991,822	$ 40,022
Licenses,permits and franchise fees	1,360,600	1,393,385	1,468,790	75,405
Fines and forfeitures	637,000	821,000	884,912	63,912
Charges for services	607,800	604,150	612,526	8,376
Intergovernmental	1,261,299	1,411,345	1,347,681	(63,664)
Miscellaneous	128,300	171,320	171,232	(88)
Total Revenues	5,943,799	6,353,000	6,476,963	123,963
Expenditures				
General government				
City council	68,615	69,057	68,876	181
City manager	215,980	225,399	220,704	4,695
Human resources	87,641	88,833	87,087	1,746
Finance	231,422	232,818	220,799	12,019
City hall	40,060	43,589	35,056	8,533
Planning and development	231,150	240,318	202,961	37,357
Public safety				
Police department	1,606,413	1,647,248	1,601,894	45,354
Justice and Law	442,316	609,429	617,249	(7,820)
Fire department	1,052,399	1,161,810	1,104,073	57,737
Public works				
Public works administration	132,868	135,447	123,966	11,481
Streets	622,335	610,773	582,845	27,928
Sanitation	428,151	449,515	447,395	2,120
Building maintenance	57,762	56,521	53,538	2,983
Garage	133,499	135,064	128,369	6,695
Parks, recreation, and tourism				
Parks, recreation, and tourism	475,130	482,441	454,591	27,850
Non-departmental				
General insurance	113,705	87,500	85,721	1,779
Employee benefits	1,345,469	1,327,313	1,273,098	54,215
Community promotions and projects	205,200	203,011	183,867	19,144
Capitalized lease payments	258,043	256,483	256,483	-
Total Expenditures	7,748,158	8,062,569	7,748,572	313,997
Excess (Deficiency) of Revenues Over Expenditures	(1,804,359)	(1,709,569)	(1,271,609)	437,960
Other Financing Sources (Uses)				
Capital leases	229,000	232,500	232,500	-
Transfers in (out)				
Japanese Gardens fund	(1,550)	(1,550)	(1,550)	-
Tourism fund	(45,000)	(65,000)	(65,000)	-
State accomodations tax fund	30,750	26,750	27,280	530
Local hospitality/accomodations fund	200,000	228,500	228,500	-
Utility system	1,191,241	1,191,241	1,191,241	-
Community Housing/Development fund	-	(2,000)	(2,000)	-
Total Other Financing Sources (Uses)	1,604,441	1,610,441	1,610,971	530
Net Change in Fund Balances	(199,918)	(99,128)	339,362	438,490
Fund Balances, beginning	4,262,543	4,262,543	4,262,543	-
Fund Balances, ending	$ 4,062,625	$ 4,163,415	$ 4,601,905	$ 438,490

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

CITY OF NEWBERRY
PROPRIETARY FUND
STATEMENT OF NET ASSETS
JUNE 30, 2008

Assets		
Current Assets		
Cash and cash investments	$	6,669,058
Receivables (net of allowances for uncollectibles)		
Accounts		2,834,352
Interest receivable		5,283
Other		3,075
Inventory		1,069,138
Restricted assets		
Cash and cash investments		626,491
Interest receivable		654
Total Current Assets		11,208,051
Noncurrent Assets		
Capital Assets		
Land and land improvements		431,228
Buildings and fixtures		3,508,489
Office furniture and equipment		206,734
Traffic controls and fire alarm system		185,112
Street Lighting		406,044
Other equipment		237,403
Motor vehicles and equipment		1,819,055
Electric distribution system		9,678,928
Water distribution system		15,290,157
Sewer collection system		19,802,717
Construction in progress		666,671
Totals		52,232,538
Less accumulated depreciation		(30,648,810)
Total Capital Assets		21,583,728
Bond Issuance Cost		96,384
Restricted Assets		
Cash and cash investments		1,007,642
Note receivable - Newberry Opera House Foundation		57,787
Total Noncurrent Assets		22,745,541
Total Assets		33,953,592

(Continued)

CITY OF NEWBERRY
PROPRIETARY FUND
STATEMENT OF NET ASSETS (CONTINUED)
JUNE 30, 2008

Liabilities		
Current Liabilities		
Accounts payable	$	1,409,612
Accrued salaries payable		56,118
Compensated absences payable		105,437
Due to other funds		36,310
Accrued interest payable		11,735
Revenue bonds payable		615,410
Total Current Liabilities		2,234,622
Noncurrent Liabilities		
Revenue bonds payable		1,211,222
Compensated absences payable		23,498
Total Noncurrent Liabilities		1,234,720
Total Liabilities		3,469,342
Net Assets		
Invested in Capital Assets, Net of Related Debt		19,853,480
Restricted for		
Debt service		500,521
Maintenance		1,134,266
Unrestricted		8,995,983
Total Net Assets	$	30,484,250

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, 2008

	Business - Type Activities Electric, Water, and Sewer
Operating Revenues	
Charges for sales and services	$ 22,009,702
Miscellaneous	62,261
Total Operating Revenues	22,071,963
Operating Expenses	
Costs of sales and services	17,536,013
Administration	477,037
Depreciation	1,837,717
Total Operating Expenses	19,850,767
Operating Income	2,221,196
Nonoperating Revenues (Expenses)	
Interest revenue	194,545
Interest expense, bank management fees and amortization	(79,800)
(Loss) on disposition of assets	(50,723)
County sales tax	1,773,933
Total Nonoperating Revenues (Expenses)	1,837,955
Income Before Capital Contributions and Transfers	4,059,151
Capital Contributions	132,329
Transfers In (Out)	
General fund	(1,191,241)
Special Revenue funds	(18,000)
Change in Net Assets	2,982,239
Net Assets, beginning	27,502,011
Net Assets, ending	$ 30,484,250

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

CITY OF NEWBERRY
PROPRIETARY FUND
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2008

Cash Flows from Operating Activities		
Receipts from customers	$	21,755,281
Purchase of electricity		(12,981,182)
Payments to suppliers		(3,205,831)
Payments to employees		(1,612,344)
Net Cash Provided by Operating Activities		3,955,924
Cash Flows from Noncapital Financing Activities		
Transfers in (out)		(1,209,241)
Net Cash Used in Noncapital Financing Activities		(1,209,241)
Cash Flows from Capital and Related Financing Activities		
Capital expenses		(2,698,149)
Bond proceeds		380,000
Proceeds from sale of capital assets		7,794
County sales tax		1,773,933
Principal payments on bonds and notes payable		(569,724)
Interest paid		(54,702)
Net Cash Used in Capital and Related Financing Activities		(1,160,848)
Cash Flows from Investing Activities		
Interest on investments		209,905
Principal payments received on notes receivable		40,000
Net Cash Provided by Investing Activities		249,905
Net Increase in Cash		1,835,740
Cash and Cash Investments, Beginning		6,467,451
Cash and Cash Investments, Ending	$	8,303,191
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating income	$	2,221,196
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation expense		1,837,717
Changes in assets and liabilities		
Receivables, net		(316,682)
Inventories		(9,529)
Accounts payable		194,390
Accrued expenses and due to other funds		28,832
Net Cash Provided by Operating Activities	$	3,955,924
NONCASH CAPITAL ACTIVITIES:		
Contributions of capital assets	$	132,329

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

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: Fire; Police; Public Works; Utilities; Planning and Development Services; Finance; Parks, Recreation, and Tourism; Human Resources; and Economic Development.

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 are set forth in Government Accounting Standards Board Statement No. 14. The criteria 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 revenuesinclude 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 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 Fund, 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.

Excess of Expenditures over Appropriations

For the fiscal year ended June 30, 2008, the following General Fund departments had expenditures which exceeded appropriations at the level of legal control by the following amounts:

General Fund	
Justice and Law	$ 7,820

The City's management prepares the City's budgets using conservative estimates relative to anticipated expenditures. The overage in the above fund was due to an increase in assessments remitted to the State which was due to higher than expected fines and forfeitures.

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, 2008, the City had deposits and investments as follows:

Deposits with financial institutions	$ 12,414,712
Investments with S.C. Local Government Investment Pool	1,428,164
	$ 13,842,876

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, 2008, 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, 2008, 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, 2008, consist of the following:

	Governmental Activities	Business-Type Activities
Receivables		
Property taxes	$ 315,618	$ -
Accounts	-	1,784,965
Unbilled accounts	-	1,388,465
Intergovernmental	289,499	-
Interest and other	75,106	9,012
Gross receivables	680,223	3,182,442
Less		
Allowance for uncollectibles	(47,960)	(339,078)
Net Receivables	$ 632,263	$ 2,843,364

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, 2008, 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, 2008, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental Activities				
Capital assets not being depreciated:				
Land	$ 685,620	$ 100,000	$ -	$ 785,620
Construction in progress	47,433	-	(47,433)	-
Total Capital Assets Not Being Depreciated	733,053	100,000	(47,433)	785,620
Capital assets being depreciated:				
Land improvements	1,041,623	466,727	-	1,508,350
Buildings	6,949,327	158,673	-	7,108,000
Motor vehicles and equipment	3,922,087	375,204	(269,643)	4,027,648
Office furniture and equipment	171,157	-	(71,169)	99,988
Other equipment	621,611	13,980	(35,282)	600,309
Streets, sidewalks and bridges	1,343,230	282,405	-	1,625,635
Total Capital Assets Being Depreciated	14,049,035	1,296,989	(376,094)	14,969,930
Less accumulated depreciation				
Land improvements	345,260	41,911	-	387,171
Buildings	1,308,876	174,750	-	1,483,626
Motor vehicles and equipment	2,789,768	428,979	(263,808)	2,954,939
Office furniture and equipment	168,244	151	(68,407)	99,988
Other equipment	378,007	37,960	(34,334)	381,633
Streets, sidewalks and bridges	974,181	25,499	-	999,680
Total Accumulated Depreciation	5,964,336	709,250	(366,549)	6,307,037
Total Capital Assets Being Depreciated, Net	8,084,699	587,739	(9,545)	8,662,893
Governmental Activity Capital Assets, Net	$ 8,817,752	$ 687,739	$ (56,978)	$ 9,448,513

Note 5 – Capital Assets (Continued)

	Beginning Balances	Increases	Decreases	Ending Balances
Business - Type Activities				
Utility Proprietary Fund				
Capital assets not being depreciated				
Land	$ 230,344	$ 90,000	$ -	$ 320,344
Construction in progress	249,888	666,671	(249,888)	666,671
Total Capital Assets Not Being Depreciated	480,232	756,671	(249,888)	987,015
Capital assets being depreciated				
Land improvements	110,884	-	-	110,884
Buildings	3,263,272	245,217	-	3,508,489
Motor vehicles and equipment	1,827,941	84,574	(93,460)	1,819,055
Office furniture and equipment	201,571	5,163	-	206,734
Traffic Controls	185,112	-	-	185,112
Street Lighting	272,682	133,362	-	406,044
Other equipment	231,236	39,900	(33,733)	237,403
Electric distribution system	9,552,614	135,071	(8,757)	9,678,928
Water distribution system	15,217,023	168,229	(95,095)	15,290,157
Sewer collection system	18,848,906	1,492,622	(538,811)	19,802,717
Total Capital Assets Being Depreciated	49,711,241	2,304,138	(769,856)	51,245,523
Less accumulated depreciation				
Land improvements	24,173	3,241	-	27,414
Buildings	1,526,838	112,737	-	1,639,575
Motor vehicles and equipment	1,557,869	120,839	(93,460)	1,585,248
Office furniture and equipment	105,118	4,904	-	110,022
Traffic Controls	147,550	9,391	-	156,941
Street Lighting	264,871	21,024	-	285,895
Other equipment	220,824	7,906	(33,733)	194,997
Electric distribution system	6,118,871	349,162	(8,757)	6,459,276
Water distribution system	7,707,494	454,102	(80,881)	8,080,715
Sewer collection system	11,847,863	762,290	(501,426)	12,108,727
Total Accumulated Depreciation	29,521,471	1,845,596	(718,257)	30,648,810
Total Capital Assets Being Depreciated, Net	20,189,770	458,542	(51,599)	20,596,713
Business-Type Activities Capital Assets, Net	$ 20,670,002	$ 1,215,213	$ (301,487)	$ 21,583,728

Depreciation expense was charged to functions as follows:

General Government	$ 213,637
Public Safety	259,511
Public Works	194,055
Recreation	42,047
Total	$ 709,250

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, 2008, the City had outstanding construction commitments. The business-type activity commitment was $951,685 for utility construction. The general government activity commitment was $37,000 for purchase commitments relating to the Telecommunications 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, 2008, 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, 2008.

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.

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, 2008, 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 equipment and a fire truck 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	$ 1,253,812
Less Accumulated Depreciation	(569,095)
	$ 684,717

The future minimum lease obligations for equipment as of June 30, 2008, were as follows:

Year Ending June 30,	
2009	$ 217,857
2010	208,938
2011	158,889
2012	104,421
2013	73,243
Thereafter	146,177
Total Minimum Lease Obligation	909,525
Less Amount Representing Interest	(88,666)
Present Value of Minimum Lease Payments	$ 820,859

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:

Year ending June 30,	Governmental Activities
2009	$ 114,689
2010	114,689
2011	114,689
2012	114,689
2013	114,689
Thereafter	841,052
Total minimum lease payments	1,414,497
Less amount representing interest	(287,789)
Present value of future minimum lease payments	$ 1,126,708

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. The Tax Increment Revenue Bonds, Series 1998 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, 2008, 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 repay the TIF bonds issued in 1998. For the year ended June 30, 2008, $557,636 in fees were collected.

At June 30, 2008, 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, 2008, are as follows:

	July 1, 2007	Increases	Decreases	June 30, 2008	Due Within One Year
Governmental Activities					
Compensated Absences	$ 287,007	$ 256,366	$ (213,587)	$ 329,786	$ 213,587
Capital Lease Obligations	2,008,856	232,500	(293,789)	1,947,567	260,904
Special Assessment Debt	1,810,000	-	(225,000)	1,585,000	235,000
Total	$ 4,105,863	$ 488,866	$ (732,376)	$ 3,862,353	$ 709,491
Business-Type Activities					
Compensated Absences	$ 109,880	$ 124,492	$ (105,437)	$ 128,935	$ 105,437
Refunding Revenue Bonds, Series 2003	2,016,356	-	(561,894)	1,454,462	581,659
Revenue Bonds, Series 2007	-	380,000	(7,830)	372,170	33,751
Total	$ 2,126,236	$ 504,492	$ (675,161)	$ 1,955,567	$ 720,847

The following schedules reflect future principal and interest requirements of the City's outstanding bonds at June 30, 2008.

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

Fiscal Year	Tax Increment Revenue Bonds, Series 1998		
	Fiscal Year Principal Due	Fiscal Year Interest Due	Total Principal and Interest Due
2009	$ 235,000	$ 71,907	$ 306,907
2010	245,000	60,148	305,148
2011	255,000	47,898	302,898
2012	270,000	35,035	305,035
2013	285,000	21,437	306,437
2014	295,000	7,227	302,227
Total	$ 1,585,000	$ 243,652	$ 1,828,652

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: $3,250,000 (Dated 9-1-98)

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

	Revenue Bonds, Series 2007 (1)			Refunding Revenue Bonds, Series 2003 (2)			Grand Total, Series 2007 and Series 2003		
Fiscal Year	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
2009	$ 33,751	$ 12,298	$ 46,049	$ 581,659	$ 34,211	$ 615,870	$ 615,410	$ 46,509	$ 661,919
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	$ 372,170	$ 65,302	$ 437,472	$ 1,454,462	$ 56,641	$ 1,511,103	$ 1,826,632	$ 121,943	$ 1,948,575

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 8 – Interfund Receivables, Payables, and Transfers

At June 30, 2008, interfund receivables and payables resulting from various interfund transactions were as follows:

	Due From Other Funds	Due To Other Funds
General Fund	$ 101,335	$ 7,178
Special Revenue Funds		
Streetscape	-	55,000
Cultural Arts	-	3,858
Victim's Rights	7,178	-
Accommodations Tax	-	11,668
Tourism	10,001	-
Telecommunications	-	4,500
Proprietary Fund - Unrestricted	4,500	40,810
Total	$ 123,014	$ 123,014

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, 2008 were as follows:

	Transfer In				
Transfer Out:	General Fund	Special Revenue Fund	Debt Service Fund	Permanent Fund	Total
General Fund	$ -	$ 67,000	$ -	$ 1,550	$ 68,550
Proprietary Funds	1,191,241	18,000	-	-	1,209,241
Special Revenue Funds	255,780	-	63,178	-	318,958
	$ 1,447,021	$ 85,000	$ 63,178	$ 1,550	$ 1,596,749

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 2008, the cost of power purchased amounted to $12,981,182. 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 Health Care 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 – Employee Retirement Systems

The City provides pension benefits for all full-time employees through the South Carolina Retirement Systems, 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.

