

**CITY OF NEWBERRY,
SOUTH CAROLINA**

COMPREHENSVE ANNUAL FINANCIAL REPORT

**FISCAL YEAR ENDED
JUNE 30, 2010**

CITY OF NEWBERRY
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INTRODUCTORY SECTION



CITY OF NEWBERRY

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

FINANCE DEPARTMENT

November 2, 2010

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, 2010.

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, 2010, 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

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City's financial statements for the fiscal year ended June 30, 2010, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report. 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 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, 2010, the City Manager was assisted by nine staff departments, including Economic Development overseen by the Assistant to the City Manager; Finance; Fire; Human Resources; Parks, Recreation, and Tourism; Planning and Development Services; Police; Public Works; and Utilities.

The City of Newberry provides a full range of services. These services include police and fire protection; sanitation services; the repair and maintenance of City streets and

infrastructure; building regulation; planning; economic development and administration; zoning and code enforcement; water, sewer and electric utility services; and recreational and tourism-related activities.

The annual budget serves as the foundation for the City's financial planning and control. All departments of the City of Newberry are required to submit requests for appropriations to the City Manager by late-March of each year. The City Manager uses these requests as the starting point for developing a proposed budget. The City Manager then presents this proposed budget to the Council for review during May. City Council is required to hold public hearings on the proposed budget and to adopt a final budget before July 1, the beginning of the City's fiscal year. The line-item appropriated budget is prepared by fund and department (e.g., General Fund, Finance Department). Expenditures may not exceed budgeted appropriations for each fund except as authorized by City Council. The City Manager is authorized to transfer amounts between line items within any department. Transfers between departments require the approval of City Council. Any revisions that alter the total expenditures of any fund also must be approved by City Council. Budget-to-actual comparisons are provided in the report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented on page 37 as part of the basic financial statements for the governmental funds.

Local Economy and Major Initiatives

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

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

In 1999, three manufacturing facilities opened in the Newberry County Industrial Park located adjacent to the Highway 219-Interstate 26 interchange. F. G. Wilson, a division of

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

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

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

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

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 2009-2010 Newberry Opera House season was a success. This marks the ninth consecutive season that the facility has performed well, which is impressive given the recent economic downturn which has impacted most performing arts facilities. The addition of a 73-room Hampton Inn Hotel located adjacent the Newberry Opera House in March 2002 served not only to bolster restaurant and retail sales, but also to stimulate growth in Newberry Opera House ticket sales the past eight seasons. Ongoing 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 with professionally produced guides and enhanced community and communication functions. Clearly, the Newberry Opera House project is accomplishing what it was intended to do – namely, to serve as a catalyst for economic development. The addition of over thirty new businesses, seven restaurants, seventeen second-floor apartments, a 73-room hotel, and the stimulation of numerous public-private partnerships evidence the catalytic impact of the project.

During fiscal year 2006-2007, Newberry Realty, LLC. progressed with its plans to rehabilitate and adaptively reuse two key properties within the downtown – namely, the Old Mower Building located at 1530 Main Street and the Old Newberry Hotel located at the intersection of Caldwell and Main Streets. With a combined floor area exceeding 65,000 square feet, the rehabilitation and adaptive reuse of these two anchor properties represents a level of private sector investment in the downtown that has not occurred since the period immediately following completion of the Newberry Opera House project. Unfortunately, progress on both projects slowed during fiscal year 2009-2010 and there were a number of small business closings on Main Street. These closing were almost wholly a function of the recession which currently grips our nation's economy. Despite this slowdown, however, some progress has been made. A shining example was the dedication and opening of the Hal Kohn Memorial Library in January 2009. This facility, located at the intersection of Friend and McKibben Streets represents an investment of approximately \$4.5 million of capital in downtown Newberry.

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 economic development project consisted of 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, weddings, and other 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. Since its opening, the NFCC has hosted 377 events ranging from conferences and business meetings to wedding receptions and community gatherings. Noteworthy clients from this initial period include Health Sciences of S.C., the Columbia Metropolitan Airport, USC, BB&T, Home Depot, Farm Bureau, and Piggly Wiggly. Additionally, large conferences involving the SC Arts Council and SC Humanities Council made coordinated use of both the NFCC and the Newberry Opera House auditorium. Despite the recent economic downturn, the Newberry Firehouse Conference Center continues to perform at a high level, and its performance is forecast to continue improving during FY2010-2011.

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

The fourth economic development project is the development of an in-fill residential project on roughly 2.3 acres of vacant property located on Harrington and Martin Streets near downtown. The property was the former site of a primary school, which was razed decades ago and remained in a vacant state since that time. The Newberry County School Board declared the property surplus to its needs and conveyed the property to the City of Newberry during fiscal year 2005 with the understanding that a traditional neighborhood would be constructed. City Council approved a development master plan for the property in October 2005, as required by S.C. state planning law. A development agreement has been finalized between the City and a private party that has agreed to develop the site, and on-site water, wastewater, electric, and storm water infrastructure has been installed. The developer is proposing to construct eight townhouses and ten single-family, detached cottages, which will assist in the City's effort to promote downtown living and create significant additional tax base within the Tax Increment Finance District. As of the summer of 2010, construction of four of the proposed ten detached homes had been completed and three of the homes were occupied. The developer has indicated to City staff that implementation of the master plan for the property will continue and staff anticipates continued progress during fiscal year 2010-2011.

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

or exceeding design expectations. The City is currently exploring cost-effective ways to enhance the system and new and/or innovative ways to utilize the network including wireless surveillance cameras, in-vehicle technologies, etc.

During fiscal year 2008-2009, an exciting opportunity materialized for the City of Newberry and the residents of Oakland neighborhood. American Fiber & Finishing (AF&F) ceased operations within the Oakland Mill on Fair Avenue and sold the property to West Development of Newberry. West Development intends to rehabilitate the old mill and adapt it for mixed occupancy. The proposed uses are to include Newberry College dormitories, market rate apartment units and amenities possibly including a wellness center, classrooms and complimentary light commercial activities. The City of Newberry is assisting the developer with the project through the services of a community development consultant currently under contract. Additionally, the City is pursuing improvements within Oakland neighborhood that are designed to create an environment that is conducive to the long-term success of the mill project and the sustained revitalization of the neighborhood. These improvements include: \$560,000 of water and wastewater upgrades, \$1.3 million of functional and aesthetic streetscape enhancements, and \$290,000 of distressed residential property acquisitions and clearances. This initiative is being underwritten by state and federal grants totaling \$1.7-million from the S.C. Department of Commerce and the S.C. State Housing Finance and Development Authority. Additionally, the City has facilitated \$24,000 of housing rehabilitation activity which was funded by the S.C. State Housing Finance and Development Authority for qualifying owner-occupants. As of Summer 2010, the developer estimates that a minimum of \$7 million will be invested in the Oakland Mill facility during the initial phases of the project.

Long-term financial planning. A continued emphasis on long range financial planning is a cornerstone of the City's success. Options and strategies introduced and continued in fiscal year 2010 include:

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

Relevant Financial Policies

The investment goal of the City is to maintain adequate cash to meet current obligations and to invest in those legal securities that maximize earnings and protect principal. Monies that are not required on a short-term basis are invested in compliance with the guidelines of the South Carolina code of Laws 6-5-10. The City maintains interest

bearing checking accounts to maximize its interest earning capability on fund required to meet short-term operational expenses. Periodic reviews of deposits are made with financial institutions used by the City to ensure that deposits over the insured limit of federal depository insurance are collateralized. Due to economic conditions and uncertainty in the banking environment, the City continued to closely monitor the stability of its primary bank and its collateralization during fiscal year 2009-2010. Cash available for investing during the year was invested in obligations of the U. S. government and its agencies and the State of South Carolina Local Government Investment Pool.


Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Newberry for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2009. This was the seventeenth consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

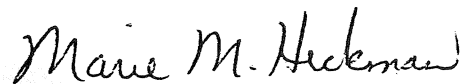
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it the GFOA to determine its eligibility for another certificate.

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

Sincerely,



Jeff S. Shacker
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, 2009

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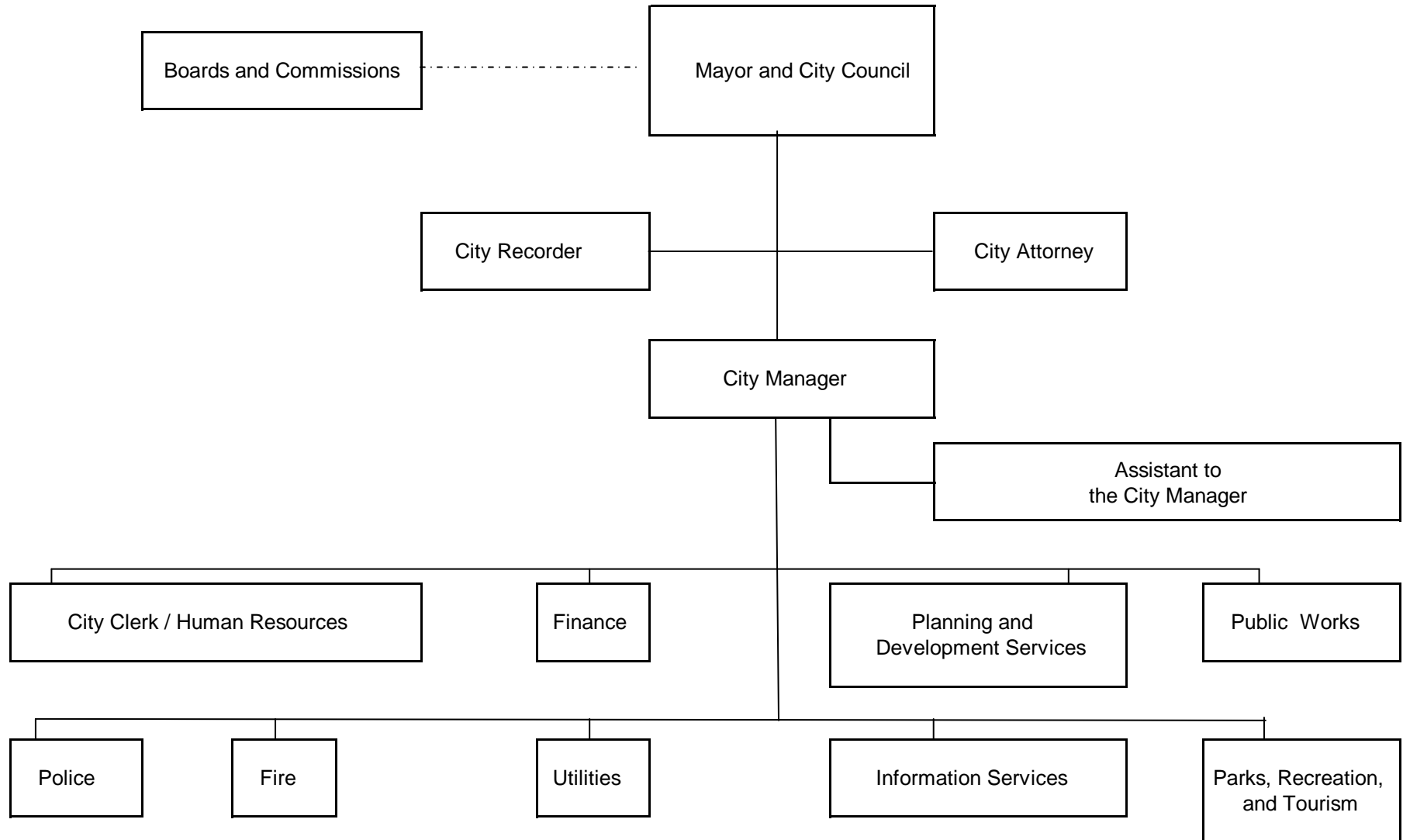
President