The 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 and disability benefits, group life insurance benefits and survivor benefits. Group life benefits are also available to active State ORP participants. A guaranteed 1% cost of living adjustment is funded under SCRS, and all other cost of living adjustments are granted on an ad hoc basis, subject to approval by the State Budget and Control Board. 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 9.06% 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 10.3% 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:

	SCRS		PORS	
Fiscal Period	Required	Percent Contributed	Required	Percent Contributed
2008	$ 332,799	100%	$ 225,040	100%
2007	271,898	100%	192,209	100%
2006	249,132	100%	180,006	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 13 – 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, 2008.

Note 14 – Subsequent Event

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.

SUPPLEMENTARY INFORMATION

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

NONMAJOR GOVERNMENTAL FUNDS

CITY OF NEWBERRY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2008
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2007)

	Special Revenue	Debt Service	Permanent	Total June 30, 2008	Total June 30, 2007
Assets					
Cash and investments	$ 476,165	$ 80,255	$ 16,340	$ 572,760	$ 749,735
Property taxes receivable, net	-	122,849	-	122,849	24,903
Fees receivable	54,452	-	-	54,452	47,710
Due from other governments	97,958	-	-	97,958	32,798
Interest and other	434	-	42	476	2,900
Due from other funds	17,179	-	-	17,179	20,451
Total Assets	$ 646,188	$ 203,104	$ 16,382	$ 865,674	$ 878,497
Liabilities and Fund Balances					
Liabilities					
Accounts payable	$ 7,092	$ -	$ -	$ 7,092	$ 23,376
Retainage payable	8,160	-	-	8,160	27,874
Deferred revenue	6,972	14,419	-	21,391	27,197
Due to other funds	75,026	-	-	75,026	11,479
Total Liabilities	97,250	14,419	-	111,669	89,926
Fund Balances					
Reserved for					
Japanese Gardens maintenance	-	-	10,000	10,000	10,000
Unreserved					
Undesignated	-	188,685	6,382	195,067	102,963
Designated for future expenditures	548,938	-	-	548,938	675,608
Total Fund Balances	548,938	188,685	16,382	754,005	788,571
Total Liabilities and Fund Balances	$ 646,188	$ 203,104	$ 16,382	$ 865,674	$ 878,497

CITY OF NEWBERRY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2008
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2007)

	Special Revenue	Debt Service	Permanent	Total June 30, 2008	Total June 30, 2007
Revenues					
Property taxes	$ -	$ 327,691	$ -	$ 327,691	$ 240,744
Charges for services	560,546	-	-	560,546	551,351
Intergovernmental	720,613	7,334	-	727,947	98,092
Fines, forfeitures and penalties	90,737	-	-	90,737	83,863
Donations	7,000	-	-	7,000	8,025
Rental and other	65,101	-	-	65,101	14,371
Interest	14,638	241	414	15,293	54,316
Total Revenues	1,458,635	335,266	414	1,794,315	1,050,762
Expenditures					
Public safety	70,928	-	-	70,928	73,980
Community development	923,679	-	126	923,805	1,182,894
Non-departmental	240,051	-	-	240,051	232,588
Debt service					
Principal	69,163	225,000	-	294,163	276,513
Interest	45,526	83,178	-	128,704	142,011
Total Expenditures	1,349,347	308,178	126	1,657,651	1,907,986
Excess (Deficiency) of Revenues Over Expenditures	109,288	27,088	288	136,664	(857,224)
Other Financing Sources (Uses)					
Transfers in (out)	(235,958)	63,178	1,550	(171,230)	(188,715)
Total Other Financing Sources (Uses)	(235,958)	63,178	1,550	(171,230)	(188,715)
Net Change in Fund Balances	(126,670)	90,266	1,838	(34,566)	(1,045,939)
Fund Balances, beginning	675,608	98,419	14,544	788,571	1,834,510
Fund Balances, ending	$ 548,938	$ 188,685	$ 16,382	$ 754,005	$ 788,571

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, 2008 AND 2007

	2008	2007
Assets		
Cash and investments	$ 4,502,061	$ 4,256,614
Receivables (net of allowances for uncollectibles)		
Taxes	144,809	132,717
Intergovernmental	191,541	177,239
Interest receivable	2,448	9,629
Other	17,730	17,697
Due from other funds	101,335	39,291
Inventories	60,466	41,035
Total Assets	$ 5,020,390	$ 4,674,222
Liabilities and Fund Balances		
Liabilities		
Accounts payable	$ 24,212	$ 18,094
Intergovernmental	47,867	60,795
Accrued salaries and payroll liabilities	219,460	213,235
Due to other funds	7,178	10,612
Deferred revenue	119,768	108,943
Total Liabilities	418,485	411,679
Fund Balances		
Unreserved		
Undesignated	3,539,475	3,205,639
Designated for general government		
Depreciation fund	1,006,361	1,006,361
Fire department capital	56,069	50,543
Total Fund Balances	4,601,905	4,262,543
Total Liabilities and Fund Balances	$ 5,020,390	$ 4,674,222

CITY OF NEWBERRY
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2008
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2007)

	Budgeted Amounts		Actual	Variance With	Year Ended
	Original	Final	Amounts	Final Budget	June 30, 2007
Revenues					
Taxes	$ 1,948,800	$ 1,951,800	$ 1,991,822	$ 40,022	$ 1,902,399
Licenses, permits and franchise fees	1,360,600	1,393,385	1,468,790	75,405	1,437,771
Fines and forfeitures	637,000	821,000	884,912	63,912	839,337
Charges for services	607,800	604,150	612,526	8,376	620,986
Intergovernmental	1,261,299	1,411,345	1,347,681	(63,664)	1,146,272
Miscellaneous	128,300	171,320	171,232	(88)	231,478
Total Revenues	5,943,799	6,353,000	6,476,963	123,963	6,178,243
Expenditures					
General government					
City council	68,615	69,057	68,876	181	67,429
City manager	215,980	225,399	220,704	4,695	201,950
Human resources	87,641	88,833	87,087	1,746	93,224
Finance	231,422	232,818	220,799	12,019	220,927
City hall	40,060	43,589	35,056	8,533	32,606
Planning and development	231,150	240,318	202,961	37,357	212,627
Public safety					
Police department	1,606,413	1,647,248	1,601,894	45,354	1,473,646
Justice and law	442,316	609,429	617,249	(7,820)	515,213
Fire department	1,052,399	1,161,810	1,104,073	57,737	871,062
Public works					
Public works administration	132,868	135,447	123,966	11,481	115,757
Streets	622,335	610,773	582,845	27,928	406,013
Sanitation	428,151	449,515	447,395	2,120	480,511
Building maintenance	57,762	56,521	53,538	2,983	50,397
Garage	133,499	135,064	128,369	6,695	140,173
Parks, recreation, and tourism					
Parks, recreation, and tourism	475,130	482,441	454,591	27,850	409,275
Non-departmental					
General insurance	113,705	87,500	85,721	1,779	90,927
Employee benefits	1,345,469	1,327,313	1,273,098	54,215	1,178,706
Community promotions and projects	205,200	203,011	183,867	19,144	234,583
Capitalized lease payments	258,043	256,483	256,483	-	242,908
Total Expenditures	7,748,158	8,062,569	7,748,572	313,997	7,037,934
Excess (Deficiency) of Revenues Over Expenditures	(1,804,359)	(1,709,569)	(1,271,609)	437,960	(859,691)

(Continued)

CITY OF NEWBERRY
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2008
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2007)

	Budgeted Amounts				
	Original	Final	Actual Amounts	Variance With Final Budget	Year Ended June 30, 2007
Other Financing Sources (Uses)					
Issuance of debt	$ -	$ -	$ -	$ -	$ 171,900
Capital leases	229,000	232,500	232,500	-	-
Transfers in (out)					
Japanese Gardens fund	(1,550)	(1,550)	(1,550)	-	(1,550)
State accomodations tax fund	30,750	26,750	27,280	530	27,051
Local hospitality/accomodations fund	200,000	228,500	228,500	-	163,214
Utility system	1,191,241	1,191,241	1,191,241	-	1,080,700
Tourism fund	(45,000)	(65,000)	(65,000)	-	-
Community housing/development	-	(2,000)	(2,000)	-	-
Total Other Financing Sources (Uses)	1,604,441	1,610,441	1,610,971	530	1,441,315
Excess (Deficiency) of Revenues and Other Financing Sources (Uses) Over Expenditures	(199,918)	(99,128)	339,362	438,490	581,624
Fund Balances, beginning	4,262,543	4,262,543	4,262,543	-	3,680,919
Fund Balances, ending	$ 4,062,625	$ 4,163,415	$ 4,601,905	$ 438,490	$ 4,262,543

CITY OF NEWBERRY
GENERAL FUND
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2008
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2007)

	Budgeted Amounts		Actual	Variance with	Year Ended
	Original	Final	Amounts	Final Budget	June 30, 2007
Taxes					
Vehicle property taxes	$ 223,000	$ 223,000	$ 230,416	$ 7,416	$ 234,994
Other current property taxes	1,677,000	1,677,000	1,696,098	19,098	1,607,538
Delinquent property tax	36,500	36,500	45,552	9,052	42,403
Tax penalties	10,000	13,000	16,823	3,823	15,093
Fees in lieu of taxes	2,300	2,300	2,933	633	2,371
Totals	1,948,800	1,951,800	1,991,822	40,022	1,902,399
Licenses, Permits and Franchise Fees					
Business licenses	1,200,000	1,210,000	1,252,347	42,347	1,246,007
Business license penalties	5,000	5,000	5,209	209	8,089
Building/sign permits	55,000	75,000	99,891	24,891	69,348
Inspections, lot clearing, zoning	35,100	36,885	43,374	6,489	47,053
Cable TV	65,000	66,000	67,469	1,469	66,774
Newberry Electric Coop	500	500	500	-	500
Totals	1,360,600	1,393,385	1,468,790	75,405	1,437,771
Fines and Forfeitures					
Court fines and forfeitures	637,000	821,000	884,912	63,912	839,337
Totals	637,000	821,000	884,912	63,912	839,337
Charges for Services					
Recreation revenues	34,800	35,150	38,399	3,249	41,177
Public works charges	573,000	569,000	574,127	5,127	579,809
Totals	607,800	604,150	612,526	8,376	620,986
Intergovernmental					
Federal government					
Grants/receipts	27,075	159,496	116,264	(43,232)	20,558
Other grants	-	20,000	20,000	-	-
State of South Carolina					
Merchants' inventory tax	58,392	58,392	58,392	-	58,392
Local government fund	344,563	344,563	345,460	897	312,578
Other receipts	188,100	163,905	135,405	(28,500)	93,654
Newberry County and county schools					
Recreation fee	15,000	18,000	19,645	1,645	19,973
County fire contribution	128,169	152,169	157,695	5,526	152,290
Clinton Newberry Natural Gas Authority	500,000	494,820	494,820	-	488,827
Totals	1,261,299	1,411,345	1,347,681	(63,664)	1,146,272
Miscellaneous Revenues					
Sale of unserviceable equipment	2,000	12,070	30,640	18,570	46,953
Other	10,000	34,250	39,610	5,360	38,951
Interest earned	116,300	125,000	100,982	(24,018)	145,574
Totals	128,300	171,320	171,232	(88)	231,478
Total Revenues	$ 5,943,799	$ 6,353,000	$ 6,476,963	$ 123,963	$ 6,178,243

CITY OF NEWBERRY
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2008
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2007)

	Budgeted Amounts		Actual	Variance With	Year Ended
	Original	Final	Amounts	Final Budget	June 30, 2007
General Government					
City Council					
Salaries and wages	$ 41,728	$ 41,541	$ 41,396	$ 145	$ 39,949
Overtime	100	100	-	100	-
Printing	2,000	2,000	1,312	688	1,069
Office supplies	1,500	1,500	1,134	366	916
Postage	500	500	184	316	228
Membership	317	317	360	(43)	247
Travel	15,390	17,090	17,202	(112)	15,150
Vehicle fuel	-	-	-	-	136
Vehicle repair	-	-	-	-	14
Telephone	1,506	1,100	1,036	64	1,072
Advertising	609	609	1,465	(856)	418
Rental/lease of equipment	1,400	1,100	1,336	(236)	1,320
Employee training	565	200	35	165	128
Municipal election	-	-	-	-	4,250
Codification	3,000	3,000	3,416	(416)	2,532
Totals	68,615	69,057	68,876	181	67,429
City Manager					
Salaries and wages	189,298	197,930	196,940	990	178,359
Overtime	100	100	-	100	-
Printing	300	300	-	300	64
Office supplies	800	800	572	228	535
Postage	400	400	60	340	159
Membership, dues and subscriptions	2,472	2,472	2,355	117	2,088
Travel	7,260	6,860	5,025	1,835	5,580
Car allowance	9,600	10,800	10,794	6	9,626
Telephone	2,250	2,537	2,245	292	2,165
Advertising	200	200	295	(95)	259
Rental/lease of equipment	2,700	2,600	2,418	182	2,710
Employee training	600	400	-	400	405
Totals	215,980	225,399	220,704	4,695	201,950

(Continued)

CITY OF NEWBERRY
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2008
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2007)

	Budgeted Amounts		Actual	Variance With	Year Ended
	Original	Final	Amounts	Final Budget	June 30, 2007
General Government (Continued)					
Human Resources					
Salaries and wages	$ 79,591	$ 80,720	$ 80,742	$ (22)	$ 76,473
Overtime	100	-	-	-	-
Printing	660	660	170	490	445
Office supplies	1,000	1,000	1,468	(468)	798
Postage	400	400	192	208	288
Membership, dues and subscriptions	580	580	320	260	460
Travel	2,635	2,635	2,149	486	2,071
Telephone	775	775	626	149	629
Safety training/hygiene	150	600	-	600	-
Advertising	150	100	100	-	-
Rental/lease of equipment	1,300	1,063	1,052	11	1,263
Employee training	300	300	268	32	221
Contracts	-	-	-	-	10,576
Totals	87,641	88,833	87,087	1,746	93,224
Finance					
Salaries and wages	172,789	175,467	174,956	511	170,219
Overtime	500	500	-	500	-
Printing	500	500	352	148	972
Office supplies	5,350	5,350	4,782	568	4,396
Postage	3,200	3,200	2,405	795	2,809
Membership, dues and subscriptions	515	550	360	190	506
Travel	2,345	2,000	1,233	767	130
Telephone	1,125	1,200	1,061	139	1,143
Maintenance contracts	14,472	13,472	12,259	1,213	15,469
Equipment repair	500	500	-	500	-
Small equipment purchases	660	860	136	724	2,433
Advertising	550	550	92	458	410
Rental/lease of equipment	5,196	5,196	4,543	653	5,224
Employee training	555	555	510	45	475
Auditor	10,000	9,958	9,956	2	9,958
Refunds	1,000	1,000	44	956	-
Preparation of taxes	7,560	7,460	7,110	350	6,783
Computer programming	4,605	4,500	1,000	3,500	-
Totals	231,422	232,818	220,799	12,019	220,927

(Continued)

CITY OF NEWBERRY
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2008
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2007)

	Budgeted Amounts		Actual	Variance With	Year Ended
	Original	Final	Amounts	Final Budget	June 30, 2007
General Government (Continued)					
City Hall					
Telephone	$ 225	$ 200	$ 164	$ 36	$ 156
Service contracts	39,235	42,789	34,413	8,376	31,975
Small equipment purchases	600	600	479	121	475
Totals	40,060	43,589	35,056	8,533	32,606
Planning and Development					
Salaries and wages	163,306	162,799	162,150	649	152,681
Overtime	750	750	98	652	64
Printing	1,400	1,400	467	933	472
Office supplies	1,400	2,200	1,710	490	1,426
Postage	1,600	1,600	748	852	1,499
Membership, dues and subscriptions	1,155	1,155	1,150	5	1,084
Travel	5,570	5,570	4,594	976	3,729
Vehicle fuel	2,200	2,500	2,704	(204)	2,245
Vehicle repair	500	500	433	67	704
Tires and tubes	240	240	-	240	209
Utilities - annex	-	2,260	488	1,772	-
Telephone	1,800	1,800	1,431	369	808
Maintenance contracts	-	2,315	-	2,315	-
Building and fixture repairs	-	4,000	64	3,936	-
Small hand tools	250	250	108	142	106
Small epuipment purchases	800	800	424	376	687
Uniforms	800	800	758	42	802
Safety supplies	100	100	21	79	77
Advertising	1,400	1,400	652	748	756
Rental/lease of equipment	3,779	3,779	3,247	532	2,788
Employee training	950	950	382	568	488
Boards and commissions	1,650	1,650	809	841	1,159
Refunds	500	500	-	500	425
Code enforcements	39,000	39,000	18,611	20,389	38,680
Computer programming	2,000	2,000	1,912	88	1,738
Totals	231,150	240,318	202,961	37,357	212,627
Public Safety					
Police Department					
Salaries and wages	1,273,162	1,255,447	1,223,897	31,550	1,140,566
Holiday pay	42,969	42,969	41,049	1,920	37,338
Training pay	5,500	5,500	4,518	982	6,364
Court pay	500	500	60	440	184
Overtime	3,500	5,500	5,117	383	4,470