A handwritten signature in black ink that reads "Jeffrey R. Emer".

Executive Director

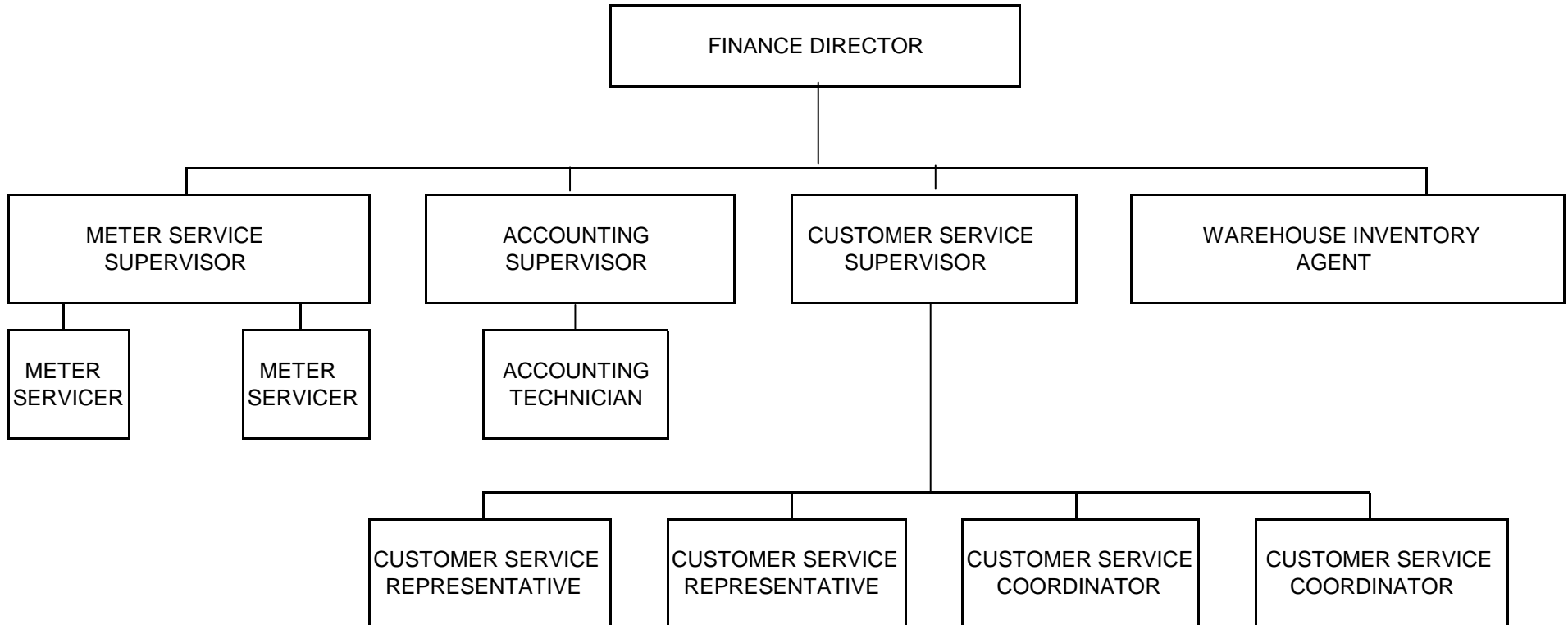
City of Newberry Organizational Chart

June 30, 2010



**City of Newberry
Finance Department
Organizational Chart**

June 30, 2010



CITY OF NEWBERRY, SOUTH CAROLINA

List of Principal Officers

June 30, 2010

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

*Effective October 12, 2010, T. Edward Kyzer retired after 20 years of service as Mayor. G. Foster Senn, Jr. succeeds T. Edward Kyzer as Mayor of the City of Newberry. A special election to fill the District 2 seat will be held in January 2012.

**Arnold D. Hiller retired as of June 30, 2010. Norris M. Bartley was named Public Works Director, effective July 1, 2010.

FINANCIAL SECTION

McKINLEY, COOPER & CO., LLC

CERTIFIED PUBLIC ACCOUNTANTS

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Greenville, South Carolina 29607-2191

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S.C. Association of
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INDEPENDENT AUDITOR'S REPORT

To the Mayor and Members of 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, 2010, 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, 2010, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparison for the general 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 September 22, 2010, 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 and other matters. 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 assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Newberry, South Carolina's financial statements as a whole. The introductory section, enterprise fund budgetary comparisons, combining and individual nonmajor fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the 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 financial statements. The combining and individual nonmajor fund financial statements, budgetary comparisons, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

McKinley, Cooper & Co., LLC

September 22, 2010

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, 2010. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1 - 9 of this report, and the City of Newberry's financial statements and other information, which begin on page 42 of this report.

Financial Highlights

Key financial highlights for fiscal year 2010 are as follows:

- The assets of the City of Newberry exceeded its liabilities at the close of the most recent fiscal year by \$47,842,049 (net assets), an increase in comparison to the previous fiscal year of \$2,843,134 or 6.3%. Of this amount, \$17,423,354 (unrestricted net assets) may be used to meet the City's ongoing obligations to citizens and creditors.
- Revenues and other financing sources totaled \$9,660,860 and expenditures and other financing uses totaled \$9,161,777 for all governmental funds at the fund level. Accordingly, combined revenues and other financing sources exceeded expenditures and other financing uses by 5.4 percent (\$499,083). As of the close of fiscal year 2010, the City of Newberry's governmental funds reported combined ending fund balance of \$7,152,549. Approximately 99.9 percent of this total amount, \$7,142,549, is available for spending at the government's discretion (unreserved fund balance).
- At the end of fiscal year 2010, unreserved and undesignated fund balance for the general fund, the City's principal operating fund, was \$4,109,488, an increase of \$214,708 in comparison to the previous fiscal year.
- The City of Newberry's business-type activities reported net assets at year-end of \$33,598,123, an increase of 5.8 percent (\$1,833,834).

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 31 - 32 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 only, since no other governmental fund is considered to be a major fund. Data from the other fourteen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided on pages 78 - 96 of this report. The City adopts an annual appropriated budget for most of its funds, including its general fund. Annual budgets are not adopted for the volunteer fire fund which can be used only as specified in South Carolina law and, in fiscal year 2010, for the federal equitable sharing fund which saw no activity during the period.

The basic governmental fund financial statements can be found on pages 33 - 37 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 38 - 41 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 42 - 62 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 pages 66 - 77 of this report.

Other information, including combining and individual fund statements and schedules, begin on page 78 of this report. Statistical tables that provide multi-year historical data begin on page 113.

Government-wide Financial Analysis

The fiscal year 2010 comprehensive annual financial report is the eighth 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 2010, the government-wide statements found on pages 31 - 32 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 2010 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 \$47,842,049 for fiscal year 2010, an increase of \$2,843,134 in total net assets as compared to fiscal year 2009. Net assets are reported in three categories: Invested in capital assets, net of related debt of \$27,935,685, restricted net assets of \$2,483,010, and unrestricted net assets of \$17,423,354.

By far the largest portion of the City's net assets (58.4 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, 2010, the City had \$10,000 restricted for the Japanese Gardens permanent fund, \$1,439,476 restricted for utility system debt service, and \$1,033,534 restricted for maintenance of the utility system.

The balance of unrestricted net assets (\$17,423,354) may be used to meet government's ongoing obligations to citizens and creditors.

The following table presents a summary of the City's net assets as of June 30, 2010, with comparative data for fiscal year 2009.

City of Newberry's Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Current and other assets	\$ 7,970,920	\$ 7,932,339	\$ 16,894,736	\$ 11,462,286	\$ 24,865,656	\$ 19,394,625
Capital assets	\$ 9,739,893	\$ 9,653,961	\$ 30,660,885	\$ 23,149,975	\$ 40,400,778	\$ 32,803,936
Total assets	\$17,710,813	\$ 17,586,300	\$ 47,555,621	\$ 34,612,261	\$ 65,266,434	\$ 52,198,561
Long-term liabilities outstanding	\$ 3,149,031	\$ 3,561,507	\$ 9,018,207	\$ 1,361,945	\$ 12,167,238	\$ 4,923,452
Other liabilities	\$ 317,856	\$ 790,167	\$ 4,939,291	\$ 1,486,027	\$ 5,257,147	\$ 2,276,194
Total liabilities	\$ 3,466,887	\$ 4,351,674	\$ 13,957,498	\$ 2,847,972	\$ 17,424,385	\$ 7,199,646
Net assets:						
Invested in capital assets, net of related debt	\$ 6,934,137	\$ 6,447,586	\$ 21,001,548	\$ 21,938,753	\$ 27,935,685	\$ 28,386,339
Restricted	\$ 10,000	\$ 10,000	\$ 2,473,010	\$ 2,758,201	\$ 2,483,010	\$ 2,768,201
Unrestricted	\$ 7,299,789	\$ 6,777,040	\$ 10,123,565	\$ 7,067,335	\$ 17,423,354	\$ 13,844,375
Total net assets	\$14,243,926	\$ 13,234,626	\$ 33,598,123	\$ 31,764,289	\$ 47,842,049	\$ 44,998,915

The following table shows a recap of revenues and expenses for fiscal year 2010, with comparative data for fiscal year 2009:

City of Newberry's Statement of Activities

	Governmental		Business-Type		Total	Total
	Activities	Activities	Activities	Activities	Total	Total
	2010	2009	2010	2009	2010	2009
Revenue:						
Program revenues:						
Charges for Services	\$ 2,807,550	\$ 2,846,081	\$ 24,134,113	\$ 23,023,588	\$ 26,941,663	\$ 25,869,669
Operating grants and contributions	\$ 100,667	\$ 180,233	\$ -	\$ -	\$ 100,667	\$ 180,233
Capital grants and contributions	\$ 35,278	\$ 520,272	\$ 433,533	\$ -	\$ 468,811	\$ 520,272
General Revenues:						
Taxes	\$ 3,062,344	\$ 3,035,052	\$ -	\$ -	\$ 3,062,344	\$ 3,035,052
Grants and contributions not restricted to specific programs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other	\$ 2,129,812	\$ 1,892,590	\$ 17,056	\$ 549,847	\$ 2,146,868	\$ 2,442,437
Total revenues	\$ 8,135,651	\$ 8,474,228	\$ 24,584,702	\$ 23,573,435	\$ 32,720,353	\$ 32,047,663
Expenses:						
General government	\$ 1,483,407	\$ 1,189,122	\$ -	\$ -	\$ 1,483,407	\$ 1,189,122
Public safety	\$ 4,373,431	\$ 4,071,407	\$ -	\$ -	\$ 4,373,431	\$ 4,071,407
Public Works	\$ 1,090,333	\$ 1,538,902	\$ -	\$ -	\$ 1,090,333	\$ 1,538,902
Parks, Recreation, & Tourism	\$ 552,199	\$ 581,708	\$ -	\$ -	\$ 552,199	\$ 581,708
Community development	\$ 732,863	\$ 785,508	\$ -	\$ -	\$ 732,863	\$ 785,508
Community promotions and projects	\$ 101,810	\$ 148,955	\$ -	\$ -	\$ 101,810	\$ 148,955
Interest on long-term debt	\$ 109,088	\$ 130,055	\$ -	\$ -	\$ 109,088	\$ 130,055
Combined electric, water, and sewer utilities	\$ -	\$ -	\$ 21,434,088	\$ 21,029,294	\$ 21,434,088	\$ 21,029,294
Total expenses	\$ 8,443,131	\$ 8,445,657	\$ 21,434,088	\$ 21,029,294	\$ 29,877,219	\$ 29,474,951
Increase(decrease) in net assets before transfers	\$ (307,480)	\$ 28,571	\$ 3,150,614	\$ 2,544,141	\$ 2,843,134	\$ 2,572,712
Transfers	\$ 1,316,780	\$ 1,264,102	\$ (1,316,780)	\$ (1,264,102)	\$ -	\$ -
Increase in net assets	\$ 1,009,300	\$ 1,292,673	\$ 1,833,834	\$ 1,280,039	\$ 2,843,134	\$ 2,572,712
Net assets, July 1	\$ 13,234,626	\$ 11,941,953	\$ 31,764,289	\$ 30,484,250	\$ 44,998,915	\$ 42,426,203
Net assets, June 30	\$ 14,243,926	\$ 13,234,626	\$ 33,598,123	\$ 31,764,289	\$ 47,842,049	\$ 44,998,915

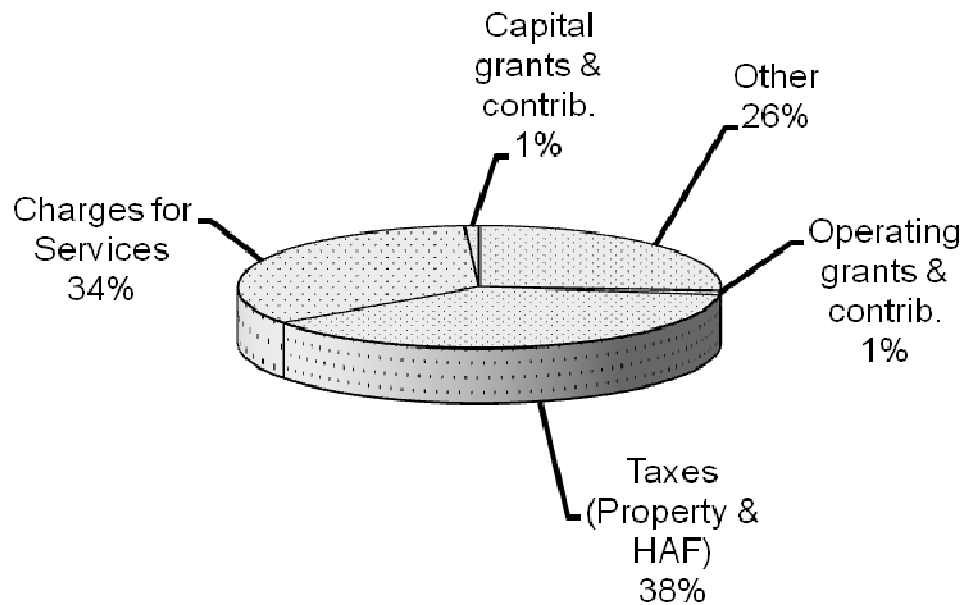
Governmental activities. Governmental activities increased the City's net assets by \$1,009,300. Compared to governmental activity expenses (\$8,443,131), tax-related revenues (\$3,062,344) covered approximately 36.3 percent, and program revenues (\$2,943,495) covered approximately 34.9 percent. Public Safety accounted for approximately 51.8 percent of all expenses in governmental activities. A major contributor to the increase in net assets was the receipt of intergovernmental contributions from the Clinton-Newberry Natural

Gas Authority, reflected in the Community Housing/Development Fund in the amount of \$552,472 for the purpose of economic and community development, for which only a few expenses materialized in fiscal year 2010. Additionally, the City was the recipient of grants and contributions in the amount of \$135,945 used to accomplish upgrades and projects. All City departments continued to use budgeted funds effectively and within budget allocations, while most revenue sources met expectations, especially important as we saw a continued national economic downturn. However, signs of the effects of the economic recession were visible: (1) building permits and inspections showed a 40.0 percent decrease when compared to fiscal year 2009 and a 59.7 percent decrease when compared to fiscal year 2008; (2) vehicle assessed values decreased by 15.4 percent when compared to fiscal year 2009 and by 22.9 percent when compared to fiscal year 2008.

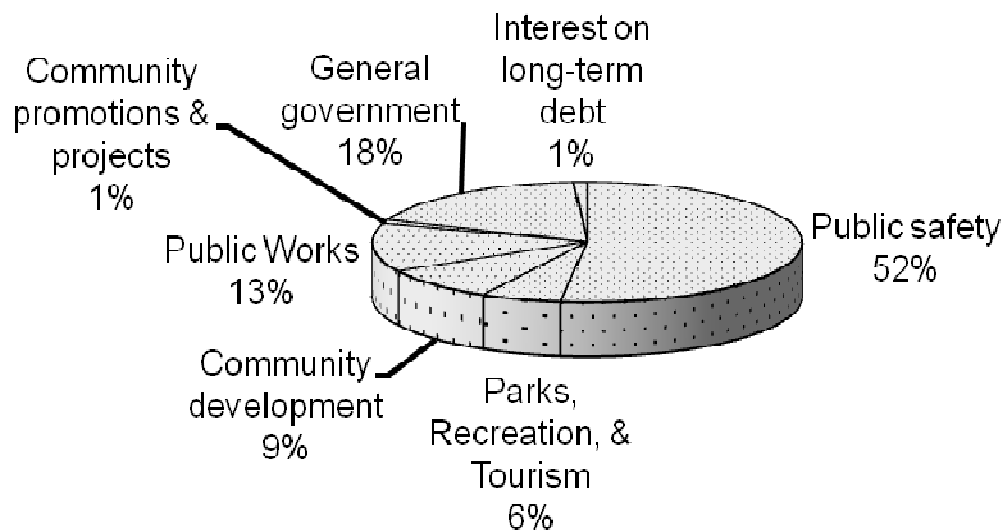
The graphs on the next page show breakdowns by percentages of governmental revenues and expenses.

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Governmental Revenues Fiscal Year 2010



Governmental Expenses Fiscal Year 2010



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 \$24,584,702 exceeded the total expenses and outgoing transfers of \$22,750,868, yielding a positive change in net assets of \$1,833,834 for fiscal year 2010. Of note is the purchase of electricity line item at \$14,379,047, which translates to 67.1 percent of all business-type expenses of \$21,434,088. The size of the purchase of electricity line item can be further appreciated by noting that this single line item is 48.1 percent of total primary government expenses.