(Continued)

CITY OF NEWBERRY
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2008
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2007)

	Budgeted Amounts		Actual	Variance With	Year Ended
	Original	Final	Amounts	Final Budget	June 30, 2007
Public Safety (Continued)					
Police Department (Continued)					
Callbacks	$ 9,500	$ 14,000	$ 12,407	$ 1,593	$ 10,921
Printing	3,000	3,000	675	2,325	2,388
Office supplies	2,800	2,800	3,134	(334)	2,999
Crime prevention	1,000	1,000	150	850	622
Postage	550	550	449	101	442
Membership, dues and subscriptions	2,194	2,194	1,721	473	1,897
Travel	3,025	3,025	1,189	1,836	1,870
Vehicle fuel	64,500	86,500	100,399	(13,899)	73,657
Vehicle repair	13,000	13,000	14,261	(1,261)	18,417
Tires and tubes	5,000	5,000	5,768	(768)	5,847
Utilities	12,000	12,000	10,909	1,091	10,731
Telephone	5,000	5,000	3,467	1,533	3,317
Maintenance contracts	6,500	6,500	7,260	(760)	7,332
Equipment repair	4,000	4,000	3,703	297	2,839
Building and fixture repairs	800	800	975	(175)	101
Small hand tools	600	600	386	214	515
Small equipment purchases	20,563	27,813	32,007	(4,194)	18,775
LEN - small equipment purchases	-	5,000	-	5,000	-
LEN - other agencies	-	15,000	6,296	8,704	-
Uniforms	15,000	15,000	14,625	375	17,399
Safety training/hygiene	3,000	3,000	4,075	(1,075)	1,935
Dry cleaning and laundry	2,000	4,000	2,666	1,334	1,408
Janitorial services	2,000	2,000	1,899	101	1,216
Medical and lab services	550	550	201	349	-
Prisoner care	5,500	5,500	2,954	2,546	5,873
Advertising	700	700	387	313	659
Rental/lease of equipment	7,000	7,800	6,571	1,229	8,381
Employee training	2,000	2,000	2,033	(33)	1,422
Photo supplies	800	800	232	568	20
Special investigation	700	700	654	46	299
Automotive equipment	87,500	87,500	85,800	1,700	83,442
Totals	1,606,413	1,647,248	1,601,894	45,354	1,473,646
Justice and Law					
Salaries and wages	71,489	82,296	78,625	3,671	54,323
Overtime	300	300	-	300	-
State assessments	337,610	486,000	503,948	(17,948)	432,943
Printing	850	1,200	1,157	43	1,142
Office supplies	1,048	2,010	1,917	93	1,149
Postage	925	1,100	1,111	(11)	839
Memberships, dues and subscriptions	-	-	60	(60)	106
Refund of fines	12,000	18,429	19,981	(1,552)	12,544

(Continued)

CITY OF NEWBERRY
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2008
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2007)

	Budgeted Amounts		Actual	Variance With	Year Ended
	Original	Final	Amounts	Final Budget	June 30, 2007
Public Safety (Continued)					
Justice and Law (Continued)					
Travel	$ 1,000	$ 1,000	$ 1,249	$ (249)	$ 911
Jury fees	1,000	1,000	1,010	(10)	510
Maintenance contracts	1,800	1,800	1,800	-	1,800
Small equipment purchases	400	400	-	400	448
Rental/lease of equipment	1,400	1,400	938	462	1,647
Employee training	200	200	170	30	91
Legal services	12,294	12,294	5,283	7,011	6,760
Totals	442,316	609,429	617,249	(7,820)	515,213
Fire Department					
Salaries and wages	694,553	696,088	694,067	2,021	660,954
Training pay	6,000	10,000	4,673	5,327	4,895
Volunteer pay	10,000	6,000	5,451	549	4,756
Overtime	1,000	1,000	234	766	95
Callbacks	15,000	15,000	9,172	5,828	9,852
Printing	1,100	1,100	711	389	990
Office supplies	2,000	2,000	1,846	154	2,302
Postage	650	650	659	(9)	462
Membership, dues and subscriptions	1,173	1,173	1,072	101	765
Travel	7,105	7,105	6,629	476	5,621
Vehicle fuel	12,800	12,800	13,993	(1,193)	11,535
Vehicle repair	8,000	12,000	10,334	1,666	15,738
Tires and tubes	1,000	1,000	636	364	2,976
Utilities	31,000	31,000	30,887	113	29,646
Telephone	3,500	3,500	2,891	609	3,127
Maintenance contracts	10,150	12,054	10,688	1,366	9,717
Equipment repair	4,000	4,350	4,235	115	4,283
Fire extinguishers	700	700	478	222	172
Building and fixture repairs	7,500	10,000	8,646	1,354	7,356
Small hand tools	2,000	2,000	1,818	182	2,209
Small equipment purchases	7,600	7,600	7,483	117	9,135
Radio supplies and maintenance	6,800	6,800	6,467	333	6,476
Uniforms	7,000	7,000	5,979	1,021	6,756
Safety equipment	6,000	25,555	23,441	2,114	13,332
Safety training/hygiene	1,000	1,000	969	31	861
Dry cleaning and laundry	500	500	456	44	299
Cleaning and sanitation supplies	2,000	2,000	1,817	183	1,967
Janitorial services	350	350	205	145	160
Medical and lab services	500	500	342	158	448
Advertising	500	500	375	125	385
Rental/lease of equipment	6,680	6,680	5,738	942	7,142

(Continued)

CITY OF NEWBERRY
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2008
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2007)

	Budgeted Amounts		Actual	Variance With	Year Ended
	Original	Final	Amounts	Final Budget	June 30, 2007
Public Safety (Continued)					
Fire Department (Continued)					
Employee training	$ 1,722	$ 1,722	$ 915	$ 807	$ 2,958
Physical exams	3,600	3,600	3,491	109	7,200
Fire hose supplies	6,160	6,160	4,443	1,717	1,827
Boarding supplies	3,000	3,000	2,685	315	2,807
Photo supplies	200	200	16	184	24
Fire investigation unit	400	400	316	84	270
Fire prevention	6,000	6,000	5,827	173	5,183
Volunteer firemen	1,700	1,700	1,647	53	1,544
Explorer scout post	200	200	209	(9)	132
Fire equipment reserve	12,756	-	-	-	-
Automobile equipment	158,500	154,650	154,459	191	-
Machines and equipment	-	96,173	67,673	28,500	24,705
Totals	1,052,399	1,161,810	1,104,073	57,737	871,062
Public Works					
Public Works Administration					
Salaries and wages	95,882	98,287	98,015	272	91,986
Overtime	75	75	69	6	23
Office supplies	1,100	1,100	912	188	979
Postage	100	100	48	52	48
Membership, dues and subscriptions	260	260	-	260	-
Travel	475	475	-	475	21
Vehicle fuel	1,500	1,650	1,965	(315)	1,593
Vehicle repair	250	250	158	92	148
Tires and tubes	200	225	111	114	-
Utilities	17,000	17,000	10,155	6,845	12,001
Telephone	3,160	3,160	2,076	1,084	2,054
Maintenance contracts	2,776	2,776	1,944	832	983
Equipment repair	300	300	-	300	293
Small equipment purchases	250	250	195	55	-
Radio maintenance	150	150	-	150	-
Safety equipment	780	780	641	139	634
Safety training and hygiene	100	100	46	54	-
Cleaning and sanitation	100	100	80	20	77
Advertising	1,300	1,300	467	833	1,451
Rental/lease of equipment	1,410	1,410	1,232	178	3,384
Employee training	500	499	129	370	40
Computer programming	5,200	5,200	5,723	(523)	42
Totals	132,868	135,447	123,966	11,481	115,757

(Continued)

CITY OF NEWBERRY
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2008
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2007)

	Budgeted Amounts		Actual	Variance With	Year Ended
	Original	Final	Amounts	Final Budget	June 30, 2007
Streets					
Salaries and wages	$ 257,859	$ 231,124	$ 223,327	$ 7,797	$ 215,913
Holiday pay	100	200	101	99	121
Overtime	5,000	7,000	5,181	1,819	4,456
Travel	150	150	-	150	-
Vehicle fuel	16,500	18,645	21,975	(3,330)	16,187
Vehicle repair	5,000	5,000	2,157	2,843	6,055
Tires and tubes	4,800	4,800	1,946	2,854	4,165
Maintenance contracts	260	260	-	260	-
High school contract	5,061	5,061	2,864	2,197	3,852
Equipment repair	12,000	12,000	11,807	193	9,755
Small hand tools	500	500	546	(46)	534
Small equipment purchases	1,225	11,514	11,514	-	4,596
Cement and masonry	1,000	1,000	251	749	347
Sidewalk repair	35,800	15,000	16,020	(1,020)	9,304
Storm drain and pipe	1,500	1,500	25	1,475	102
Asphalt supplies and gravel	3,000	14,000	13,795	205	3,000
Radio maintenance	300	200	-	200	-
Uniforms	1,180	3,062	1,554	1,508	973
Safety equipment	1,500	1,500	333	1,167	1,134
Safety training/hygiene	1,100	1,100	89	1,011	235
Chemicals	10,000	10,000	8,030	1,970	8,227
Signs	4,000	4,000	2,751	1,249	1,458
Employee training	300	300	212	88	108
General supplies	2,000	2,000	1,404	596	1,285
Rights of way	3,000	45,126	49,185	(4,059)	17,463
Street paving/resurfacing	100,000	100,000	91,100	8,900	81,650
Parking lot improvements	33,200	-	-	-	-
Stormwater management	100,000	100,000	100,945	(945)	15,093
Machines and equipment	16,000	15,731	15,733	(2)	-
Totals	622,335	610,773	582,845	27,928	406,013
Sanitation					
Salaries and wages	196,433	199,187	199,062	125	179,580
Holiday	750	750	439	311	608
Overtime	11,000	11,000	8,230	2,770	9,603
Vehicle fuel	47,455	58,777	68,694	(9,917)	50,608
Vehicle repair	17,000	17,000	12,745	4,255	21,370
Tires and tubes	14,000	15,999	19,601	(3,602)	18,451
Maintenance contracts	2,768	2,768	-	2,768	-
Equipment repair	25,000	25,000	22,451	2,549	17,043
Small hand tools	175	175	30	145	155
Small equipment purchases	15,408	15,408	14,499	909	9,190

(Continued)

CITY OF NEWBERRY
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2008
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2007)

	Budgeted Amounts		Actual	Variance With	Year Ended
	Original	Final	Amounts	Final Budget	June 30, 2007
Public Works (Continued)					
Sanitation (Continued)					
Radio maintenance	$ 175	$ 175	$ 48	$ 127	$ -
Uniforms	425	564	680	(116)	296
Safety equipment	400	400	261	139	328
Safety training/hygiene	532	532	274	258	232
Chemicals	330	330	-	330	244
Employee training	100	100	-	100	154
General supplies	1,200	1,200	231	969	749
Automotive equipment	95,000	100,150	100,150	-	171,900
Totals	428,151	449,515	447,395	2,120	480,511
Building Maintenance					
Salaries and wages	51,137	49,614	49,095	519	44,601
Overtime	200	400	290	110	151
Vehicle fuel	1,300	2,292	2,559	(267)	1,616
Vehicle repair	350	300	13	287	122
Tires and tubes	300	342	232	110	233
Equipment repairs	150	150	-	150	50
Building and fixture repairs	2,000	1,500	269	1,231	1,303
Small hand tools	350	350	358	(8)	349
Small equipment purchases	1,000	500	-	500	890
Radio maintenance	50	50	-	50	-
Uniforms	150	248	224	24	389
Safety equipment	225	225	88	137	155
General supplies	550	550	410	140	538
Totals	57,762	56,521	53,538	2,983	50,397
Garage					
Salaries and wages	105,258	107,066	106,823	243	101,543
Holiday pay	130	130	-	130	68
Overtime	1,700	1,200	757	443	1,353
Membership, dues and subscriptions	25	25	25	-	25
Travel	200	200	18	182	12
Vehicle fuel	1,883	1,883	1,659	224	1,532
Vehicle repair	350	350	199	151	346
Tires and tubes	450	350	-	350	324
Grease and oil	5,300	5,300	4,367	933	7,116
Disposal	1,300	1,300	890	410	1,083
Equipment repair	3,000	3,000	3,111	(111)	5,178
Building and fixture repairs	700	745	1,230	(485)	116

(Continued)

CITY OF NEWBERRY
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2008
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2007)

	Budgeted Amounts		Actual	Variance With	Year Ended
	Original	Final	Amounts	Final Budget	June 30, 2007
Public Works (Continued)					
Garage (Continued)					
Small hand tools	$ 1,500	$ 1,500	$ 1,164	$ 336	$ 5,673
Small equipment purchases	3,000	3,000	2	2,998	7,560
Radio maintenance	150	150	-	150	-
Uniforms	430	842	380	462	204
Safety equipment	200	100	77	23	85
Safety training/hygiene	150	150	62	88	92
Chemicals	1,200	1,200	970	230	1,057
Rental/lease of equipment	695	695	566	129	753
Employee training	200	200	137	63	170
General supplies	5,678	5,678	5,932	(254)	5,883
Totals	133,499	135,064	128,369	6,695	140,173
Parks, Recreation, and Tourism					
Salaries and wages	296,125	286,964	283,224	3,740	274,756
Overtime	3,225	3,225	2,765	460	4,252
Printing	1,500	1,500	1,311	189	1,406
Office supplies	1,750	1,750	1,744	6	1,784
Postage	850	1,250	977	273	630
Membership, dues and subscriptions	680	680	565	115	570
Travel	950	425	425	-	736
Vehicle fuel	9,000	9,000	11,165	(2,165)	8,739
Vehicle repair	2,000	2,000	1,279	721	1,784
Tires and tubes	700	700	648	52	617
Utilities	23,000	24,000	25,373	(1,373)	23,141
Telephone	1,800	1,800	1,521	279	1,459
Maintenance contracts	2,500	5,635	5,345	290	2,407
Equipment repair	3,500	3,500	3,434	66	4,526
Building and fixture repairs	15,000	15,750	15,226	524	12,247
Landscape repair	3,000	1,450	1,315	135	2,791
Small hand tools	1,000	1,000	898	102	1,000
Small equipment purchases	2,500	2,500	2,495	5	2,482
Storm drain/pipe	1,000	775	762	13	702
Asphalt supplies/gravel	2,000	615	611	4	916
Radio maintenance	500	-	-	-	396
Uniforms	1,750	1,750	910	840	974
Safety training/hygiene	1,500	1,500	886	614	1,303
Cleaning and sanitation supplies	850	850	840	10	748
Chemicals	3,000	3,000	2,752	248	2,879
Advertising	1,500	1,825	1,789	36	1,393
Rental/lease of equipment	5,000	5,000	4,030	970	4,934

(Continued)

CITY OF NEWBERRY
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2008
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2007)

	Budgeted Amounts		Actual	Variance With	Year Ended
	Original	Final	Amounts	Final Budget	June 30, 2007
Parks, Recreation, and Tourism (Continued)					
Employee training	$ 700	$ 700	$ 39	$ 661	$ -
Football	6,000	5,675	5,121	554	5,968
Baseball	10,000	10,000	9,813	187	8,462
Softball	2,000	2,000	1,876	124	1,681
Basketball	2,750	3,150	3,053	97	2,519
Senior adult programs	2,500	2,500	2,412	88	2,524
Other events	10,000	10,500	10,145	355	10,395
Automobile equipment	-	19,064	19,064	-	-
Machines and equipment	19,000	10,900	10,870	30	8,413
Buildings/resurface courts	36,000	39,508	19,908	19,600	9,741
Totals	475,130	482,441	454,591	27,850	409,275
Non-Departmental					
General Insurance					
Claims reimbursement	3,000	1,500	-	1,500	655
SCMIRF	110,705	86,000	85,721	279	90,272
Totals	113,705	87,500	85,721	1,779	90,927
Employee Benefits					
SC retirement	160,708	160,689	162,177	(1,488)	135,242
SC police retirement	220,600	219,564	205,403	14,161	193,010
Social security	291,206	290,450	269,520	20,930	253,649
City's share of employee insurance	499,296	511,469	505,370	6,099	466,742
Workers' compensation	115,759	94,000	91,199	2,801	101,960
Workers' comp. deductibles	30,000	20,000	12,639	7,361	5,583
Unemployment	5,000	6,500	5,277	1,223	6,103
Employer/employee relations	18,500	20,000	18,427	1,573	13,453
Physical exams	3,000	3,000	1,445	1,555	1,846
Wellness program	1,400	1,641	1,641	-	1,118
Totals	1,345,469	1,327,313	1,273,098	54,215	1,178,706

(Continued)

CITY OF NEWBERRY
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2008
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2007)

	Budgeted Amounts		Actual	Variance With	Year Ended
	Original	Final	Amounts	Final Budget	June 30, 2007
Non-departmental (Continued)					
Community Promotions and Projects					
MASC dues	$ 5,300	$ 5,284	$ 5,284	$ -	$ 5,285
Council on aging	4,000	4,000	4,000	-	4,000
Contribution to Newberry Opera House	-	-	-	-	25,000
City newsletter	3,000	1,000	-	1,000	-
Newberry Co. LEOA	1,500	1,500	1,500	-	1,500
Community enhancement	25,000	18,000	15,750	2,250	22,171
Contribution to County Fire Aerial	-	-	-	-	35,000
Development incentive reimbursement	25,000	39,627	39,627	-	24,255
City beautification	42,500	62,500	60,475	2,025	30,299
Visitors center	-	-	-	-	15,000
Parking lot rental	900	900	900	-	900
Advertising	45,000	50,000	48,396	1,604	37,138
Regional planning	8,000	8,000	7,935	65	7,935
Consulting	45,000	12,200	-	12,200	26,100
Totals	205,200	203,011	183,867	19,144	234,583
Capital lease principal and interest payments	258,043	256,483	256,483	-	242,908
Totals	258,043	256,483	256,483	-	242,908
Grand Totals	$ 7,748,158	$ 8,062,569	$ 7,748,572	$ 313,997	$ 7,037,934

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.

Oktoberfest – This fund is used to account for transactions of the Oktoberfest festival.

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.

Telecommunications Fund – This fund is used to account for the transactions related to the feasibility of establishing a fiber optic and/or wireless communications system in the City.

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, 2008
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2007)

	NANU	Federal Equitable Sharing	Tourism Fund	Oktoberfest	State Accomodations Tax Fund	Cultural Arts Fund
Assets						
Cash and cash investments	$ 39,091	$ 12,764	$ 90,122	$ 11,069	$ 10,132	$ 2,623
Accounts/fees receivable	-	-	-	-	-	7,063
Due from other governments	-	-	-	-	33,338	-
Other	11	-	55	-	-	-
Due from other funds	-	-	10,001	-	-	-
Total Assets	$ 39,102	$ 12,764	$ 100,178	$ 11,069	$ 43,470	$ 9,686
Liabilities and Fund Balances						
Liabilities						
Accounts payable	$ -	$ -	$ 1,971	$ -	$ -	$ 4,628
Retainage payable	-	-	-	-	-	-
Deferred revenue	-	-	6,972	-	-	-
Due to other funds	-	-	-	-	11,668	3,858
Total Liabilities	-	-	8,943	-	11,668	8,486
Fund Balances						
Unreserved						
Designated for future expenditures	39,102	12,764	91,235	11,069	31,802	1,200
Total Liabilities and Fund Balances	$ 39,102	$ 12,764	$ 100,178	$ 11,069	$ 43,470	$ 9,686

Streetscape Fund	Tele-communications Fund	Local Hospitality Fee Fund	Volunteer Fire	Victim's Rights Fund	Totals June 30,2008	Totals June 30,2007
$ 502	$ 4,800	$ 156,099	$ 14,268	$ 134,695	$ 476,165	$ 637,034
-	-	47,389	-	-	54,452	47,710
64,620	-	-	-	-	97,958	32,798
-	-	263	-	105	434	2,824
-	-	-	-	7,178	17,179	20,451
$ 65,122	$ 4,800	$ 203,751	$ 14,268	$ 141,978	$ 646,188	$ 740,817
$ -	$ -	$ -	$ 27	$ 466	$ 7,092	$ 23,376
8,160	-	-	-	-	8,160	27,874
-	-	-	-	-	6,972	2,480
55,000	4,500	-	-	-	75,026	11,479
63,160	4,500	-	27	466	97,250	65,209
1,962	300	203,751	14,241	141,512	548,938	675,608
$ 65,122	$ 4,800	$ 203,751	$ 14,268	$ 141,978	$ 646,188	$ 740,817

CITY OF NEWBERRY
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2008
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2007)

	NANU	Federal Equitable Sharing	Tourism Fund	Oktoberfest	State Accommodations Tax Fund	Cultural Arts Fund
Revenues						
Fees						
Hospitality	$ -	$ -	$ -	$ -	$ -	$ -
Accommodations	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Intergovernmental						
Public safety	-	-	-	-	-	-
Community development						
Grants	-	-	-	-	-	-
Accommodations tax	-	-	-	-	70,603	-
Other state receipts	-	-	-	-	-	-
Other grants	-	-	-	-	-	-
Local						
Other	-	-	-	2,910	-	-
Drug seizure	2,864	-	-	-	-	-
Donations	-	-	-	7,000	-	-
Rental and other	-	-	33,408	-	-	31,693
Interest Income	770	170	3,766	97	615	726
Total Revenues	3,634	170	37,174	10,007	71,218	32,419
Expenditures						
Grants						
Operating expenditures	-	-	-	-	-	-
Capital expenditures	-	-	-	-	-	-
Other						
Operating expenditures	6,709	-	166,556	12,951	10,000	177,100
Capital expenditures	-	-	97,684	-	-	-
Tourism contribution/NOHF	-	-	-	-	-	-
Debt service						
Principal	-	-	69,163	-	-	-
Interest	-	-	45,526	-	-	-
Total Expenditures	6,709	-	378,929	12,951	10,000	177,100
Excess (Deficiency) of Revenues Over Expenditures	(3,075)	170	(341,755)	(2,944)	61,218	(144,681)
Other Financing Sources (Uses)						
Transfers in (out)						
General Fund	-	-	65,000	-	(27,280)	-
Debt Service Fund - TIF	-	-	-	-	-	-
Other Special Revenue Funds	-	-	153,505	-	(30,680)	144,681
Enterprise Funds	-	-	-	-	-	-
Fund Balances, beginning	42,177	12,594	214,485	14,013	28,544	1,200
Fund Balances, ending	$ 39,102	$ 12,764	$ 91,235	$ 11,069	$ 31,802	$ 1,200

Streetscape Fund	Tele-communications Fund	Local Hospitality Fee Fund	Volunteer Fire	Victim's Rights Fund	Totals June 30, 2008	Totals June 30, 2007
$ -	$ -	$ 480,736	$ -	$ -	$ 480,736	$ 468,929
-	-	76,457	-	-	76,457	75,971
-	-	443	-	-	443	307
-	-	-	12,890	-	12,890	14,078
492,000	47,300	-	-	-	539,300	14,250
-	-	-	-	-	70,603	66,014
33,200	-	-	-	-	33,200	-
64,620	-	-	-	-	64,620	-
-	-	-	-	87,873	90,783	81,107
-	-	-	-	-	2,864	8,900
-	-	-	-	-	7,000	8,025
-	-	-	-	-	65,101	14,371
-	-	5,169	559	2,766	14,638	53,433
589,820	47,300	562,805	13,449	90,639	1,458,635	805,385
88,348	55,000	-	-	-	143,348	-
506,414	-	-	-	-	506,414	13,743
-	-	-	14,679	49,540	437,535	301,466
9,677	-	-	-	-	107,361	1,130,212
-	-	40,000	-	-	40,000	40,000
-	-	-	-	-	69,163	66,513
-	-	-	-	-	45,526	48,176
604,439	55,000	40,000	14,679	49,540	1,349,347	1,600,110
(14,619)	(7,700)	522,805	(1,230)	41,099	109,288	(794,725)
-	-	(228,500)	-	-	(190,780)	(190,265)
-	-	(63,178)	-	-	(63,178)	(126,685)
4,465	-	(271,971)	-	-	-	-
10,000	8,000	-	-	-	18,000	-
2,116	-	244,595	15,471	100,413	675,608	1,787,283
$ 1,962	$ 300	$ 203,751	$ 14,241	$ 141,512	$ 548,938	$ 675,608

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, 2008
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2007)

	Budgeted Amounts		Actual	Variance with	Year Ended
	Original	Final	Amounts	Final Budget	June 30, 2007
Revenues					
Drug seizure	$ 2,000	$ 2,829	$ 2,864	$ 35	$ 8,900
Interest income	1,400	1,002	770	(232)	1,614
Total Revenues	3,400	3,831	3,634	(197)	10,514
Expenditures					
Drug seizure					
Operating expenditures	19,750	19,750	6,709	13,041	11,047
Total Expenditures	19,750	19,750	6,709	13,041	11,047
Excess (Deficiency) of Revenues Over Expenditures	(16,350)	(15,919)	(3,075)	12,844	(533)
Fund Balances, beginning	42,177	42,177	42,177	-	42,710
Fund Balances, ending	$ 25,827	$ 26,258	$ 39,102	$ 12,844	$ 42,177

CITY OF NEWBERRY
SPECIAL REVENUE FUNDS - TOURISM FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2008
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2007)

	Budgeted Amounts		Actual	Variance with	Year Ended
	Original	Final	Amounts	Final Budget	June 30, 2007
Revenues					
Intergovernmental					
Community development grant	$ -	$ -	$ -	$ -	$ 6,250
Contribution from County - Sales Tax	-	17	-	(17)	-
Rental and other	62,000	28,797	33,408	4,611	14,371
Interest income	1,000	3,792	3,766	(26)	30,835
Total Revenues	63,000	32,606	37,174	4,568	51,456
Expenditures					
Grants					
Capital expenditures	-	-	-	-	6,250
Other					
Operating expenditures	185,651	175,088	166,556	8,532	110,621
Capital expenditures	-	101,458	97,684	3,774	1,014,549
Debt service					
Principal	69,163	69,163	69,163	-	66,513
Interest	45,527	45,527	45,526	1	48,176
Total Expenditures	300,341	391,236	378,929	12,307	1,246,109
Excess (Deficiency) of Revenues Over Expenditures	(237,341)	(358,630)	(341,755)	16,875	(1,194,653)
Other Financing Sources (Uses)					
Transfers in					
General fund	45,000	65,000	65,000	-	-
Other special revenue funds	171,694	150,325	153,505	3,180	185,214
Fund Balances, beginning	214,485	214,485	214,485	-	1,223,924
Fund Balances, ending	$ 193,838	$ 71,180	$ 91,235	$ 20,055	$ 214,485

CITY OF NEWBERRY
SPECIAL REVENUE FUNDS - OKTOBERFEST
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2008
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2007)

	Budgeted Amounts		Actual	Variance with	Year Ended
	Original	Final	Amounts	Final Budget	June 30, 2007
Revenues					
Local - other	$ 3,050	$ 2,710	$ 2,910	$ 200	$ 6,144
Donations	6,750	4,650	7,000	2,350	8,025
Grants	4,000	-	-	-	-
Interest income	300	97	97	-	359
Total Revenues	14,100	7,457	10,007	2,550	14,528
Expenditures					
Drug seizure/other					
Operating expenditures	14,100	13,129	12,951	178	15,583
Total Expenditures	14,100	13,129	12,951	178	15,583
Excess (Deficiency) of Revenues Over Expenditures	-	(5,672)	(2,944)	2,728	(1,055)
Other Financing Sources					
Transfer from					
Other special revenue funds	-	-	-	-	3,500
Fund Balances, beginning	14,013	14,013	14,013	-	11,568
Fund Balances, ending	$ 14,013	$ 8,341	$ 11,069	$ 2,728	$ 14,013

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, 2008
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2007)

	Budgeted Amounts		Actual	Variance with	Year Ended
	Original	Final	Amounts	Final Budget	June 30, 2007
Revenues					
Intergovernmental					
Accommodations tax	$ 60,000	$ 60,000	$ 70,603	$ 10,603	$ 66,014
Interest income	1,000	1,000	615	(385)	1,652
Total Revenues	61,000	61,000	71,218	10,218	67,666
Expenditures					
Other					
Operating expenditures	10,500	10,500	10,000	500	2,465
Total Expenditures	10,500	10,500	10,000	500	2,465
Excess of Revenues Over Expenditures	50,500	50,500	61,218	10,718	65,201
Other Financing Sources (Uses)					
Transfer to					
General Fund	(26,750)	(26,750)	(27,280)	(530)	(27,051)
Other special revenue funds	(23,700)	(27,000)	(30,680)	(3,680)	(34,839)
Fund Balances, beginning	28,544	28,544	28,544	-	25,233
Fund Balances, ending	$ 28,594	$ 25,294	$ 31,802	$ 6,508	$ 28,544

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, 2008
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2007)

	Budgeted Amounts		Actual	Variance with	Year Ended
	Original	Final	Amounts	Final Budget	June 30, 2007
Revenues					
Newberry Opera House reimbursement	$ 35,000	$ 31,759	$ 31,693	$ (66)	$ -
Interest income	-	587	726	139	17
Total Revenues	35,000	32,346	32,419	73	17
Expenditures					
Other					
Operating expenditures	195,306	176,440	177,100	(660)	23,713
Total Expenditures	195,306	176,440	177,100	(660)	23,713
Excess (Deficiency) of Revenues Over Expenditures	(160,306)	(144,094)	(144,681)	(587)	(23,696)
Other Financing Sources (Uses)					
Transfers in					
Other special revenue funds	160,306	144,681	144,681	-	24,896
Fund Balances, beginning	1,200	1,200	1,200	-	-
Fund Balances, ending	$ 1,200	$ 1,787	$ 1,200	$ (587)	$ 1,200

CITY OF NEWBERRY
SPECIAL REVENUE FUNDS - STREETSCAPE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2008
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2007)

	Budgeted Amounts		Actual	Variance with	Year Ended
	Original	Final	Amounts	Final Budget	June 30, 2007
Revenues					
Intergovernmental					
Community development grant	$ 318,433	$ 500,000	$ 492,000	$ (8,000)	$ 8,000
Other grant	126,608	163,292	64,620	(98,672)	-
Other state receipts	-	33,200	33,200	-	-
Interest income	-	-	-	-	49
Total Revenues	445,041	696,492	589,820	(106,672)	8,049
Expenditures					
Grants					
Operating expenditures	69,145	103,170	88,348	14,822	-
Capital expenditures	414,870	619,035	506,414	112,621	7,493
Other					
Capital expenditures	9,880	14,741	9,677	5,064	39,940
Total Expenditures	493,895	736,946	604,439	132,507	47,433
Excess (Deficiency) of Revenues Over Expenditures	(48,854)	(40,454)	(14,619)	25,835	(39,384)
Other Financing Sources (Uses)					
Transfers in					
General fund	20,400	12,000	-	(12,000)	-
Other special revenue funds	8,454	3,454	4,465	1,011	41,500
Enterprise funds	20,000	25,000	10,000	(15,000)	-
Fund Balances, beginning	2,116	2,116	2,116	-	-
Fund Balances, ending	$ 2,116	$ 2,116	$ 1,962	$ (154)	$ 2,116

CITY OF NEWBERRY
SPECIAL REVENUE FUNDS - TELECOMMUNICATIONS FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Intergovernmental				
Community Development Grant	$ 72,000	$ 64,300	$ 47,300	$ (17,000)
Total Revenues	72,000	64,300	47,300	(17,000)
Expenditures				
Grants				
Operating expenditures	80,000	72,000	55,000	17,000
Total Expenditures	80,000	72,000	55,000	17,000
Excess (Deficiency) of Revenues Over Expenditures	(8,000)	(7,700)	(7,700)	-
Other Financing Sources				
Transfer from Enterprise Funds	8,000	8,000	8,000	-
Fund Balances, beginning	-	-	-	-
Fund Balances, ending	$ -	$ 300	$ 300	$ -