- A major factor in the \$1,833,834 increase in net assets was the overall 5.01 percent electric rate increase and 7.50 percent sewer rate increase, both effective on the July 1, 2009 billing. The City's primary electric supplier, Piedmont Municipal Power Agency, had implemented a rate increase to the City of approximately 5.51 percent, effective May 1, 2009.
- An increase in units sold in fiscal year 2010 as compared to fiscal year 2009 was reflected in electric kilowatt-hours (up 4.23 percent). Small decreases in units sold were noted in treated sewer cubic feet (down .99 percent) and water cubic feet (down 3.86 percent). Units sold changes were primarily due to weather conditions.
- Fiscal year 2010 saw the receipt of federal grants in the amount of \$176,511 for the purpose of capital upgrades/expansion at the City's wastewater treatment plant and \$257,022 in Community Development Block Grant funds for the purpose of water and sewer upgrades in the Oakland Mill section of Newberry.
- Fiscal year 2010 also saw the receipt of \$8,288,056 in loan proceeds from the State Revolving Fund for the purpose of capital upgrades/expansion at the City's wastewater treatment plant. While the repayment of this loan is scheduled to begin in December 2011, the City has begun incrementally increasing sewer rates to cover the future increase in debt service to avoid major rate shock in fiscal year 2012.

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 \$7,152,549. The City's general fund, with an ending fund balance of \$5,115,849, amounts to 71.5 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 2010, the unreserved, undesignated fund balance of the general fund was \$4,109,488, or 80.3 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 of \$4,109,488 represents 53.8 percent of total general fund expenditures, while total fund balance of \$5,115,849 represents 67.0 percent of total general fund expenditures (\$7,636,970).

The fund balance of the City's general fund increased by \$151,936 during fiscal year 2010. Key factors in this growth were as follows:

- Continuation of City policy to index the major part of the transfer from the Utility Enterprise Fund to the General Fund at approximately 5% of utility revenues
- Four-months of salary savings due to a hiring freeze in effect until November 10, 2009
- Citywide use of the fully automated packer truck purchased in November 2008 for residential garbage collection. The fully automated truck allowed the City to change from a three-man crew to a one-man crew and greatly contributed to the reduction of our solid waste cost per capita as reported to the State of South Carolina from fiscal year 2009's \$61.68 to fiscal year 2010's \$59.10, a 4.2 percent decrease.

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 \$10,123,565, or 30.1 percent of total proprietary fund net assets in the amount of \$33,598,123. The City's largest component of proprietary fund net assets is our investment in capital assets, net of related debt, at \$21,001,548, or 62.5 percent of total net assets. Net assets restricted for debt service as compared to total net assets decreased to 4.3 percent from fiscal year 2009's 5.5 percent. More information related to the State Revolving fund loan is found under the capital assets and debt administration topic found later in this management's discussion and analysis and in the notes to the financial statements. Other factors concerning the finances of this fund have already been addressed in the discussion of the City of Newberry's business-type activities.

General Fund Budgetary Highlights

The City's original expenditure budget increased by \$62,776 during fiscal year 2010 to reach the final expenditure budget of \$8,173,709. On the expenditure budget side, the largest increase by department of \$94,259 was recorded in the street department, primarily due to street and storm drain projects undertaken and financed with grant funds. The largest budgetary expenditure decrease (\$44,051) was in the employee benefit department, primarily due to lowered health care cost estimates. On the revenue side, the largest line item budgetary change was a decrease of \$341,731 in the federal grants line item, primarily because the City was not awarded a FEMA grant related to replacement of a fire truck. However, City Council decided to budget existing cash on hand to purchase the fire truck, due to the expected twenty-plus year useful life of the truck. The largest budgetary revenue increase (\$77,845) occurred in other state receipts, primarily due to changes in grant funds awarded for street and storm drain work.

During the fiscal year, actual revenues collected were short of budget by \$35,143, with the largest variance occurring in the intergovernmental line item due to delays in grant-financed projects (street and sidewalk paving projects and replacement of the heating and air system at the Public Safety Complex). Actual experience on the expenditure side reflected overall expenditures under budget by \$536,739, again with the largest variances related to delays in grant-financed projects as outlined above. In summary, revenues and other financing sources primarily met budgetary estimates and expenditures and other financing uses were substantially less than budgetary estimates, thus adding \$151,936 to fund balance instead of using \$349,894 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 2010, the City had a combined total of capital assets of \$40,400,778 (net of accumulated depreciation), an increase of \$7,596,842 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

\$349,446 for a fire pumper in the fire department

\$191,436 for a front loader in the public works department

\$189,636 to complete a wireless telecommunications system

Business-type Activities

\$8,244,077 for continuing construction in progress on the rehabilitation and expansion of the City's wastewater treatment plant

\$505,464 on water and sewer line improvements in the Oakland section of the City

The table on the following page shows a recap of the City's capital assets, net of accumulated depreciation, for fiscal year 2010, with comparative data for fiscal year 2009.

(Remainder of Page Intentionally Blank)

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

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Land and improvements	\$ 1,814,673	\$ 1,864,770	\$ 403,439	\$ 406,807	\$ 2,218,112	\$ 2,271,577
Buildings, improvements and fixtures	\$ 5,313,329	\$ 5,487,402	\$ 1,769,748	\$ 1,798,667	\$ 7,083,077	\$ 7,286,069
Streets, sidewalks and bridges	\$ 609,432	\$ 641,041	\$ -	\$ -	\$ 609,432	\$ 641,041
Motor vehicles and equipment	\$ 1,136,934	\$ 908,939	\$ 202,640	\$ 330,891	\$ 1,339,574	\$ 1,239,830
Office furniture and equipment	\$ 50,781	\$ 56,476	\$ 109,997	\$ 117,799	\$ 160,778	\$ 174,275
Other equipment	\$ 785,465	\$ 218,695	\$ 149,304	\$ 144,673	\$ 934,769	\$ 363,368
Traffic controls and fire alarm system	\$ -	\$ -	\$ 9,391	\$ 18,781	\$ 9,391	\$ 18,781
Street Lighting	\$ -	\$ -	\$ 85,847	\$ 103,538	\$ 85,847	\$ 103,538
Electric distribution system	\$ -	\$ -	\$ 2,839,190	\$ 3,060,437	\$ 2,839,190	\$ 3,060,437
Water distribution system	\$ -	\$ -	\$ 6,998,311	\$ 7,302,290	\$ 6,998,311	\$ 7,302,290
Sewer collection system	\$ -	\$ -	\$ 8,286,618	\$ 8,846,083	\$ 8,286,618	\$ 8,846,083
Construction in progress	\$ 29,279	\$ 476,638	\$ 9,806,400	\$ 1,020,009	\$ 9,835,679	\$ 1,496,647
Total	\$ 9,739,893	\$ 9,653,961	\$ 30,660,885	\$ 23,149,975	\$40,400,778	\$ 32,803,936

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 2010, the City of Newberry had total debt outstanding (bonds, notes, capital leases) of \$11,669,553. 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 2010, with comparative data for fiscal year 2009:

City of Newberry's Outstanding Debt

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Tax increment financing bonds	\$ 1,095,222	\$ 1,357,000	\$ -	\$ -	\$ 1,095,222	\$ 1,357,000
Revenue bonds, loan	\$ -	\$ -	\$ 8,863,797	\$ 1,211,222	\$ 8,863,797	\$ 1,211,222
Capital leases	\$ 1,710,534	\$ 1,849,375	\$ -	\$ -	\$ 1,710,534	\$ 1,849,375
Total	\$ 2,805,756	\$ 3,206,375	\$ 8,863,797	\$ 1,211,222	\$11,669,553	\$ 4,417,597

As expected, the City's total debt increased by a large amount (\$7,251,956) during fiscal year 2010. Newly issued capital leases totaled \$191,436 for the purchase of a front loader in the public works department. The majority of the increase was related to the rehabilitation and expansion of the City's wastewater treatment plant financed by a State Revolving Fund loan in the amount of \$19,236,065, plus capitalized interest, if any. During fiscal year 2010, the City drew \$8,288,056 of the State Revolving Fund loan, and construction was on track for scheduled completion in fiscal year 2012.

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

State statutes limit the amount of general obligation debt a governmental entity may issue, without a referendum, to 8 percent of its total assessed valuation. For fiscal year 2010, the debt limitation for the City is \$1,904,442, of which none is presently obligated.

Additional information on the City of Newberry's long-term debt as reported for fiscal year 2010 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, 2010, unemployment for Newberry County stood at 10.8 percent versus 13.0 percent at June 30, 2009. In comparison, the state's unemployment rate at June 30, 2010 was 10.7 percent and the national rate was 9.5 percent. Fiscal year 2010 data from the City of Newberry hospitality and accommodations fund also showed improvement when compared to fiscal year 2009 data. Hospitality gross sales increased 4.17 percent, from \$23.909 million for the year ended June 30, 2009, to \$24.906 million for the year ended June 30, 2010. Accommodations gross sales increased 26.1 percent, from \$2.454 million for the year ended June 30, 2009, to \$3.095 million for the year ended June 30, 2010, primarily due to the opening of a new hotel within the City limits in September 2009.

The City of Newberry began the budgetary process in March 2010, at which time the uncertain but more optimistic economic conditions forecast for fiscal year 2011 were considered. Although no employee cost of living or merit pay increase was budgeted for fiscal year 2010, a 2 percent cost of living increase

was budgeted for fiscal year 2011. All departments were instructed to maintain budgeted travel-related costs for fiscal year 2011 at the fiscal year 2010 level, which was a 20 percent reduction from fiscal year 2009 budgeted travel-related costs.

At June 30, 2010, unreserved and undesignated fund balance in the general fund was \$4,109,488. The City of Newberry has appropriated \$67,311 of fund balance for spending in the FY 2011 original budget. The use of fund balance is being carefully monitored by City administration during the annual budgetary process to prevent dependency on one-time revenues to financially support recurring expenditures. While the City re-examines its budgetary performance at mid-year every fiscal year, the fiscal year 2011 mid-year review will be especially important due to continuing uncertain economic conditions, on the local, state, and national levels.