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, 2008
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2007)

	Budgeted Amounts		Actual	Variance with	Year Ended
	Original	Final	Amounts	Final Budget	June 30, 2007
Revenues					
Fees					
Hospitality	$ 478,000	$ 481,600	$ 480,736	$ (864)	$ 468,929
Accommodations	71,750	78,400	76,457	(1,943)	75,971
Penalties	250	271	443	172	307
Interest income	10,000	11,000	5,169	(5,831)	14,440
Total Revenues	560,000	571,271	562,805	(8,466)	559,647
Expenditures					
Drug seizure/other					
Operating expenditures	-	-	-	-	75,104
Capital expenditures	-	-	-	-	75,723
Tourism contribution/NOHF	40,000	40,000	40,000	-	40,000
Total Expenditures	40,000	40,000	40,000	-	190,827
Excess of Revenues Over Expenditures	520,000	531,271	522,805	(8,466)	368,820
Other Financing Sources (Uses)					
Transfer to					
Debt service fund - TIF	(63,178)	(63,178)	(63,178)	-	(126,685)
General fund	(200,000)	(228,500)	(228,500)	-	(163,214)
Other special revenue funds	(308,454)	(280,960)	(271,971)	8,989	(220,271)
Fund Balances, beginning	244,595	244,595	244,595	-	385,945
Fund Balances, ending	$ 192,963	$ 203,228	$ 203,751	$ 523	$ 244,595

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, 2008
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2007)

	Budgeted Amounts		Actual	Variance with	Year Ended
	Original	Final	Amounts	Final Budget	June 30, 2007
Revenues					
Court fines and assessments	$ 54,000	$ 80,500	$ 87,873	$ 7,373	$ 74,963
Interest income	2,400	3,000	2,766	(234)	3,312
Total Revenues	56,400	83,500	90,639	7,139	78,275
Expenditures					
Drug seizure/other					
Operating expenditures	54,324	53,899	49,540	4,359	48,100
Total Expenditures	54,324	53,899	49,540	4,359	48,100
Excess of Revenues Over Expenditures	2,076	29,601	41,099	11,498	30,175
Fund Balances, beginning	100,413	100,413	100,413	-	70,238
Fund Balances, ending	$ 102,489	$ 130,014	$ 141,512	$ 11,498	$ 100,413

CITY OF NEWBERRY
SCHEDULE OF FINES, ASSESSMENTS AND SURCHARGES
VICTIM'S RIGHTS FUND
YEAR ENDED JUNE 30, 2008

Municipal Court Revenue to City of Newberry		
Court revenue booked in General Fund, excluding Victim's Rights money		$ 882,794
Court assessments and surcharges to State of South Carolina		(503,948)
Net Court Revenue to City of Newberry		$ 378,846
Municipal Court Revenue to State of South Carolina		
Court assessments to the State Treasurer	$ 358,778	
DUI assessments to the State Treasurer	649	
DUI Spinal Cord Research Surcharges to the State Treasurer	5,405	
DUI DPS Pullouts to the State Treasurer	5,405	
DUS Pullouts to the State Treasurer	10,226	
Drug Surcharges to the State Treasurer	6,776	
Law Enforcement Surcharges to State Treasurer	116,709	
Total Court Revenue to State Treasurer		$ 503,948
Victim Services		
Court assessments allocated to Victim Services	$ 45,072	
Court surcharges allocated to Victim Services	42,801	
Investment income	2,766	
Funds allocated to Victim Services		$ 90,639
Victim Services expenditures		(49,540)
Excess of Revenues Over Expenditures		41,099
Fund Balances, beginning		100,413
Fund Balances, ending		$ 141,512

MAJOR SPECIAL REVENUE 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.

CITY OF NEWBERRY
SPECIAL REVENUE FUNDS - COMMUNITY HOUSING/DEVELOPMENT
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Intergovernmental				
Community development grant	$ 20,000	$ 20,000	$ 20,000	$ -
Contribution	41,500	518,472	518,472	-
Total Revenues	61,500	538,472	538,472	-
Expenditures				
Grants				
Operating	22,000	22,000	22,000	-
Other				
Operating	39,500	3,000	3,000	-
Total Expenditures	61,500	25,000	25,000	-
Excess of Revenues Over Expenditures	-	513,472	513,472	-
Other Financing Sources				
Transfers in				
General fund	-	2,000	2,000	-
Fund Balances, beginning	-	-	-	-
Fund Balances, ending	$ -	$ 515,472	$ 515,472	$ -

DEBT SERVICE FUND

The Debt Service Fund is 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.

CITY OF NEWBERRY
DEBT SERVICE FUND - TIF
COMPARATIVE BALANCE SHEETS
JUNE 30, 2008 AND 2007

	2008	2007
Assets		
Cash and cash equivalents	$ 80,255	$ 98,233
Property taxes receivable (net of allowance for uncollectibles)	122,849	24,903
Total Assets	$ 203,104	$ 123,136
Liabilities and Fund Balances		
Liabilities		
Deferred revenue	$ 14,419	$ 24,717
Total Liabilities	14,419	24,717
Fund Balances		
Unreserved, undesignated	188,685	98,419
Total Liabilities and Fund Balances	$ 203,104	$ 123,136

CITY OF NEWBERRY
DEBT SERVICE FUND - TIF
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2008
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2007)

	Budgeted Amounts		Actual	Variance with	Year Ended
	Original	Final	Amounts	Final Budget	June 30, 2007
Revenues					
Property taxes - current	$ 240,000	$ 253,000	$ 308,105	$ 55,105	$ 234,433
Property taxes - delinquent	5,000	16,580	19,586	3,006	6,311
School sales tax	-	-	7,334	7,334	-
Interest	200	200	241	41	381
Total Revenues	245,200	269,780	335,266	65,486	241,125
Expenditures					
Debt service					
Principal	225,000	225,000	225,000	-	210,000
Interest	83,178	83,178	83,178	-	93,835
Total Expenditures	308,178	308,178	308,178	-	303,835
Excess (Deficiency) of Revenues Over Expenditures	(62,978)	(38,398)	27,088	65,486	(62,710)
Other Financing Sources					
Transfer from Special Revenue Fund	63,178	63,178	63,178	-	126,685
Fund Balances, beginning	98,419	98,419	98,419	-	34,444
Fund Balances, ending	$ 98,619	$ 123,199	$ 188,685	$ 65,486	$ 98,419

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, 2008 AND 2007

	2008	2007
Assets		
Cash and investments	$ 16,340	$ 14,468
Interest receivable	42	76
Total Assets	$ 16,382	$ 14,544
Liabilities and Fund Balances		
Fund Balances		
Reserved for Japanese Gardens maintenance	$ 10,000	$ 10,000
Unreserved, undesignated	6,382	4,544
Total Liabilities and Fund Balances	$ 16,382	$ 14,544

CITY OF NEWBERRY
JAPANESE GARDENS PERMANENT FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2008
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2007)

	Budgeted Amounts		Actual	Variance with	Year Ended
	Original	Final	Amounts	Final Budget	June 30, 2007
Operating Revenue					
Grants	$ -	$ -	$ -	$ -	$ 3,750
Interest revenue	450	450	414	(36)	502
Operating Expenses					
Maintenance of Japanese Gardens	(2,000)	(2,000)	(126)	1,874	(4,041)
Operating Income (Loss)	(1,550)	(1,550)	288	1,838	211
Transfer In					
General Fund	1,550	1,550	1,550	-	1,550
Net Income	-	-	1,838	1,838	1,761
Fund Balances, beginning	14,544	14,544	14,544	-	12,783
Fund Balances, ending	$ 14,544	$ 14,544	$ 16,382	$ 1,838	$ 14,544

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, 2008 AND 2007

	2008	2007
Assets		
Current Assets		
Cash and cash investments	$ 6,669,058	$ 4,941,296
Receivables (net of allowances for uncollectibles)		
Accounts	2,834,352	2,433,178
Intergovernmental	-	86,103
Interest receivable	5,283	18,532
Other	3,075	1,464
Inventory	1,069,138	1,059,609
Restricted Assets		
Cash and cash investments	626,491	571,884
Interest receivable	654	2,765
Total Current Assets	11,208,051	9,114,831
Noncurrent Assets		
Capital Assets		
Land and land improvements	431,228	341,228
Buildings and fixtures	3,508,489	3,263,272
Office furniture and equipment	206,734	201,571
Traffic controls and fire alarm system	185,112	185,112
Street lighting	406,044	272,682
Other equipment	237,403	231,236
Motor vehicles and equipment	1,819,055	1,827,941
Electric distribution system	9,678,928	9,552,614
Water distribution system	15,290,157	15,217,023
Sewer collection system	19,802,717	18,848,906
Construction in progress	666,671	249,888
Totals	52,232,538	50,191,473
Less accumulated depreciation	(30,648,810)	(29,521,471)
Total Capital Assets	21,583,728	20,670,002
Bond issuance cost	96,384	101,984
Restricted assets		
Cash and cash investments	1,007,642	954,271
Note receivable - Newberry Opera House Foundation	57,787	97,787
Total Noncurrent Assets	22,745,541	21,824,044
Total Assets	33,953,592	30,938,875

(Continued)

CITY OF NEWBERRY
ENTERPRISE FUND
COMPARATIVE BALANCE SHEETS
JUNE 30, 2008 AND 2007

	2008	2007
Liabilities		
Current Liabilities		
Accounts payable	$ 1,409,612	$ 1,215,222
Accrued salaries payable	56,118	45,000
Compensated absences payable	105,437	91,871
Due to other funds	36,310	37,651
Accrued interest payable	11,735	12,755
Revenue bonds payable	615,410	561,894
Total Current Liabilities	2,234,622	1,964,393
Noncurrent Liabilities		
Revenue bonds payable	1,211,222	1,454,462
Compensated absences payable	23,498	18,009
Total Noncurrent Liabilities	1,234,720	1,472,471
Total Liabilities	3,469,342	3,436,864
Net Assets		
Invested in capital assets, net of related debt	19,853,480	18,755,630
Restricted for		
Debt service	500,521	468,534
Maintenance of utility system	1,134,266	1,060,386
Unrestricted	8,995,983	7,217,461
Total Net Assets	$ 30,484,250	$ 27,502,011

CITY OF NEWBERRY
ENTERPRISE FUND
SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2008
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2007)

	Budgeted Amounts		Actual	Variance with	Year Ended
	Original	Final	Amounts	Final Budget	June 30, 2007
Operating Revenues					
Connection and reconnection fees	$ 70,500	$ 70,500	$ 83,357	$ 12,857	$ 75,801
Water receipts	2,947,003	2,947,003	3,101,255	154,252	2,932,711
Electric receipts	14,806,000	15,231,000	15,443,718	212,718	14,527,809
Sewer receipts	2,623,935	2,623,935	2,754,515	130,580	2,549,842
Sales and use tax	360,227	360,227	351,322	(8,905)	293,799
Utility penalty	182,000	182,000	208,801	26,801	194,930
Water taps	37,500	37,500	19,840	(17,660)	76,319
Sewer taps	17,000	17,000	13,788	(3,212)	40,000
Temporary electric services	8,000	8,000	8,640	640	8,380
Newberry housing authority	-	-	1,086	1,086	1,086
Fire flow access fees	23,000	23,000	23,380	380	23,673
Other revenue	15,000	30,000	32,606	2,606	13,120
CATV - pole rental	29,655	29,655	29,655	-	29,655
Total Operating Revenues	21,119,820	21,559,820	22,071,963	512,143	20,767,125
Operating Expense					
City Hall	22,500	22,500	17,050	5,450	18,642
Finance	311,077	322,896	298,970	23,926	300,126
Utility administration	234,944	203,708	161,017	42,691	148,799
Warehouse	44,632	45,570	43,529	2,041	41,534
Electric distribution	850,231	843,427	790,312	53,115	797,603
Water and sewer maintenance	711,850	777,282	700,383	76,899	613,005
Water production	945,263	953,224	960,797	(7,573)	1,053,700
Waste treatment	893,529	899,013	828,458	70,555	745,326
General insurance	113,705	87,500	85,722	1,778	90,272
Employee fringe benefits	638,951	598,257	586,186	12,071	549,838
Nondepartmental	12,900,118	13,408,397	13,540,626	(132,229)	12,872,307
Depreciation	1,700,000	1,700,000	1,837,717	(137,717)	1,728,388
Total Operating Expenses	19,366,800	19,861,774	19,850,767	11,007	18,959,540
Operating Income	1,753,020	1,698,046	2,221,196	523,150	1,807,585

(Continued)

CITY OF NEWBERRY
ENTERPRISE FUND
SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2008
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2007)

	Budgeted Amounts		Actual	Variance with	Year Ended
	Original	Final	Amounts	Final Budget	June 30, 2007
Nonoperating Income (Expenses)					
Interest revenue	$ 198,000	$ 198,000	$ 194,545	$ (3,455)	$ 273,621
County sales tax	1,315,625	2,321,795	1,773,933	(547,862)	234,805
Other state receipts	-	-	-	-	94,750
Gain (loss) on extinguishment of capital assets	-	-	(50,723)	(50,723)	14,835
Interest expense, bank management fees and amortization	(100,000)	(100,000)	(79,800)	20,200	(87,236)
Total Nonoperating Income (Expenses)	1,413,625	2,419,795	1,837,955	(581,840)	530,775
Income Before Capital Contributions and Transfers	3,166,645	4,117,841	4,059,151	(58,690)	2,338,360
Capital contributions	-	-	132,329	132,329	95,085
Transfer from (to)					
General fund	(1,191,241)	(1,191,241)	(1,191,241)	-	(1,080,700)
Special revenue funds	-	(18,000)	(18,000)	-	-
Net Income	1,975,404	2,908,600	2,982,239	73,639	1,352,745
Net Assets, beginning	27,502,011	27,502,011	27,502,011	-	26,149,266
Net Assets, ending	$ 29,477,415	$ 30,410,611	$ 30,484,250	$ 73,639	$ 27,502,011

CITY OF NEWBERRY
ENTERPRISE FUND
SCHEDULE OF EXPENSES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2008
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2007)

	Budgeted Amounts		Actual	Variance with	Year Ended
	Original	Final	Amounts	Final Budget	June 30, 2007
City Hall					
Utilities	$ 17,000	$ 17,000	$ 14,680	$ 2,320	$ 15,254
Building and fixture repair	4,000	4,000	1,007	2,993	2,184
Cleaning and sanitation supplies	1,500	1,500	1,363	137	1,204
Totals	22,500	22,500	17,050	5,450	18,642
Finance					
Salaries and wages	205,562	210,422	210,115	307	211,287
Overtime	2,000	2,000	712	1,288	290
Printing	250	375	-	375	-
Office supplies	8,000	5,500	5,097	403	7,216
Postage	23,275	28,000	23,960	4,040	21,414
Membership, dues and subscriptions	170	170	165	5	40
Travel	1,830	1,100	201	899	170
Vehicle fuel	5,500	6,000	6,497	(497)	5,270
Vehicle repair	700	700	771	(71)	481
Tires and tubes	1,050	1,050	1,005	45	-
Telephone - cellular	375	400	391	9	319
Maintenance contracts	25,422	25,054	24,249	805	15,520
Equipment repair	750	750	-	750	273
Small hand tools	500	500	336	164	408
Small equipment purchases	1,070	1,270	210	1,060	14,130
Radio supplies	150	150	-	150	104
Uniforms	2,500	2,700	2,568	132	2,119
Safety equipment	200	200	-	200	-
Safety training/hygiene	250	300	-	300	-
Advertising	500	500	22	478	45
Rent/lease equipment	10,163	10,163	8,735	1,428	10,659
Employee training	1,465	1,295	478	817	424
Audit	10,000	9,957	9,958	(1)	9,957
Credit card/collection	-	4,340	-	4,340	-
Computer programming	9,395	10,000	3,500	6,500	-
Totals	311,077	322,896	298,970	23,926	300,126

(Continued)

CITY OF NEWBERRY
ENTERPRISE FUND
SCHEDULE OF EXPENSES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2008
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2007)

	Budgeted Amounts		Actual	Variance with	Year Ended
	Original	Final	Amounts	Final Budget	June 30, 2007
Utility Administration					
Salaries and wages	$ 190,641	$ 148,144	$ 135,243	$ 12,901	$ 121,133
Overtime	3,000	1,500	-	1,500	70
Printing	500	500	-	500	143
Office supplies	2,500	4,500	2,250	2,250	2,569
Postage	800	800	488	312	278
Membership, dues and subscriptions	5,133	5,133	5,163	(30)	893
Travel	6,220	6,220	4,029	2,191	2,288
Vehicle fuel	800	986	1,313	(327)	963
Vehicle repair	750	750	232	518	215
Tires and tubes	200	200	236	(36)	117
Utilities	-	2,260	866	1,394	-
Telephone	2,500	2,500	2,208	292	2,994
Maintenance contracts	4,000	6,315	-	6,315	995
Building and fixture repairs	-	4,000	-	4,000	-
Small equipment purchases	1,000	2,500	173	2,327	-
Advertising	7,000	7,000	4,959	2,041	6,330
Rent/lease equipment	6,100	6,600	3,857	2,743	5,172
Employee training	800	800	-	800	479
Engineering supplies	3,000	3,000	-	3,000	-
Other	-	-	-	-	4,160
Totals	234,944	203,708	161,017	42,691	148,799
Warehouse					
Salaries and wages	32,456	33,574	33,492	82	31,116
Overtime	200	200	-	200	-
Office supplies	1,000	1,000	968	32	785
Postage	15	15	-	15	1
Membership, dues and subscriptions	30	30	30	-	30
Travel	140	140	-	140	-
Vehicle fuel (forklift)	80	80	38	42	60
Utilities	4,100	4,000	3,489	511	3,290
Telephone	225	225	200	25	205
Maintenance contracts	620	570	520	50	467
Equipment repair	50	50	13	37	114
Building and fixture repairs	1,150	1,150	797	353	1,403
Small equipment purchases	225	225	-	225	-
Safety equipment	50	50	-	50	-
Dry cleaning/laundry	25	25	-	25	-
Rental/lease of equipment	686	686	566	120	663

(Continued)

CITY OF NEWBERRY
ENTERPRISE FUND
SCHEDULE OF EXPENSES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2008
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2007)

	Budgeted Amounts		Actual	Variance with	Year Ended
	Original	Final	Amounts	Final Budget	June 30, 2007
Warehouse (Continued)					
Employee training	$ 150	$ 120	$ 21	$ 99	$ -
Freight and shipping	30	30	10	20	24
Cost of sales	400	400	281	119	333
Inventory loss	3,000	3,000	3,104	(104)	3,043
Totals	44,632	45,570	43,529	2,041	41,534
Electric Distribution					
Salaries and wages	485,209	430,667	405,821	24,846	432,460
Overtime and holiday pay	20,042	20,042	15,977	4,065	15,817
Office supplies	400	400	243	157	460
Membership, dues and subscriptions	1,380	1,380	1,467	(87)	1,380
Travel	1,850	1,850	1,497	353	1,054
Vehicle fuel	25,000	25,000	27,330	(2,330)	22,689
Vehicle repair	18,000	18,000	19,051	(1,051)	7,817
Tires and tubes	2,500	2,500	3,605	(1,105)	2,375
Utilities	11,000	11,000	11,839	(839)	10,577
Telephone	1,000	1,000	994	6	730
Maintenance contracts	2,500	40,500	42,886	(2,386)	1,155
Contracts - elec. Rates/needs	10,000	10,000	7,307	2,693	10,745
Contracts - PCB testing	-	-	-	-	97
Meter testing	9,000	9,000	8,525	475	9,429
Equipment repair	8,000	8,000	1,391	6,609	3,911
Substation repairs	13,000	13,000	2,738	10,262	11,865
Building and fixture repairs	2,000	2,000	716	1,284	537
Small hand tools	10,000	10,000	5,193	4,807	4,060
Small equipment purchases	4,000	4,000	2,917	1,083	2,711
Cement and masonry	200	200	-	200	2,065
Uniforms	11,100	11,100	10,267	833	11,021
Safety equipment	5,000	5,000	4,507	493	4,976
Cleaning and sanitation supplies	1,050	1,050	1,156	(106)	1,544
Meters and meter parts	6,000	6,000	5,274	726	4,535
Electric materials	110,000	110,000	126,278	(16,278)	115,475
Advertising	1,000	1,000	1,081	(81)	1,047
Rent/lease equipment	1,000	1,000	1,456	(456)	1,610
Employee training	5,000	5,500	4,949	551	1,988

(Continued)

CITY OF NEWBERRY
ENTERPRISE FUND
SCHEDULE OF EXPENSES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2008
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2007)

	Budgeted Amounts		Actual	Variance with	Year Ended
	Original	Final	Amounts	Final Budget	June 30, 2007
Electric Distribution (Continued)					
Engineering	$ 15,000	$ 24,238	$ 19,551	$ 4,687	$ 36,943
Legal Expenses	60,000	60,000	51,256	8,744	70,986
Rights of way	10,000	10,000	5,040	4,960	5,544
Totals	850,231	843,427	790,312	53,115	797,603
Water and Sewer Maintenance					
Salaries and wages	301,857	324,138	309,029	15,109	250,502
Overtime and holiday pay	33,310	33,310	22,911	10,399	28,371
Office supplies	825	825	488	337	507
Postage	150	150	11	139	-
Membership, dues and subscriptions	550	550	-	550	25
Travel	4,965	4,965	4,372	593	2,057
Vehicle fuel	26,149	28,976	32,572	(3,596)	27,462
Vehicle repair	12,000	12,000	10,130	1,870	41,744
Tires and tubes	3,750	3,750	3,432	318	2,174
Utilities	21,969	21,969	17,941	4,028	15,861
Telephone	1,000	1,600	1,169	431	987
Maintenance contracts	5,500	5,500	4,683	817	1,146
Contract - TV sewer lines	12,000	9,973	5,440	4,533	4,244
Meter testing	3,000	3,000	-	3,000	1,515
Equipment repairs	100,000	100,000	73,986	26,014	78,330
Building and fixture repairs	5,000	5,000	1,152	3,848	1,560
Small hand tools	4,775	4,775	4,390	385	3,308
Small equipment purchases	11,750	11,750	10,455	1,295	10,772
Cement and masonry	23,000	59,790	49,977	9,813	23,919
Uniforms	6,000	6,000	5,208	792	583
Safety equipment	14,000	14,000	6,775	7,225	8,717
Cleaning and sanitation supplies	2,000	2,000	1,851	149	1,754
Chemicals	2,500	3,339	3,884	(545)	322
Meters and meter parts	12,000	14,022	17,012	(2,990)	4,954
Pipes, fittings and hydrants	61,000	61,000	85,530	(24,530)	73,005
Advertising	750	750	-	750	149
Rental/lease equipment	2,000	2,000	1,991	9	2,513
Employee training	2,550	4,650	3,076	1,574	2,791
Engineering	7,500	7,500	3,086	4,414	-
Rights of way	30,000	30,000	19,832	10,168	23,733
Totals	711,850	777,282	700,383	76,899	613,005

(Continued)

CITY OF NEWBERRY
ENTERPRISE FUND
SCHEDULE OF EXPENSES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2008
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2007)

	Budgeted Amounts		Actual	Variance with	Year Ended
	Original	Final	Amounts	Final Budget	June 30, 2007
Water Production					
Salaries and wages	$ 303,139	$ 294,010	$ 278,566	$ 15,444	$ 287,419
Overtime and holiday pay	7,659	7,659	2,003	5,656	4,777
Regulatory fees	15,700	14,701	14,701	-	14,797
Office supplies	2,000	2,000	1,918	82	1,803
Postage	2,800	2,800	1,096	1,704	2,888
Membership, dues and subscriptions	1,075	1,075	815	260	2,601
Travel	1,800	1,800	732	1,068	590
Vehicle fuel	6,000	8,000	11,551	(3,551)	5,750
Vehicle repair	750	750	640	110	374
Tires and tubes	500	500	46	454	-
Utilities	300,000	300,000	346,505	(46,505)	285,570
Telephone	6,500	6,500	1,205	5,295	1,462
Maintenance contracts	23,550	23,550	20,715	2,835	16,592
Rate study	5,000	5,000	2,687	2,313	68
Sludge handling contract	14,000	14,000	16,250	(2,250)	13,150
Outside lab testing	7,400	3,400	3,982	(582)	6,535
Equipment repairs	56,000	76,000	75,704	296	244,898
Building and fixture repairs	7,500	7,500	6,072	1,428	5,273
Small hand tools	750	750	572	178	614
Small equipment purchases	4,000	4,000	3,552	448	127
Uniforms	1,000	1,000	769	231	589
Safety equipment	4,750	4,750	4,896	(146)	2,656
Cleaning and sanitation supplies	1,500	1,500	1,375	125	1,020
Chemicals	126,000	126,000	125,486	514	130,159
Medical and lab supplies	15,300	15,300	17,191	(1,891)	1,300
Pipes, fittings and hydrants	1,000	1,089	1,110	(21)	1,205
Electrical materials	1,000	1,000	797	203	295
Advertising	3,000	3,000	3,299	(299)	1,482
Rental/lease equipment	6,640	6,640	2,273	4,367	5,831
Employee training	2,450	2,450	955	1,495	1,754
Engineering	16,500	16,500	13,334	3,166	12,121
Totals	945,263	953,224	960,797	(7,573)	1,053,700

(Continued)

CITY OF NEWBERRY
ENTERPRISE FUND
SCHEDULE OF EXPENSES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2008
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2007)

	Budgeted Amounts		Actual	Variance with	Year Ended
	Original	Final	Amounts	Final Budget	June 30, 2007
Waste Treatment					
Salaries and wages	$ 213,937	$ 219,121	$ 218,870	$ 251	$ 209,380
Overtime and holiday pay	12,494	12,494	9,778	2,716	15,160
Regulatory fees	3,065	3,065	2,440	625	2,440
Office supplies	2,000	2,000	2,421	(421)	1,622
Postage	500	500	289	211	60
Membership, dues and subscriptions	580	580	400	180	2,790
Travel	5,250	5,250	3,565	1,685	1,878
Vehicle fuel	9,500	9,500	8,489	1,011	9,030
Vehicle repair	500	500	2,603	(2,103)	290
Tires and tubes	1,000	1,000	106	894	742
Utilities	245,000	245,000	228,096	16,904	233,042
Telephone	1,800	2,100	2,739	(639)	1,680
Maintenance contracts	15,985	15,985	13,164	2,821	9,997
Rate study	3,500	3,500	3,520	(20)	3,875
Sludge handling contract	160,000	160,000	153,061	6,939	122,110
Outside lab testing	29,000	29,000	25,664	3,336	18,734
Pretreatment program	17,250	17,250	12,537	4,713	14,918
Equipment repairs	75,500	75,500	47,515	27,985	42,402
Building and fixture repairs	3,500	3,500	1,373	2,127	2,326
Small hand tools	1,700	1,700	660	1,040	1,661
Small equipment purchases	1,000	1,000	710	290	297
Radio maintenance	-	-	126	(126)	42
Uniforms	900	900	671	229	566
Safety equipment	2,700	2,700	4,256	(1,556)	4,464
Safety training/hygiene	1,000	1,000	330	670	-
Cleaning and sanitation supplies	1,000	1,000	556	444	861
Chemicals	52,300	52,300	54,328	(2,028)	23,868
Medical and lab supplies	10,000	10,000	15,678	(5,678)	8,611
Pipes, fittings and hydrants	1,500	1,500	519	981	174
Electrical materials	1,000	1,000	466	534	437
Advertising	150	150	-	150	-
Rental/lease equipment	2,168	2,168	1,805	363	2,181
Employee training	2,250	2,250	1,393	857	1,764
Engineering	15,000	15,000	10,330	4,670	7,924
Extra legal	500	500	-	500	-
Totals	893,529	899,013	828,458	70,555	745,326

(Continued)

CITY OF NEWBERRY
ENTERPRISE FUND
SCHEDULE OF EXPENSES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2008
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2007)

	Budgeted Amounts		Actual	Variance with	Year Ended
	Original	Final	Amounts	Final Budget	June 30, 2007
General Insurance					
Claims reimbursement	$ 3,000	$ 1,500	$ -	$ 1,500	$ -
SCMIRF	110,705	86,000	85,722	278	90,272
Totals	113,705	87,500	85,722	1,778	90,272
Employee Fringe and Benefits					
SC retirement	166,840	160,004	154,066	5,938	134,896
Social security	138,580	132,902	122,721	10,181	119,497
City's share of employee insurance	238,116	225,544	223,397	2,147	217,063
Workers' compensation	57,015	46,500	47,974	(1,474)	50,778
Workers' compensation deductibles	15,000	10,000	6,232	3,768	2,750
Unemployment claims	5,000	5,000	265	4,735	-
Employer/employee relations	15,000	15,000	9,951	5,049	8,633
Physical examinations	2,500	2,500	1,718	782	936
Wellness program	900	807	807	-	1,028
Compensated absences	-	-	19,055	(19,055)	5,778
Contract classification/ compensation study	-	-	-	-	8,479
Totals	638,951	598,257	586,186	12,071	549,838
Nondepartmental					
Sales and use tax	360,227	360,227	347,781	12,446	286,976
Purchase of electricity	12,475,000	12,900,000	12,981,182	(81,182)	12,442,852
SCE&G water contract	16,575	16,575	14,319	2,256	15,261
Refunds	10,000	18,279	18,073	206	6,987
Newberry Opera House	-	-	-	-	29,950
Community enhancement	25,000	107,500	94,949	12,551	10,035
Web site maintenance	10,500	3,000	1,718	1,282	4,855
Utility bad debt expense	-	-	79,788	(79,788)	72,575
Lease - Lindsay Drivethru	2,816	2,816	2,816	-	2,816
Totals	12,900,118	13,408,397	13,540,626	(132,229)	12,872,307
Depreciation	1,700,000	1,700,000	1,837,717	(137,717)	1,728,388
Grand Totals	$ 19,366,800	$ 19,861,774	$ 19,850,767	$ 11,007	$ 18,959,540

CITY OF NEWBERRY
ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2008 AND 2007

	2008	2007
Cash Flows from Operating Activities		
Receipts from customers	$ 21,755,281	$ 20,854,820
Purchase of electricity	(12,981,182)	(12,442,852)
Payments to suppliers	(3,205,831)	(3,120,152)
Payments to employees	(1,612,344)	(1,591,900)
Net Cash Provided by Operating Activities	3,955,924	3,699,916
Cash Flows from Noncapital Financing Activities		
Transfers in (out)	(1,209,241)	(1,080,700)
Net Cash Used in Noncapital Financing Activities	(1,209,241)	(1,080,700)
Cash Flows from Capital and Related Financing Activities		
Capital expenses	(2,698,149)	(1,287,085)
Bond proceeds	380,000	-
Capital contributions	-	27,785
County sales tax	1,773,933	234,805
Other state receipts	-	94,750
Proceeds from sale of capital assets	7,794	22,103
Principal payments on bonds and notes payable	(569,724)	(546,385)
Interest paid	(54,702)	(67,313)
Net Cash Used in Capital and Related Financing Activities	(1,160,848)	(1,521,340)
Cash Flows from Investing Activities		
Interest on investments	209,905	270,280
Principal payments received on notes receivable	40,000	40,000
Net Cash Provided by Investing Activities	249,905	310,280
Net Increase in Cash	1,835,740	1,408,156
Cash and Cash Investments, Beginning	6,467,451	5,059,295
Cash and Cash Investments, Ending	$ 8,303,191	$ 6,467,451

(Continued)

CITY OF NEWBERRY
ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2008 AND 2007

	2008	2007
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating Income	$ 2,221,196	$ 1,807,585
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation	1,837,717	1,728,388
Decrease (increase) in accounts receivable	(401,174)	83,393
Decrease (increase) in inventories	(9,529)	(33,173)
Decrease (increase) in other receivables	84,492	4,302
Increase (decrease) in accounts payable	194,390	45,175
Increase (decrease) in compensated absences	19,055	5,778
Increase (decrease) in accrued salaries	11,118	10,104
Increase (decrease) in due to other funds	(1,341)	48,364
Net Cash Provided by Operating Activities	$ 3,955,924	$ 3,699,916
Noncash Capital Activities		
Contributions of capital assets	$ 132,329	$ 67,300

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, 2008 AND 2007

	2008	2007
Capital Assets		
Land and improvements	$ 2,293,970	$ 1,727,243
Buildings, improvements and fixtures	7,108,000	6,949,327
Streets, sidewalks and bridges	1,625,635	1,343,230
Motor vehicles and equipment	4,027,648	3,922,087
Office furniture and equipment	99,988	171,157
Other equipment	600,309	621,611
Construction in progress	-	47,433
Total Capital Assets	$ 15,755,550	$ 14,782,088
Investment in Capital Assets by Source		
General Fund	$ 6,438,439	$ 6,311,272
Special Revenue Funds	3,049,935	2,597,445
Capital Projects Funds	983,603	983,603
Donations	4,511,094	4,117,289
Parking Enterprise Funds	374,186	374,186
Contribution by Utility Enterprise Fund	398,293	398,293
Total Investment in Capital Assets	$ 15,755,550	$ 14,782,088