In the City's utility enterprise fund, City Council increased overall electric rates by approximately 6.00% and overall water rates by approximately 5.00%, effective on the July 1, 2010 billing. The electric rate change was necessary primarily to offset a wholesale electric cost increase to the City, and the water rate change was necessary to offset general cost increases and to continue preparations for the debt service associated with the upcoming planned replacement of a major 16 inch water line. 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 sewer rate change was made.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**CITY OF NEWBERRY
STATEMENT OF NET ASSETS
JUNE 30, 2010**

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 6,949,673	\$ 6,577,437	\$ 13,527,110
Receivables (net of allowances for uncollectibles)			
Taxes	173,117	-	173,117
Accounts	-	3,297,442	3,297,442
Grants	-	304,442	304,442
Intergovernmental	331,763	3,024,380	3,356,143
Other	81,147	6,787	87,934
Internal receivables (payable)	44,108	(44,108)	-
Inventories	36,112	1,057,152	1,093,264
Notes receivable	355,000	-	355,000
Restricted assets			
Cash and cash equivalents	-	2,472,899	2,472,899
Interest receivable	-	111	111
Note receivable - Newberry Opera House Foundation	-	55,008	55,008
Capital assets			
Land and construction in progress	814,899	10,126,744	10,941,643
Other capital assets, net of accumulated depreciation	8,924,994	20,534,141	29,459,135
Bond issuance cost (net of accumulated amortization)	-	143,186	143,186
Total Assets	17,710,813	47,555,621	65,266,434
Liabilities			
Accounts payable	23,100	4,038,367	4,061,467
Due to other government agencies	39,210	-	39,210
Accrued salaries and payroll liabilities	242,366	74,818	317,184
Retainage payable	-	795,540	795,540
Accrued interest payable	13,180	30,566	43,746
Long-term liabilities			
Due within one year	839,336	377,999	1,217,335
Due in more than one year	2,309,695	8,640,208	10,949,903
Total Liabilities	3,466,887	13,957,498	17,424,385
Net Assets			
Investment in capital assets, net of related debt	6,934,137	21,001,548	27,935,685
Restricted for			
Expendable			
Debt service	-	1,439,476	1,439,476
Maintenance	-	1,033,534	1,033,534
Nonexpendable			
Permanent Fund	10,000	-	10,000
Unrestricted	7,299,789	10,123,565	17,423,354
Total Net Assets	\$ 14,243,926	\$ 33,598,123	\$ 47,842,049

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

**CITY OF NEWBERRY
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2010**

Activities	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
Governmental Activities							
General Government	\$ 1,483,407	\$ 1,379,518	\$ -	\$ -	\$ (103,889)	\$ -	\$ (103,889)
Public safety	4,373,431	768,505	8,805	33,307	(3,562,814)	-	(3,562,814)
Public works	1,090,333	611,839	80,671	-	(397,823)	-	(397,823)
Parks, recreation, and tourism	552,199	40,873	11,191	-	(500,135)	-	(500,135)
Community development	732,863	-	-	1,971	(730,892)	-	(730,892)
Community promotion and projects	101,810	6,815	-	-	(94,995)	-	(94,995)
Interest on long-term debt	109,088	-	-	-	(109,088)	-	(109,088)
Total Governmental Activities	8,443,131	2,807,550	100,667	35,278	(5,499,636)	-	(5,499,636)
Business-Type Activities							
Utility system	21,434,088	24,134,113	-	433,533	-	3,133,558	3,133,558
Total Primary Government	\$ 29,877,219	\$ 26,941,663	\$ 100,667	\$ 468,811	(5,499,636)	3,133,558	(2,366,078)
General Revenues							
Taxes							
Property taxes, levied for general purposes					2,102,234	-	2,102,234
Property taxes, levied for debt service					367,841	-	367,841
Local hospitality and accommodations fee					592,269	-	592,269
Intergovernmental revenue					1,957,652	-	1,957,652
Interest revenue					19,172	17,056	36,228
Miscellaneous					152,988	-	152,988
Transfers					1,316,780	(1,316,780)	-
Total General Revenues and Transfers					6,508,936	(1,299,724)	5,209,212
Change in Net Assets					1,009,300	1,833,834	2,843,134
Net Assets, beginning					13,234,626	31,764,289	44,998,915
Net Assets, ending					\$ 14,243,926	\$ 33,598,123	\$ 47,842,049

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

FUND FINANCIAL STATEMENTS

CITY OF NEWBERRY
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2010

	<u>General</u>	<u>Other Governmental</u>	<u>Totals June 30, 2010</u>
Assets			
Cash and cash equivalents	\$ 5,172,803	\$ 1,776,870	\$ 6,949,673
Receivables (net of allowance for uncollectibles)			
Taxes	143,239	29,878	173,117
Intergovernmental	112,221	219,542	331,763
Interest and other	28,749	52,398	81,147
Notes receivable	-	355,000	355,000
Due from other funds	50,311	18,577	68,888
Inventories	36,112	-	36,112
Total Assets	<u>\$ 5,543,435</u>	<u>\$ 2,452,265</u>	<u>\$ 7,995,700</u>
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 13,922	\$ 9,178	\$ 23,100
Intergovernmental	39,210	-	39,210
Accrued salaries and payroll liabilities	242,366	-	242,366
Due to other funds	9,120	15,660	24,780
Deferred revenue	122,968	390,727	513,695
Total Liabilities	<u>427,586</u>	<u>415,565</u>	<u>843,151</u>
Fund Balances			
Reserved for Japanese Gardens maintenance	-	10,000	10,000
Unreserved, reported in			
General fund	5,115,849	-	5,115,849
Special revenue funds - designated for future expenditures	-	1,714,026	1,714,026
Debt service fund	-	305,775	305,775
Permanent fund	-	6,899	6,899
Total Fund Balances	<u>5,115,849</u>	<u>2,036,700</u>	<u>7,152,549</u>
Total Liabilities and Fund Balances	<u>\$ 5,543,435</u>	<u>\$ 2,452,265</u>	<u>7,995,700</u>

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, 2010**

Fund Balance - Governmental Funds	\$	7,152,549
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Amounts reported for Governmental Activities in the Statement of Net Assets are different because:

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

The cost of capital assets is	17,036,693	
Accumulated depreciation is	(7,296,800)	9,739,893

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	(13,180)	
Compensated absences payable	(335,775)	
Other post-employment benefits obligation	(7,500)	
Capital lease obligations	(1,710,534)	
Revenue bonds payable	(1,095,222)	(3,162,211)

Deferred revenue is not a liability in governmental activities		513,695
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Total Net Assets - Governmental Activities	\$	14,243,926
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The accompanying notes are an integral part of these financial statements.

CITY OF NEWBERRY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2010

	General	Other Governmental Funds	Total Governmental Funds June 30, 2010
Revenues			
Taxes	\$ 2,093,574	\$ 367,841	\$ 2,461,415
Licenses, permits and franchise fees	1,379,518	-	1,379,518
Fines, forfeitures and penalties	692,383	62,978	755,361
Charges for services	652,712	599,084	1,251,796
Intergovernmental	1,225,875	880,866	2,106,741
Miscellaneous	79,034	93,126	172,160
Total Revenues	6,123,096	2,003,895	8,126,991
Expenditures			
General government	883,930	-	883,930
Public safety	3,309,300	96,180	3,405,480
Public works	1,232,928	-	1,232,928
Parks, recreation, and tourism	430,531	-	430,531
Community development	-	732,863	732,863
Non-departmental	1,496,718	249,382	1,746,100
Debt service			
Principal	255,500	336,555	592,055
Interest	28,063	84,174	112,237
Total Expenditures	7,636,970	1,499,154	9,136,124
Excess (Deficiency) of Revenues Over Expenditures	(1,513,874)	504,741	(1,009,133)
Other Financing Sources (Uses)			
Capital leases	191,436	-	191,436
Transfers in (out)			
Permanent fund	(1,550)	1,550	-
Special revenue funds	159,144	(133,491)	25,653
Utility system fund	1,316,780	-	1,316,780
Debt service fund	-	(25,653)	(25,653)
Total Other Financing Sources (Uses)	1,665,810	(157,594)	1,508,216
Net Change in Fund Balances	151,936	347,147	499,083
Fund Balances, beginning	4,963,913	1,689,553	6,653,466
Fund Balances, ending	\$ 5,115,849	\$ 2,036,700	\$ 7,152,549

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, 2010

Net Change in Fund Balances - Total Governmental Funds	\$ 499,083
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	\$ (809,038)
Capital outlay	894,970
	<hr/> 85,932
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.	330,277
In the Statement of Activities, compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for this item are measured by the amount of financial resources used. This is the decrease in compensated absences.	15,580
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. This is the increase in liability of other post-employment benefits.	(3,723)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	261,778
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:	3,149
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.	(191,436)
Deferred revenue is recorded in governmental funds as a reduction in revenue. Deferred revenue is not recorded in the Statement of Activities, therefore, revenue is different by:	<hr/> 8,660
Change in Net Assets of Governmental Activities	<u><u>\$ 1,009,300</u></u>

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

CITY OF NEWBERRY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED JUNE 30, 2010

Revenues	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
Taxes	\$ 2,048,459	\$ 2,043,400	\$ 2,093,574	\$ 50,174
Licenses, permits and franchise fees	1,404,185	1,367,750	1,379,518	11,768
Fines and forfeitures	653,250	682,525	692,383	9,858
Charges for services	651,000	637,878	652,712	14,834
Intergovernmental	1,655,076	1,396,704	1,225,875	(170,829)
Miscellaneous	28,483	29,982	79,034	49,052
Total Revenues	6,440,453	6,158,239	6,123,096	(35,143)
Expenditures				
General government				
City council	67,795	65,049	59,032	6,017
City manager	235,434	231,483	228,496	2,987
Human resources	91,506	91,506	88,901	2,605
Finance	236,485	235,549	223,753	11,796
City hall	34,970	29,880	28,393	1,487
Planning and development	266,850	265,801	255,355	10,446
Public safety				
Police department	1,749,319	1,711,882	1,566,680	145,202
Justice and Law	478,075	538,749	524,829	13,920
Fire department	1,256,663	1,285,685	1,217,791	67,894
Public works				
Public works administration	128,929	128,929	128,926	3
Streets	475,533	569,792	411,411	158,381
Sanitation	518,802	499,956	487,751	12,205
Building maintenance	63,561	63,888	63,353	535
Garage	142,073	142,515	141,487	1,028
Parks, recreation, and tourism				
Parks, recreation, and tourism	449,789	445,385	430,531	14,854
Non-departmental				
General insurance	92,555	85,800	84,823	977
Employee benefits	1,432,145	1,388,094	1,310,085	78,009
Community promotions and projects	105,450	110,203	101,810	8,393
Capitalized lease payments	284,999	283,563	283,563	-
Total Expenditures	8,110,933	8,173,709	7,636,970	536,739
Excess (Deficiency) of Revenues Over Expenditures	(1,670,480)	(2,015,470)	(1,513,874)	501,596
Other Financing Sources (Uses)				
Capital leases	195,000	191,436	191,436	-
Transfers in (out)				
Japanese Gardens fund	(1,550)	(1,550)	(1,550)	-
State accommodations tax fund	26,750	26,750	26,984	234
Local hospitality/accommodations fund	133,500	133,500	133,500	-
Victim's Assistance fund	-	(1,340)	(1,340)	-
Utility system	1,316,780	1,316,780	1,316,780	-
Total Other Financing Sources (Uses)	1,670,480	1,665,576	1,665,810	234
Net Change in Fund Balances	-	(349,894)	151,936	501,830
Fund Balances, beginning	4,963,913	4,963,913	4,963,913	-
Fund Balances, ending	\$ 4,963,913	\$ 4,614,019	\$ 5,115,849	\$ 501,830

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

**CITY OF NEWBERRY
PROPRIETARY FUND
STATEMENT OF NET ASSETS
JUNE 30, 2010**

Assets

Current Assets

Cash and cash investments	\$ 6,577,437
Receivables (net of allowances for uncollectibles)	
Accounts	3,297,442
Grants	304,442
Intergovernmental	3,024,380
Interest receivable	468
Other	6,319
Inventory	1,057,152
Restricted assets	
Cash and cash investments	284,554
Interest receivable	111
	<hr/>

Total Current Assets	14,552,305
	<hr/>

Noncurrent Assets

Capital Assets	
Land and land improvements	437,589
Buildings and fixtures	3,568,132
Office furniture and equipment	211,010
Traffic controls and fire alarm system	185,112
Street Lighting	407,124
Other equipment	380,819
Motor vehicles and equipment	1,998,611
Electric distribution system	9,996,966
Water distribution system	15,949,141
Sewer collection system	21,319,118
Construction in progress	9,806,400
	<hr/>

Totals	64,260,022
Less accumulated depreciation	(33,599,137)
	<hr/>

Total Capital Assets	30,660,885
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Bond Issuance Cost	143,186
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Restricted Assets	
Cash and cash investments	2,188,345
Note receivable - Newberry Opera House Foundation	55,008
	<hr/>

Total Noncurrent Assets	33,047,424
	<hr/>

Total Assets	47,599,729
	<hr/>

(Continued)

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

**CITY OF NEWBERRY
PROPRIETARY FUND
STATEMENT OF NET ASSETS (CONTINUED)
JUNE 30, 2010**

Liabilities

Current Liabilities

Accounts payable	\$ 4,038,367
Accrued salaries payable	74,818
Compensated absences payable	123,900
Retainage payable	795,540
Due to other funds	44,108
Accrued interest payable	30,566
Revenue bonds payable	254,099

Total Current Liabilities	5,361,398
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Noncurrent Liabilities

Loans payable	8,288,056
Revenue bonds payable	321,642
Compensated absences payable	26,797
Other post-employment benefit obligation	3,713

Total Noncurrent Liabilities	8,640,208
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Total Liabilities	14,001,606
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Net Assets

Invested in Capital Assets, Net of Related Debt	21,001,548
Restricted for	
Debt service	1,439,476
Maintenance	1,033,534
Unrestricted	10,123,565
Total Net Assets	\$ 33,598,123

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, 2010**

	Business - Type Activities
	Electric, Water, and Sewer
Operating Revenues	
Charges for sales and services	\$ 24,083,620
Miscellaneous	50,493
Total Operating Revenues	<u>24,134,113</u>
Operating Expenses	
Costs of sales and services	19,104,108
Administration	548,293
Depreciation	1,725,296
Total Operating Expenses	<u>21,377,697</u>
Operating Income	<u>2,756,416</u>
Nonoperating Revenues (Expenses)	
Interest revenue	17,056
Interest expense, bank management fees and amortization	(56,391)
Federal grants	433,533
Total Nonoperating Revenues (Expenses)	<u>394,198</u>
Income Before Transfers	3,150,614
Transfers In (Out)	
General fund	(1,316,780)
Change in Net Assets	1,833,834
Net Assets, beginning	<u>31,764,289</u>
Net Assets, ending	<u><u>\$ 33,598,123</u></u>

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

**CITY OF NEWBERRY
PROPRIETARY FUND
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2010**

Cash Flows from Operating Activities	
Receipts from customers	\$ 23,919,092
Purchase of electricity	(14,379,047)
Payments to suppliers	(3,287,288)
Payments to employees	(1,878,887)
Net Cash Provided by Operating Activities	<u>4,373,870</u>
Cash Flows from Noncapital Financing Activities	
Transfers in (out)	(1,316,780)
Subsidy from federal grants	129,091
Net Cash Used in Noncapital Financing Activities	<u>(1,187,689)</u>
Cash Flows from Capital and Related Financing Activities	
Acquisition and construction of capital assets	(5,856,142)
Proceeds from capital debt	5,266,315
Principal payments on bonds and notes payable	(635,481)
Interest and other fees paid	(28,503)
Net Cash Used in Capital and Related Financing Activities	<u>(1,253,811)</u>
Cash Flows from Investing Activities	
Interest on investments	17,394
Principal payments received on notes receivable	2,779
Net Cash Provided by Investing Activities	<u>20,173</u>
Net Increase in Cash	1,952,543
Cash and Cash Investments, beginning	<u>7,097,793</u>
Cash and Cash Investments, ending	<u><u>\$ 9,050,336</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating income	\$ 2,756,416
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation expense	1,725,296
Changes in assets and liabilities	
Receivables, net	(215,021)
Inventories	30,811
Accounts payable	68,288
Accrued expenses and due to other funds	8,080
Net Cash Provided by Operating Activities	<u><u>\$ 4,373,870</u></u>
Noncash Capital Activities	
Acquisition of capital assets on account	<u><u>\$ 3,353,293</u></u>

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

CITY OF NEWBERRY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

Note 1 – Summary of Significant Accounting Policies

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

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

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

Financial Reporting Entity

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

Government-wide and Fund Financial Statements

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

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

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

The City reports the following major governmental fund:

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 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.

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, 2010, the City had deposits and investments as follows:

Deposits with financial institutions	\$ 12,449,300
Investments with S.C. Local Government Investment Pool	<u>3,858,566</u>
	<u>\$ 16,307,866</u>

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

Credit risk. As of June 30, 2010, 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, 2010, 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, 2010, consist of the following:

	Governmental Activities	Business-Type Activities
Receivables		
Property taxes	\$ 221,965	\$ -
Accounts	-	2,100,736
Grants	-	304,442
Unbilled accounts	-	1,564,393
Intergovernmental	331,763	3,024,380
Interest and other	81,147	6,787
Gross receivables	634,875	7,000,738
Less		
Allowance for uncollectibles	(48,848)	(367,687)
Net Receivables	\$ 586,027	\$ 6,633,051

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, 2010, 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, 2010, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 785,620	\$ -	\$ -	\$ 785,620
Construction in progress	476,638	29,279	(476,638)	29,279
Total Capital Assets Not Being Depreciated	1,262,258	29,279	(476,638)	814,899
Capital assets being depreciated:				
Land improvements	1,515,396	-	-	1,515,396
Buildings	7,147,601	-	-	7,147,601
Motor vehicles and equipment	4,228,220	669,055	(440,768)	4,456,507
Office furniture and equipment	118,545	-	-	118,545
Other equipment	639,791	673,274	-	1,313,065
Streets, sidewalks and bridges	1,670,680	-	-	1,670,680
Total Capital Assets Being Depreciated	15,320,233	1,342,329	(440,768)	16,221,794
Less accumulated depreciation				
Land improvements	436,246	50,097	-	486,343
Buildings	1,660,199	174,073	-	1,834,272
Motor vehicles and equipment	3,319,281	441,060	(440,768)	3,319,573
Office furniture and equipment	62,069	5,695	-	67,764
Other equipment	421,096	106,504	-	527,600
Streets, sidewalks and bridges	1,029,639	31,609	-	1,061,248
Total Accumulated Depreciation	6,928,530	809,038	(440,768)	7,296,800
Total Capital Assets Being Depreciated, Net	8,391,703	533,291	-	8,924,994
Governmental Activity Capital Assets, Net	\$ 9,653,961	\$ 562,570	\$ (476,638)	\$ 9,739,893