CITY OF NEWBERRY
SCHEDULE OF CAPITAL ASSETS USED IN THE OPERATION OF
GOVERNMENTAL FUNDS - BY FUNCTION AND ACTIVITY
YEAR ENDED JUNE 30, 2008

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	Total
General Government							
Council	$ 1,895,350	$ 7,074,134	$ -	$ -	$ -	$ 110,980	$ 9,080,464
Finance	-	-	-	-	17,291	-	17,291
City Hall	-	-	-	-	22,989	8,850	31,839
Building and zoning	-	-	-	37,682	-	-	37,682
Total General Government	1,895,350	7,074,134	-	37,682	40,280	119,830	9,167,276
Public Safety							
Police	-	3,400	-	767,687	59,708	126,445	957,240
Fire	-	30,466	-	1,464,642	-	110,413	1,605,521
Total Public Safety	-	33,866	-	2,232,329	59,708	236,858	2,562,761
Public Works							
Administration	-	-	-	20,425	-	23,069	43,494
Streets and drainage	-	-	1,625,635	549,733	-	18,107	2,193,475
Sanitation and streets	-	-	-	972,615	-	-	972,615
Building maintenance	-	-	-	19,955	-	-	19,955
Garage	-	-	-	26,215	-	44,792	71,007
Total Public Works	-	-	1,625,635	1,588,943	-	85,968	3,300,546
Recreation	398,620	-	-	168,694	-	157,653	724,967
Total Capital Assets	$ 2,293,970	$ 7,108,000	$ 1,625,635	$ 4,027,648	$ 99,988	$ 600,309	$ 15,755,550

CITY OF NEWBERRY
SCHEDULE OF CHANGES IN CAPITAL ASSETS USED IN THE OPERATION
OF GOVERNMENTAL FUNDS - BY FUNCTION AND ACTIVITY
YEAR ENDED JUNE 30, 2008

Function and Activity	Capital Assets June 30, 2007	Additions	Deductions	Capital Assets June 30, 2008
General Government				
Council	$ 8,399,016	$ 681,448	$ -	$ 9,080,464
Finance	17,291	-	-	17,291
City Hall	31,839	-	-	31,839
Building and zoning	37,682	-	-	37,682
Total General Government	8,485,828	681,448	-	9,167,276
Public Safety				
Police	1,037,451	85,799	166,010	957,240
Fire	1,440,563	164,958	-	1,605,521
Total Public Safety	2,478,014	250,757	166,010	2,562,761
Public Works				
Administration	43,494	-	-	43,494
Streets and drainage	1,993,958	298,136	98,619	2,193,475
Sanitation and streets	983,930	100,150	111,465	972,615
Building maintenance	19,955	-	-	19,955
Garage	71,007	-	-	71,007
Total Public Works	3,112,344	398,286	210,084	3,300,546
Parks, Recreation, and Tourism	705,902	19,065	-	724,967
Total Capital Assets	$ 14,782,088	$ 1,349,556	$ 376,094	$ 15,755,550

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.

Contents

	Page
Financial Trends	111 - 116
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	117 - 126
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	127 - 132
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	133 - 134
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	135 - 137
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 Five Fiscal Years (1)
(accrual basis of accounting)

	2004 $	2005 $	2006 $	2007 $	2008 $
Governmental activities					
Invested in capital assets, net of related debt	3,858,984	4,122,670	3,920,914	5,014,176	5,930,087
Restricted	10,000	10,000	10,000	10,000	10,000
Unrestricted	3,352,803	4,001,053	5,667,899	5,215,684	6,001,866
Total governmental activities net assets	7,221,787	8,133,723	9,598,813	10,239,860	11,941,953
Business-type activities					
Invested in capital assets, net of related debt	18,640,596	18,650,539	18,614,512	18,755,630	19,853,480
Restricted	1,500,134	969,491	1,051,168	1,528,920	1,634,787
Unrestricted	4,548,809	5,529,050	6,483,586	7,217,461	8,995,983
Total business-type activities net assets	24,689,539	25,149,080	26,149,266	27,502,011	30,484,250
Primary government					
Invested in capital assets, net of related debt	22,499,580	22,773,209	22,535,426	23,769,806	25,783,567
Restricted	1,510,134	979,491	1,061,168	1,538,920	1,644,787
Unrestricted	7,901,612	9,530,103	12,151,485	12,433,145	14,997,849
Total primary government net assets	31,911,326	33,282,803	35,748,079	37,741,871	42,426,203

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

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

	Fiscal Year				
	2004	2005	2006	2007	2008
	$	$	$	$	$
Expenses					
Governmental activities:					
General government	969,006	1,005,597	1,030,011	1,445,489	1,314,360
Public safety	3,106,543	3,293,811	3,474,702	3,825,223	4,190,713
Public works	1,331,018	1,281,033	1,377,159	1,382,291	1,341,670
Parks, recreation, and tourism	480,602	504,492	509,442	533,905	579,420
Community development	108,710	121,262	188,088	114,662	948,805
Community promotions	160,230	230,180	249,642	234,583	183,867
Interest on long-term debt	119,846	109,050	129,897	170,940	156,887
Total governmental activities expenses	6,275,955	6,545,425	6,958,941	7,707,093	8,715,722
Business-type activities: Utility system	21,736,601	17,887,156	18,420,267	19,046,776	19,981,290
Total primary government expenses	28,012,556	24,432,581	25,379,208	26,753,869	28,697,012
Program Revenues					
Governmental activities:					
Charges for services:					
General government	1,187,358	1,200,276	1,301,029	1,437,771	1,468,790
Public safety	481,017	665,597	557,813	862,315	988,539
Public works	334,424	591,701	575,977	579,809	574,127
Parks, recreation, and tourism	41,782	34,972	35,925	41,177	38,399
Community promotion and projects	-	-	-	-	2,910
Operating grants and contributions	96,065	357,807	148,329	18,000	183,563
Capital grants and contributions	-	-	329,874	114,212	556,620
Total governmental activities program revenues	2,140,646	2,850,353	2,948,947	3,053,284	3,812,948
Business-type activities: Utility system					
Charges for services	19,382,534	18,896,660	19,995,736	20,767,125	22,071,963
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	19,765,554	19,237,496	20,141,742	20,956,960	22,204,292
Total primary government program revenues	21,906,200	22,087,849	23,090,689	24,010,244	26,017,240

	Fiscal Year 2004 $	2005 $	2006 $	2007 $	2008 $
Net (expense)/revenue					
Governmental activities	(4,135,309)	(3,695,072)	(4,009,994)	(4,653,809)	(4,902,774)
Business-type activities	(1,971,047)	1,350,340	1,721,475	1,910,184	2,223,002
Total primary government net expense	(6,106,356)	(2,344,732)	(2,288,519)	(2,743,625)	(2,679,772)
General Revenues and Other Changes in Net Assets					
Governmental activities:					
Property taxes	1,905,091	1,783,419	2,091,233	2,181,578	2,324,532
Local hospitality and accommodation fee	396,926	442,297	481,809	545,207	557,636
Intergovernmental revenue	1,302,367	1,179,810	1,708,424	1,098,074	1,861,027
Interest revenue	22,402	51,539	160,413	199,890	115,620
Miscellaneous	25,961	188,712	128,074	189,407	536,811
Transfers	952,194	961,231	905,131	1,080,700	1,209,241
Total governmental activities	4,604,941	4,607,008	5,475,084	5,294,856	6,604,867
Business-type activities:					
Intergovernmental revenue	-	-	-	234,805	1,773,933
Interest revenue	51,836	70,432	183,842	273,621	194,545
Miscellaneous	-	-	-	14,835	-
Transfers	(952,194)	(961,231)	(905,131)	(1,080,700)	(1,209,241)
Total business-type activities	(900,358)	(890,799)	(721,289)	(557,439)	759,237
Total primary government	3,704,583	3,716,209	4,753,795	4,737,417	7,364,104
Change in Net Assets					
Government activities	469,632	911,936	1,465,090	641,047	1,702,093
Business-type activities	(2,871,405)	459,541	1,000,186	1,352,745	2,982,239
Total primary government	(2,401,773)	1,371,477	2,465,276	1,993,792	4,684,332

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

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

Fiscal Year	Property Tax $
2004	1,905,091
2005	1,783,419
2006	2,091,233
2007	2,181,578
2008	2,324,532

(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)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
	$	$	$	$	$	$	$	$	$	$
General fund										
Reserved	-	-	-	-	-	-	-	-	-	-
Unreserved	3,016,749	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
Total general fund	3,016,749	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
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	131,820	159,359	369,877	359,043	425,061	569,944	632,182	1,787,283	675,608	1,064,410
Debt service fund	62,174	78,493	5,186	15,904	59,015	(30,486)	(39,795)	34,444	98,419	188,685
Permanent fund	4,738	4,327	4,006	4,546	3,719	2,821	1,969	2,783	4,544	6,382
Total all other governmental funds	208,732	252,179	389,069	389,493	497,795	552,279	604,356	1,834,510	788,571	1,269,477
Total all governmental funds	3,225,481	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

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

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
	$	$	$	$	$	$	$	$	$	$
Revenues										
Taxes	1,229,384	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
Licenses, permits and franchise fees	780,103	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
Fines and forfeitures	275,128	387,459	429,468	555,394	494,673	481,017	665,597	597,539	923,200	975,649
Charges for service	143,266	144,831	525,981	683,008	711,235	773,132	1,068,970	1,095,606	1,172,337	1,173,072
Intergovernmental	2,815,538	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
Miscellaneous	604,240	672,582	319,004	108,458	96,292	55,863	248,867	296,892	308,190	258,360
Total revenues	5,847,659	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
Expenditures										
General government	516,323	598,538	550,109	579,697	605,682	628,223	645,494	663,899	828,763	835,483
Public safety	2,100,898	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
Public works	935,343	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
Parks, recreation, and tourism	335,790	429,828	398,743	361,483	408,817	421,594	439,768	392,754	409,275	454,591
Community development	1,559,070	520,216	120,898	64,111	20,637	99,849	435,301	1,189,674	1,182,894	948,805
Nondepartmental	1,146,539	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
Debt Service										
Principal	127,101	259,805	221,608	259,093	296,282	334,698	333,719	410,502	487,063	518,789
Interest	90,243	165,542	160,073	154,335	144,130	132,323	122,874	164,111	174,369	160,561
Other charges	27,080	394	-	-	-	-	-	-	-	-
Total expenditures, including capital	6,838,387	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
Total capital expenditures only	243,242	746,446	473,629	242,115	383,710	448,644	1,199,977	1,450,870	1,427,464	1,349,556
Excess of revenues over (under) expenditures	(990,728)	(1,550,471)	(1,364,841)	(675,420)	(940,903)	(886,194)	(1,352,280)	(616,496)	(1,716,915)	(621,473)
Other financing sources (uses)										
Transfers in	950,000	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
Transfers out	-		(205,519)	(78,847)	(126,850)	(155,773)	-	(125,849)	(126,685)	(45,178)
Issuance of Debt	3,250,000	289,668	133,547	81,510	41,975	217,050	753,747	-	171,900	232,500
Repayment of construction loan/costs	(3,250,000)		-	-	-		-	1,432,229	-	-
Total other financing sources (uses)	950,000	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
Net change in fund balances	(40,728)	(203,803)	(281,294)	356,090	51,072	283,050	362,698	1,720,864	(464,315)	820,268
Debt service as a percentage of noncapital expenditures	3.7%	7.0%	6.9%	7.5%	7.7%	7.6%	6.8%	8.5%	8.8%	8.4%

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 $
1999	11,614,599	68.9%	2,729,230	16.2%	1,777,520	10.5%	733,209	4.4%	16,854,559
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	14.0%	2,754,515	12.5%	772,475	3.5%	22,071,963

(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
	$	$	$
1999	1,202,380	27,004	1,229,384
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

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

	June 1999	June 2000	June 2001	June 2002	June 2003	June 2004	June 2005	June 2006	June 2007	June 2008
Electric Customers:										
Residential	3,986	3,996	3,965	3,931	3,943	3,992	4,012	4,016	4,055	4,045
Commercial	797	790	813	829	833	845	848	861	874	859
Industrial	14	14	14	14	14	13	13	12	12	12
Total	4,797	4,800	4,792	4,774	4,790	4,850	4,873	4,889	4,941	4,916
Water Customers:										
Residential	3,995	4,129	4,098	4,063	4,046	4,092	4,072	4,088	4,103	4,096
Commercial	781	662	667	675	691	703	715	731	740	740
Industrial	23	21	22	21	23	24	24	25	25	26
Total	4,799	4,812	4,787	4,759	4,760	4,819	4,811	4,844	4,868	4,862
Sewer Customers:										
Residential	3,573	3,589	3,552	3,515	3,510	3,548	3,543	3,552	3,572	3,564
Commercial	551	537	529	535	545	555	561	576	578	570
Industrial	16	18	20	20	22	21	21	21	21	22
Total	4,140	4,144	4,101	4,070	4,077	4,124	4,125	4,149	4,171	4,156
Total Number Utility Customers (1)	5,773	5,784	5,795	5,770	5,771	5,829	5,829	5,865	5,895	5,881

(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
1999	160,619,718	5.31%	199,479,532		2.93%	88,149,063	1.50%
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%

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

Fiscal Year	Electric $	Percent Increase %	Water $	Percent Increase %	Sewer $	Percent Increase %	TOTAL $	Percent Increase %
1999	85.05	2.16	17.27	-5.94	17.57	0.00	119.89	0.60
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	121.70	1.18
2002	86.86	0.00	17.27	0.00	18.52	5.41	122.65	0.78
2003	87.69	0.96	17.27	0.00	19.50	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	1.20
2007	91.51	1.80	18.47	3.36	23.44	4.36	133.42	2.46
2008 (2)	92.50	1.08	18.47	0.00	24.61	4.99	135.58	1.62

(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, 2008. An overall increase of 2.09% on electricity and 4.99% on sewer became effective on the July 1, 2007 billing (fiscal year 2008). Additionally, please note that an overall rate increase of 4.17% on electricity and 7.50% on sewer became effective on the July 1, 2008 billing (fiscal year 2009).

City of Newberry
Principal Utility Customers by Total Billed (1)
June 30, 2008

Customer	Fiscal Year 2008 Total Billed $	Rank	Percentage of Total Operating Revenue (2)	Fiscal Year 1999 Total Billed $	Rank	Percentage of Total Operating Revenue (3)
Louis Rich	4,742,050	1	21.48%	2,777,204	1	16.48%
Saluda Commission of Public Works	729,854	2	3.31%	438,130	2	2.60%
Newberry College	657,428	3	2.98%	381,499	4	2.26%
ISE	532,647	4	2.41%	329,531	6	1.96%
Newberry County Memorial Hospital	510,739	5	2.31%	263,764	8	1.56%
Newberry Housing Authority-Grant Homes	381,213	6	1.73%	9,857	10	0.06%
Shakespeare	362,206	7	1.64%	390,485	3	2.32%
Packaging Corp. of America, Inc.	322,496	8	1.46%	272,063	7	1.61%
Lowe's Home Center	188,171	9	0.85%	-		0.00%
Newberry High School	187,510	10	0.85%	153,404	9	0.91%
Newberry County Water & Sewer	177,693		0.81%	331,348	5	1.97%
Total	8,792,007		39.83%	5,347,285		31.73%

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

(2) Total audited operating revenue for fiscal year 2008 is $ 22,071,963 .

(3) Total audited operating revenue for fiscal year 1999 is $ 16,854,559 .

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				
		$	$	$	$	$	$	$	$	$	
1999	1998	Not Available	Not Available	9,088,510	Not Available	Not Available	6,110,610	15,199,120	83.00	249,845,701	6.08%
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%

(1) Reassessment.

(2) Sources: Newberry County Assessor and Newberry County Auditor. $707,490 in assessed value ($12,784,583 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							
		City of Newberry (1)			Newberry County (2)			Newberry County School District (2)				
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 (2)	Total Direct & Overlapping Rates
1999	1998	82.3	0.7	83.0	68.5	9.2	77.7	154	76	230.0	12.3	403.0
2000 (3)	1999	73.8	0.0	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	22.0	88.5	156.7	0	156.7	11.8	330.8
2002	2001	94.0	0.0	94.0	81.9	8.9	90.8	165.0	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 (3)	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

(1) City of Newberry general obligation debt issued July 1989 (FY 1999 of this table).