	Beginning Balances	Increases	Decreases	Ending Balances
Business - Type Activities				
Utility Proprietary Fund				
Capital assets not being depreciated				
Land	\$ 320,344	\$ -	\$ -	\$ 320,344
Construction in progress	1,020,009	8,837,411	(51,020)	9,806,400
Total Capital Assets Not Being Depreciated	1,340,353	8,837,411	(51,020)	10,126,744
Capital assets being depreciated				
Land improvements	117,245	-	-	117,245
Buildings	3,484,975	83,157	-	3,568,132
Motor vehicles and equipment	1,996,274	17,146	(14,809)	1,998,611
Office furniture and equipment	211,010	-	-	211,010
Traffic Controls	185,112	-	-	185,112
Street Lighting	407,124	-	-	407,124
Other equipment	357,509	25,310	(2,000)	380,819
Electric distribution system	9,875,898	122,728	(1,660)	9,996,966
Water distribution system	15,794,290	154,851	-	15,949,141
Sewer collection system	21,274,758	46,623	(2,263)	21,319,118
Total Capital Assets Being Depreciated	53,704,195	449,815	(20,732)	54,133,278
Less accumulated depreciation				
Land improvements	30,782	3,368	-	34,150
Buildings	1,686,308	112,076	-	1,798,384
Motor vehicles and equipment	1,665,383	145,397	(14,809)	1,795,971
Office furniture and equipment	93,211	7,802	-	101,013
Traffic Controls	166,331	9,390	-	175,721
Street Lighting	303,586	17,691	-	321,277
Other equipment	212,836	20,679	(2,000)	231,515
Electric distribution system	6,815,461	343,975	(1,660)	7,157,776
Water distribution system	8,492,000	458,830	-	8,950,830
Sewer collection system	12,428,675	606,088	(2,263)	13,032,500
Total Accumulated Depreciation	31,894,573	1,725,296	(20,732)	33,599,137
Total Capital Assets Being Depreciated, Net	21,809,622	(1,275,481)	-	20,534,141
Business-Type Activities Capital Assets, Net	\$ 23,149,975	\$ 7,561,930	\$ (51,020)	\$ 30,660,885

Depreciation expense was charged to functions as follows:

General Government	\$ 293,598
Public Safety	285,263
Public Works	195,530
Recreation	<u>34,647</u>
Total	<u><u>\$ 809,038</u></u>

Depreciation of general infrastructure assets (streets, sidewalks and bridges) in the amount of \$31,609 was included in the public works function.

At June 30, 2010, the City had outstanding construction and purchase commitments. The business-type activity commitment was \$9,770,756 related to the rehabilitation and expansion of the wastewater treatment plant, and \$454,153 related to the Oakland Mills Water and Sewer Project.

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, 2010, the balance of the note receivable is \$55,008.

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, 2010.

Compensated Absences

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

Utility System Revenue Bonds

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

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

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

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

On June 24, 2009, the City of Newberry closed on the Combined Public Utility System Revenue Bond, Series 2009, a State Revolving Fund loan, in the amount of \$19,236,065. The loan is to be funded with \$4,000,000 ARRA grant funds and \$15,236,065 regular SRF funds. The purpose of the loan is to finance the rehabilitation and expansion of the City's wastewater treatment plant. The Payment Initiation Date will be September 1, 2011. Repayment of the principal and interest shall be due in 80 quarterly installments, with the first payment due date scheduled for December 1, 2011. The loan bears interest at 2.83% per annum blended. The City may request that the loan amount be increased by including in principal on the Payment Initiation Date the interest which has accrued on amounts theretofore advanced from the State Revolving Fund.

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, 2010, the City did not have any excess arbitrage earning to be included in accounts payable of the Proprietary Fund.

Capital Lease Obligations

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

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

Motor Vehicles and Equipment	\$ 1,498,619
Less Accumulated Depreciation	(1,012,567)
	<u>\$ 486,052</u>

The future minimum lease obligations for equipment as of June 30, 2010, were as follows:

Year Ending June 30,	
2011	\$ 258,938
2012	204,471
2013	148,692
2014	98,668
2015	73,243
Total Minimum Lease Obligation	784,012
Less Amount Representing Interest	(53,495)
Present Value of Minimum Lease Payments	\$ 730,517

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
2011	\$ 114,689
2012	114,689
2013	114,689
2014	114,689
2015	114,689
Thereafter	621,232
Total Minimum Lease Payments	1,194,677
Less Amount Representing Interest	(214,660)
Present Value of Future Minimum Lease Payments	\$ 980,017

Special Assessment Debt

The City entered into a 25 year lease agreement with the Newberry Opera House Foundation in 1996, which authorized the Foundation to renovate the City's historic Opera House property and to mortgage the City's Opera House in order to borrow money for the renovations. During fiscal year 1999, the City issued \$3,250,000 in Tax Increment Revenue Bonds (TIF), Series 1998 at 4.9%, repayable over 15 years to pay off the construction loan, to pay for the costs of the bond issuance and to make certain utility improvements.

In August, 2008, the City issued \$1,357,000 Tax Increment Revenue Refunding Bond, Series 2008, for the purpose of refinancing the 1998 Tax Increment Revenue Bonds. Net proceeds of the

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

During the year ended June 30, 2001, the City began assessing an additional 2% fee on meals and lodging within the City in order to help, when needed, repay the TIF bonds issued in 1998 and 2008. For the year ended June 30, 2010, \$592,269 in fees were collected.

At June 30, 2010, 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, 2010, are as follows:

	<u>July 1, 2009</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2010</u>	<u>Due Within One Year</u>
Governmental Activities					
Compensated Absences	\$ 351,355	\$ 252,278	\$ (267,858)	\$ 335,775	\$ 258,811
Net Other Post-Employment Benefit Obligation	3,777	3,723	-	7,500	-
Capital Lease Obligations	1,849,375	191,436	(330,277)	1,710,534	314,022
Special Assessment Debt	<u>1,357,000</u>	<u>-</u>	<u>(261,778)</u>	<u>1,095,222</u>	<u>266,503</u>
Total	<u>\$ 3,561,507</u>	<u>\$ 447,437</u>	<u>\$ (859,913)</u>	<u>\$ 3,149,031</u>	<u>\$ 839,336</u>
Business-Type Activities					
Compensated Absences	\$ 148,900	\$ 129,095	\$ (127,298)	\$ 150,697	\$ 123,900
Other Post-Employment Benefit Obligation	1,823	1,890	-	3,713	-
Refunding Revenue Bonds, Series 2003	872,803	-	(600,561)	272,242	217,969
Revenue Bonds, Series 2007	338,419	-	(34,920)	303,499	36,130
State Revolving Fund Loan	<u>-</u>	<u>8,288,056</u>	<u>-</u>	<u>8,288,056</u>	<u>-</u>
Total	<u>\$ 1,361,945</u>	<u>\$ 8,419,041</u>	<u>\$ (762,779)</u>	<u>\$ 9,018,207</u>	<u>\$ 377,999</u>

The following schedules reflect future principal and interest requirements of the City's outstanding bonds at June 30, 2010.

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

Tax Increment Revenue Bonds, Series 2008			
<u>Fiscal Year</u>	<u>Fiscal Year Principal Due</u>	<u>Fiscal Year Interest Due</u>	<u>Total Principal and Interest Due</u>
2011	\$ 266,503	\$ 34,727	\$ 301,230
2012	271,313	25,019	296,332
2013	276,210	15,137	291,347
2014	281,196	5,076	286,272
Total	<u><u>\$ 1,095,222</u></u>	<u><u>\$ 79,959</u></u>	<u><u>\$ 1,175,181</u></u>

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

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

Fiscal Year	Revenue Bonds, Series 2007 (1)			Refunding Revenue Bonds, Series 2003 (2)			Grand Total, Series 2007 and Series 2003		
	Fiscal Year Principal Due	Fiscal Year Interest Due	Total Principal and Interest Due	Fiscal Year Principal Due	Fiscal Year Interest Due	Total Principal and Interest Due	Grand Total Fiscal Year Principal Due	Grand Total Fiscal Year Interest Due	Grand Total Total Principal and Interest Due
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	\$ 303,499	\$ 41,875	\$ 345,374	\$ 272,242	\$ 5,598	\$ 277,840	\$ 575,741	\$ 47,473	\$ 623,214

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)

CITY OF NEWBERRY
Total Principal and Interest Requirement
of the State Revolving Fund Loan (1)

<u>Fiscal Year</u>	<u>Fiscal Year Principal Due</u>	<u>Fiscal Year Interest Due</u>	<u>Total Principal and Interest Due</u>
2011	\$ -	\$ -	\$ -
2012	237,146	170,821	407,967
2013	323,322	220,633	543,955
2014	331,731	212,224	543,955
2015	340,439	203,516	543,955
2016-2020	1,844,019	875,756	2,719,775
2021-2025	2,112,999	606,776	2,719,775
2026-2030	2,433,177	286,598	2,719,775
2031-2032	665,223	14,720	679,943
Total	<u><u>\$ 8,288,056</u></u>	<u><u>\$ 2,591,044</u></u>	<u><u>\$ 10,879,100</u></u>

This note payable is the responsibility of the Utility Enterprise Fund.

Note 1: On June 24, 2009, the City of Newberry closed on a State Revolving Fund loan in the amount of \$19,236,065. The payment initiation date will be September 11, 2011. Repayment of the principal and interest shall be due in 80 quarterly installments, with the first payment due date scheduled for December 1, 2011. As of June 30, 2010, the City has drawn \$8,288,056 against this loan. The above schedule of principal and interest requirements due represents the pro-rata requirements based on the \$8,288,056 due at June 30, 2010. The City expects to draw the remainder of the proceeds during the next two fiscal years as construction on the wastewater treatment plant rehabilitation and expansion continues.

Note 8 – Interfund Receivables, Payables, and Transfers

At June 30, 2010, interfund receivables and payables resulting from various interfund transactions were as follows:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 50,311	\$ 9,120
Special Revenue Funds		
Cultural Arts	-	4,450
Victim's Rights	9,120	-
Accommodations Tax	-	11,033
Tourism	9,457	-
NANU	-	177
Proprietary Fund - Unrestricted	-	44,108
Total	<u><u>\$ 68,888</u></u>	<u><u>\$ 68,888</u></u>

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

Interfund transfers for the year ended June 30, 2010 were as follows:

	<u>Transfer In</u>		
Transfer Out:	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Permanent Fund</u>
General Fund	\$ -	\$ -	\$ 1,550
Proprietary Funds	1,316,780	-	-
Special Revenue Funds	159,144	-	-
Debt Service Funds	-	25,653	-
	<u><u>\$ 1,475,924</u></u>	<u><u>\$ 25,653</u></u>	<u><u>\$ 1,550</u></u>
			<u><u>\$ 1,503,127</u></u>

Transfers are used to (1) move revenues from the fund with collection authorization to the debt service fund as debt service principal and interest payments become due, (2) move unrestricted general fund revenues to finance various programs that the government accounts for in other funds, (3) move revenues from the utility system to the general government to 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 2010, the cost of power purchased amounted to \$14,379,047. Because of the nature of the agreement, the aggregate commitments over future years cannot be determined.