(2) Source: Newberry County Auditor.

(3) Reassessment.

City of Newberry
Principal Property Taxpayers (1)
June 30, 2008

Taxpayer	Fiscal Year 2008 (Tax Year 2007) Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value (2)	Fiscal Year 1999 (Tax Year 1998) Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value (3)
	$			$		
Bellsouth Tele. Inc.	621,470	1	2.73%	672,600	1	4.43%
ISE Newberry Inc.	555,210	2	2.44%	112,310	5	0.74%
Lowe's Home Centers	357,170	3	1.57%			-
Wal-Mart Real Est.	278,920	4	1.22%			-
AT&T Mobility	217,140	5	0.95%			-
Duke Energy Corp.	180,990	6	0.79%	168,960	2	1.11%
West / Hobby LLC	160,540	7	0.70%			-
White Oak Manor Inc.	154,910	8	0.68%	94,800	8	0.62%
West Billye L	143,450	9	0.63%			-
Drake Newberry LLC	138,020	10	0.61%			-
145 Associates			0.00%	84,000	10	0.55%
Ellett Brothers Inc.			0.00%	102,750	6	0.68%
Glimcher Properties Lmt. Prtsh.			0.00%	114,240	4	0.75%
Nance Forest Apartments			0.00%	98,620	7	0.65%
Comcast Cablevision			0.00%	90,690	9	0.60%
Glimcher Properties Ltd.			0.00%	149,080	3	0.98%
Total	2,807,820		12.32%	1,688,050		11.11%

(1) Source: Newberry County Auditor.

(2) Total assessed valuation for tax year 2007 is $22,791,640 .

(3) Total assessed valuation for tax year 1998 is $15,199,120 .

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

Fiscal Year	Tax Year	Total Tax Levy for Fiscal Year (2)	Collected within the Fiscal Year of the Levy		Collections/ Adjustments in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
		$	$		$	$	
1999	1998	1,210,072	1,156,993	95.6%	53,079	1,210,072	100.0%
2000	1999	1,248,094	1,196,707	95.9%	50,450	1,247,157	99.9%
2001	2000	1,281,364	1,226,913	95.8%	53,654	1,280,567	99.9%
2002	2001	1,589,256	1,541,502	97.0%	43,626	1,585,128	99.7%
2003	2002	1,615,709	1,562,473	96.7%	50,693	1,613,166	99.8%
2004	2003	1,654,707	1,610,741	97.3%	40,736	1,651,477	99.8%
2005	2004	1,657,919	1,609,570	97.1%	46,197	1,655,767	99.9%
2006	2005	1,862,082	1,795,145	96.4%	57,723	1,852,868	99.5%
2007	2006	1,928,695	1,842,532	95.5%	67,818	1,910,350	99.1%
2008	2007	2,016,572	1,926,514	95.5%	-	1,926,514	95.5%

(1) Category includes tax collections for real and personal property as reflected in the general fund for all fiscal years and in the general obligation debt service fund for fiscal year 1999, 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 (2)	Special Assessment Bonds (3)	Capital Leases	CPU Bonds (4)	Capital Leases			
	$	$	$	$	$	$		$
1999	50,000	3,250,000	-	8,901,629	236,267	12,437,896	8.8%	1176
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%	491

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

(2) Composed of 1989 General Obligation Bond (FY 1999 of this table).

(3) Composed of 1998 Tax Increment Financing Bond (FY 1999-2008).

(4) Composed of Combined Public Utility (CPU) debt as follows: 2007 CPU Bond for fiscal year 2008, 2003 CPU Bond for fiscal years 2004-2008, 1993A Bond and SRF Loan for fiscal years 1999-2003 and 1993B Bond for fiscal years 1999-2001.

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 $
1999	50,000	-	50,000	0.33%	5
2000	-	-	-	0.00%	-
2001	-	-	-	0.00%	-
2002	-	-	-	0.00%	-
2003	-	-	-	0.00%	-
2004	-	-	-	0.00%	-
2005	-	-	-	0.00%	-
2006	-	-	-	0.00%	-
2007	-	-	-	0.00%	-
2008	-	-	-	0.00%	-

(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, 2008

Governmental Unit	Debt Outstanding $	Estimated Percentage Applicable	Estimated Share of Overlapping Debt $
Debt repaid with property taxes: County (1)	7,090,000	18.94% (2)	1,342,846
Subtotal, overlapping debt			1,342,846
City of Newberry direct debt repaid with property taxes	-	100%	-
Total direct and overlapping debt			1,342,846

(1) Source: Newberry County Treasurer

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

1995 County General Obligation Bond	$	225,000
2000 County General Obligation Bond	$	3,255,000
2005B County General Obligation Bond	$	610,000
2007 County General Obligation Bond	$	700,000
2007A County General Obligation Bond	$	1,000,000
2008 County General Obligation Bond	$	1,300,000
	$	7,090,000

(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 $120,336,760. City of Newberry assessed valuation from the table within this statistical section labeled "Assessed Value and Estimated Actual Value of Taxable Property" is $22,791,640.

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									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Debt Limit - 8 percent of total assessed value	$ 1,215,930	$ 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
Total net debt applicable to limit	$ 50,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Legal debt margin	$ 1,165,930	$ 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
Total net debt applicable to the limit as a percentage of debt limit	4.11%	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 2008

Assessed Value - general	$ 22,791,640
Assessed Value - tax increment financing district	$ 707,490
Total assessed value	$ 23,499,130
Debt limit (8% of total assessed value)	$ 1,879,930
Debt applicable to limit:	
Total general obligation bonds	$ -
Legal debt margin	$ 1,879,930

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

Fiscal Year	TIF Revenue (1)	Contribution from from City Local Hospitality/ Accommodations Fund	Debt Issuance Expenditures	Amount Available for Debt Service	Debt Service Requirements			Coverage (2)
					Principal	Interest	Total	
	$	$	$	$	$	$	$	
1999	110,656	-	26,704	83,952	-	79,625	79,625	1.05
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

(1) Under the terms of the bond, 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 has made annual contributions from its Local Hospitality/Accommodations Fund to the TIF debt service fund since fiscal year 2001.

(2) 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

Fiscal Year	System Operating Revenues (1)	System Operating Expenses (2)	Amount Available for Debt Service	Audited Debt Service			Coverage (3)
				Principal	Interest	Total	
	$	$	$	$	$	$	
1999	16,854,558	13,554,063	3,300,495	1,092,451	399,951	1,492,402	2.21
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

(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), 2003 Bond (FY 2004-2008), 1993 A and SRF Loan (FY 1999-2003), and 1993 B Bond (FY 1999-2001). Coverage stated is by fiscal year. Bond indentures require coverage of 120% of annual principal and interest.

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 $	(4) Median Age	(5) Education Level In Years of Formal Schooling	(6) School Enrollment	(7) Umemployment Rate %
1999	10,572	141,569,652	13,391	25,464	34.2	11.6	5,800	4.7
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	5,912	7.3

(1) Fiscal Year 2001 figure from 2000 Census. Estimates by City of Newberry Finance Department for fiscal years 1999-2000 and fiscal years 2002-2005. Estimates by South Carolina Budget and Control Board for fiscal years 2006-2008.
(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 all other fiscal years.
(4) Fiscal Year 2001 figure from 2000 Census. Estimates by City of Newberry Finance Department for all other fiscal years.
(5) Sources: Estimates by Newberry County Development Board based on 1990 Census for fiscal years 1999-2000. Estimates by City of Newberry Finance Department based on 2000 Census for fiscal years 2001-2008.
(6) Source: Newberry County School District.
(7) Source: South Carolina Employment Security Commission.

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

	2008			1999		
EMPLOYER	EMPLOYEES	RANK	PERCENTAGE OF TOTAL COUNTY EMPLOYMENT (3)	EMPLOYEES	RANK	PERCENTAGE OF TOTAL COUNTY EMPLOYMENT (4)
Louis Rich (*)	1375	1	7.98%	1400	1	8.65%
Newberry County School District (**)	840	2	4.87%	735	2	4.54%
Renfro(*)	559	3	3.24%	400	4	2.47%
Newberry County Memorial Hospital (**)	489	4	2.84%	200	9	1.24%
Wal-Mart	300	5	1.74%			
Georgia Pacific (*)	275	6	1.60%	277	7	1.71%
Komatsu America (*)	265	7	1.54%			
Bluewater Marine Group (*)	250	8	1.45%			
Shakespeare Electronics and Fiberglass (*)	205	9	1.19%	395	5	2.44%
Caterpillar, Inc. (*)	200	10	1.16%			
McKechnie Vehicle Components (*)				250	8	1.54%
Newberry College						
American Fiber and Finishing (*)				697	3	4.31%
West Point Stevens Inc. (*)				334	6	2.06%
Eagle Construction Co.				168	10	1.04%

(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 April, 1998, 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									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General Government										
City Council	7	7	7	7	7	7	7	7	7	7
City Administration (2)	3	3	3	4	4	4	4	4	4	4
Finance	3.5	3.5	3.5	3.5	3.5	3.5	4	4	4	4
Planning and Development	1.5	1	2	2	2	2	2.5	3	4	4
Public Safety										
Police										
Officers	27	28	29	27	28	28	28	31	32	32
Civilians	3	3	3	3	3	3	3	3	3	3
Justice and Law Civilians	1.25	1.5	1.5	1.75	1.75	1.75	1.75	3.2	3.2	3.2
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	14	12	12	10	10	10	10	10	10	10
Sanitation	9	9	9	9	8	8	7	7	7	7
Building Maintenance	2	2	2	2	2	2	2	2	2	2
Garage	4	4	4	3	3	3	3	3	3	3
Recreation	13	13	13	9	9.5	9.5	11	14	14	10
Utility System										
Administration/Finance/Warehouse	11	11	11	11	11	11	11	11	11	12
Electric	12	12	12	12	12	12	12	12	12	11
Water/Sewer Maintenance	7	8	9	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	155.25	155	158	152.25	152.75	152.75	154.25	162.2	164.2	160.2

(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 21 Volunteer Firefighters in fiscal year 2008.

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

FUNCTION	FISCAL YEAR 1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General Government (2)										
Finance										
Business licenses (active licenses by calendar year)	(3)	(3)	(3)	1,072	1,061	1,099	1,192	1,114	1,147	1,176
Planning and Development										
New contruction values per building permits	$5,062,478	$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
Public Safety										
Police										
Incidences	9,199	10,894	11,370	10,765	10,009	9,477	11,811	11,277	11,814	12,901
Arrests and traffic violations (4)	1,582	1,526	1,526	5,136	5,027	4,095	5,997	5,207	8,251	7,015
Parking violations	178	147	147	83	155	212	277	245	272	429
Fire										
Volunteer personnel	21	24	24	19	20	21	19	16	18	15
Calls answered	408	528	528	388	488	540	643	593	543	501
Inspections	55	85	85	85	141	100	353	497	579	365
Public Works (5)										
Streets										
Streets resurfaced (miles)	1.35	-	2.27	-	1.37	2.23	1.04	1.20	0.90	0.93
Sanitation										
Refuse collected in tons per year (6)	6,494	6,681	6,841	6,762	7,572	7,277	7,387	8,138	8,707	8,228
Recreation										
# Participants residing within City limits	(3)	(3)	754	634	546	803	854	792	805	729
# Participants residing outside City limits	(3)	(3)	70	214	174	296	301	209	233	320
# Participants total	638	647	824	848	720	1,099	1,155	1,001	1,038	1,049
Utility System										
Electric										
Annual non-coincident purchased demand (kW)	34,414	36,078	35,578	36,965	36,303	35,783	31,308	34,714	30,670	30,697
Water										
Average production (gallons per day)	4,921,492	5,134,027	5,336,101	5,351,810	5,194,750	5,049,025	4,488,442 (7)	4,677,914 (7)	4,543,934	4,797,981
Sewer										
Average treatment (gallons per day)	1,910,455	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
Total										

(1) Source: Various City of Newberry departments.
(2) General governments comprised of City Council, City Manager, Personnel, Finance and Building/Zoning departments, for some of which there are no indicators presently available.
(3) Prior year data furnished as available.
(4) Fiscal years 1999 - 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) Estimates used for fiscal year 1999.
(7) 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 1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Public Safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	32	34	34	35	35	35	37	32	31	28
Fire										
Stations	2	2	2	2	2	2	2	2	2	2
Fire trucks	5	5	5	5	5	5	6	6	6	8
Public Works (3)										
Streets										
Streets within City (miles)	82	83	83	84	84	84	84	84	84	84
Sanitation										
Packer trucks	3	3	4	4	4	4	5	5	5	5
Recreation										
Parks	14	15	15	15	15	15	15	15	15	15
Parks acreage	75	100	100	100	100	100	100	100	100	100
Utility System										
Electric										
Miles of primary conductor	250	250	250	245	253	247	247	247	253	255
Miles of secondary conductor	86	86	85	86	86	86	86	87	88	89
Water										
Miles of water main lines	116	119	123	123	123	125	125	125	125	126
Fire hydrants	462	466	477	476	474	477	479	481	481	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	117	118	121	121	122	123	123	123	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.

SINGLE AUDIT SECTION

CITY OF NEWBERRY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2008

There are no findings or questioned costs.

SUMMARY OF AUDITOR'S RESULTS

i. An unqualified opinion was issued on the financial statements of the City of Newberry, South Carolina.

ii. The audit of the financial statements disclosed no reportable conditions in internal control.

iii. The audit disclosed no instances of noncompliance with laws, regulations, and the provisions of contracts and grant agreements which were material to the financial statements.

iv. The audit disclosed no reportable conditions in internal control over major programs.

v. An unqualified opinion was issued on compliance for major programs.

vi. There are no audit findings relative to the major federal award programs.

vii. Programs tested as major programs for the City of Newberry for the year ended June 30, 2008 are:

Program Name	CFDA Number
Community Development Block Grant	14.228

viii. The threshold for determining Type A programs for the City of Newberry was $300,000 for the year.

ix. The City of Newberry did not qualify as a low-risk auditee under Section .530 of Circular No. A-133.

CITY OF NEWBERRY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2008

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures
US Department of Housing and Urban Development, Community Development Block Grants/Passed Through SC Department of Commerce/Downtown Newberry Streetscape	14.228	4-CR-05-005	$ 492,000
US Department of Transportation, Highway Planning and Construction/Passed Through SC Department of Transportation/Downtown Newberry Streetscape	20.205	ENH 30-06	64,620
US Department of Housing and Urban Development, Community Development Block Grants/Passed Through SC Department of Commerce/Newberry Wireless Accessibility	14.228	4-CC-06-006	47,300
US Department of Housing and Urban Development, Community Development Block Grants/Passed Through SC Department of Commerce/Neighborhood Assessment	14.228	4-LP-06-004	20,000
US Department of Justice, Bulletproof Vest Partnership Program	16.607	N/A	1,005
US Department of Justice, Edward Byrne Memorial Justice Assistance Grant Program/Passed Through SC Department of Public Safety/Community Policing	16.738	1G07028	9,000
US Environmental Protection Agency, Nonprofit Source Implementation Grants/Passed Through Newberry Soil and Water Conservation District/Marion Davis Park Stream Restoration	66.460	N/A	43,485
US Department of Homeland Security, Assistance to Firefighters Grant	97.044	EMW-2006-FG-01345	53,348
US Department of Justice, Edward Byrne Memorial Justice Assistance Grant Program	16.738	2005-DJ-BX-0821	981
US Department of Health and Human Services, Temporary Assistance for Needy Families/Passed Through SC Department of Social Services	93.558	N/A	2,147
US Department of Transportation, State and Community Highway Safety/Passed Through SC Department of Public Safety/Law Enforcement Network Grant	20.600	N/A	6,297
Total Federal Expenditures			$ 740,183

See accompanying notes.

CITY OF NEWBERRY

NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2008

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Newberry and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.*

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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, 2008, which collectively comprise the City of Newberry, South Carolina's basic financial statements and have issued our report thereon dated August 28, 2008. 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.

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 28, 2008

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

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

Compliance

We have audited the compliance of the City of Newberry, South Carolina, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133* Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2008. The City of Newberry, South Carolina's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of Newberry, South Carolina's management. Our responsibility is to express an opinion on the City of Newberry, South Carolina's compliance based on our audit.

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

In our opinion, the City of Newberry, South Carolina complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

Internal Control Over Compliance

The management of the City of Newberry, South Carolina is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of Newberry, South Carolina's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Newberry, South Carolina's internal control over compliance.

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

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

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

This report is intended solely for the information 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 28, 2008