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

Note 10 – Deferred Compensation Plan

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

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

Note 11 – Post-Employment HealthCare Benefits

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

Note 12 – Post-Employment HealthCare Plan

Plan Description and Funding Policy

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

The State of South Carolina Health Plan blends the experience of actives and retirees, including spouses and dependents, in determining premiums. Retirees are required by the City to bear both the City share and the participant share of premiums at the blended rate for any coverages

elected. As a result, the retirees receive an implicit rate subsidy. The required contributions are based on projected pay-as-you-go financing requirements. For fiscal year 2010, the City contributed \$26,200 to the plan. As of July 1, 2009, there were approximately 13 retirees and 4 spouses receiving health benefits from the City's plan. The City's plan does not issue a stand-alone financial report.

Annual OPEB Cost and Net OPEB Obligation

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

Annual required contribution	\$ 31,800
Interest on net OPEB obligation	252
Adjustment to annual required contribution	(239)
	<hr/>
Annual OPEB cost	31,813
Contributions made	26,200
	<hr/>
Increase in net OPEB obligation	5,613
Net OPEB obligation – beginning of the year	5,600
	<hr/>
Net OPEB obligation – end of the year	<u><u>\$ 11,213</u></u>

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

General Fund (.6688)	\$7,500
Utility Enterprise (.3312)	\$3,713

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2010 was as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
06/30/2010	\$31,813	82.4%	\$11,213

Funded Status and Funding Progress

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

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

Actuarial Methods and Assumptions

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

The following table summarized actuarial methods and assumptions used:

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

Note 13 – Employee Retirement Systems

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

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

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

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

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

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

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

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

Fiscal Period	SCRS		PORS	
	Required	Percent Contributed	Required	Percent Contributed
2010	\$ 369,663	100%	\$ 215,120	100%
2009	365,473	100%	210,366	100%
2008	332,799	100%	204,131	100%

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

Note 14 – Risk Management and Retention

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

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

There have been no significant reductions in insurance coverage during the fiscal year ended June 30, 2010.

Note 15 – Subsequent Events

Subsequent events have been evaluated through November 30, 2010, which is the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

NONMAJOR GOVERNMENTAL FUNDS

CITY OF NEWBERRY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2010
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2009)

	Special Revenue	Debt Service	Permanent	Total June 30, 2010	Total June 30, 2009
Assets					
Cash and investments	\$ 1,455,054	\$ 304,961	\$ 16,855	\$ 1,776,870	\$ 1,625,052
Property taxes receivable, net	-	29,878	-	29,878	30,414
Accounts/fees receivable	52,178	-	-	52,178	47,730
Notes receivable	355,000	-	-	355,000	355,000
Due from other governments	219,542	-	-	219,542	452,651
Interest and other	176	-	44	220	399
Due from other funds	18,577	-	-	18,577	14,409
Total Assets	\$ 2,100,527	\$ 334,839	\$ 16,899	\$ 2,452,265	\$ 2,525,655
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 9,178	\$ -	\$ -	\$ 9,178	\$ 434,948
Deferred revenue	361,663	29,064	-	390,727	383,598
Due to other funds	15,660	-	-	15,660	17,556
Total Liabilities	386,501	29,064	-	415,565	836,102
Fund Balances					
Reserved for					
Japanese Gardens maintenance	-	-	10,000	10,000	10,000
Unreserved					
Undesignated	-	305,775	6,899	312,674	249,218
Designated for future expenditures	1,714,026	-	-	1,714,026	1,430,335
Total Fund Balances	1,714,026	305,775	16,899	2,036,700	1,689,553
Total Liabilities and Fund Balances	\$ 2,100,527	\$ 334,839	\$ 16,899	\$ 2,452,265	\$ 2,525,655

CITY OF NEWBERRY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2010
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2009)

	Special Revenue	Debt Service	Permanent	Total June 30, 2010	Total June 30, 2009
Revenues					
Property taxes	\$ -	\$ 367,841	\$ -	\$ 367,841	\$ 359,737
Charges for services	599,084	-	-	599,084	558,573
Intergovernmental	853,970	26,896	-	880,866	1,074,418
Fines, forfeitures and penalties	62,978	-	-	62,978	56,880
Donations	3,500	-	-	3,500	1,750
Rental and other	81,848	-	5,000	86,848	77,761
Interest	2,416	226	136	2,778	4,710
Total Revenues	1,603,796	394,963	5,136	2,003,895	2,133,829
Expenditures					
Public safety	96,180	-	-	96,180	79,173
Community development	726,363	-	6,500	732,863	785,508
Non-departmental	249,382	-	-	249,382	281,406
Debt service					
Principal	74,777	261,778	-	336,555	306,914
Interest	39,912	44,262	-	84,174	108,734
Total Expenditures	1,186,614	306,040	6,500	1,499,154	1,561,735
Excess (Deficiency) of Revenues Over Expenditures	417,182	88,923	(1,364)	504,741	572,094
Other Financing Sources (Uses)					
Transfers in (out)	(133,491)	(25,653)	1,550	(157,594)	(159,018)
Issuance of bonds	-	-	-	-	1,357,000
Payoff of 1998 TIF Bond	-	-	-	-	(1,350,000)
Total Other Financing Sources (Uses)	(133,491)	(25,653)	1,550	(157,594)	(152,018)
Net Change in Fund Balances	283,691	63,270	186	347,147	420,076
Fund Balances, beginning	1,430,335	242,505	16,713	1,689,553	1,269,477
Fund Balances, ending	\$ 1,714,026	\$ 305,775	\$ 16,899	\$ 2,036,700	\$ 1,689,553

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, 2010 AND 2009**

	2010	2009
Assets		
Assets		
Cash and investments	\$ 5,172,803	\$ 4,875,920
Receivables (net of allowances for uncollectibles)		
Taxes	143,239	150,455
Intergovernmental	112,221	268,307
Interest receivable	347	579
Other	28,402	47,946
Due from other funds	50,311	55,906
Inventories	36,112	29,952
Total Assets	\$ 5,543,435	\$ 5,429,065
Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ 13,922	\$ 55,739
Intergovernmental	39,210	52,980
Accrued salaries and payroll liabilities	242,366	230,171
Due to other funds	9,120	4,825
Deferred revenue	122,968	121,437
Total Liabilities	427,586	465,152
Fund Balances		
Unreserved		
Undesignated	4,109,488	3,894,780
Designated for general government		
Depreciation fund	1,006,361	1,006,361
Fire department capital	-	62,772
Total Fund Balances	5,115,849	4,963,913
Total Liabilities and Fund Balances	\$ 5,543,435	\$ 5,429,065

CITY OF NEWBERRY
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2010
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2009)

	Budgeted Amounts		Actual Amounts	Variance With Final Budget	Year Ended June 30, 2009
	Original	Final			
Revenues					
Taxes	\$ 2,048,459	\$ 2,043,400	\$ 2,093,574	\$ 50,174	\$ 2,113,261
Licenses, permits and franchise fees	1,404,185	1,367,750	1,379,518	11,768	1,401,080
Fines and forfeitures	653,250	682,525	692,383	9,858	721,735
Charges for services	651,000	637,878	652,712	14,834	647,832
Intergovernmental	1,655,076	1,396,704	1,225,875	(170,829)	1,380,986
Miscellaneous	28,483	29,982	79,034	49,052	66,629
Total Revenues	6,440,453	6,158,239	6,123,096	(35,143)	6,331,523
Expenditures					
General government					
City council	67,795	65,049	59,032	6,017	68,284
City manager	235,434	231,483	228,496	2,987	234,686
Human resources	91,506	91,506	88,901	2,605	90,284
Finance	236,485	235,549	223,753	11,796	224,357
City hall	34,970	29,880	28,393	1,487	105,280
Planning and development	266,850	265,801	255,355	10,446	217,998
Public safety					
Police department	1,749,319	1,711,882	1,566,680	145,202	1,595,945
Justice and law	478,075	538,749	524,829	13,920	539,388
Fire department	1,256,663	1,285,685	1,217,791	67,894	902,654
Public works					
Public works administration	128,929	128,929	128,926	3	127,086
Streets	475,533	569,792	411,411	158,381	547,569
Sanitation	518,802	499,956	487,751	12,205	538,477
Building maintenance	63,561	63,888	63,353	535	58,676
Garage	142,073	142,515	141,487	1,028	136,505
Parks, recreation, and tourism					
Parks, recreation, and tourism	449,789	445,385	430,531	14,854	465,227
Non-departmental					
General insurance	92,555	85,800	84,823	977	77,181
Employee benefits	1,432,145	1,388,094	1,310,085	78,009	1,256,924
Community promotions and projects	105,450	110,203	101,810	8,393	148,955
Capitalized lease payments	284,999	283,563	283,563	-	242,459
Total Expenditures	8,110,933	8,173,709	7,636,970	536,739	7,577,935
Excess (Deficiency) of Revenues Over Expenditures	(1,670,480)	(2,015,470)	(1,513,874)	501,596	(1,246,412)

(Continued)

CITY OF NEWBERRY
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2010
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2009)

	Budgeted Amounts		Actual Amounts	Variance With Final Budget	Year Ended June 30, 2009
	Original	Final			
Other Financing Sources (Uses)					
Capital leases	\$ 195,000	\$ 191,436	\$ 191,436	\$ -	\$ 185,300
Transfers in (out)					
Japanese Gardens fund	(1,550)	(1,550)	(1,550)	-	(1,550)
State accommodations tax fund	26,750	26,750	26,984	234	27,068
Local hospitality/accommodations fund	133,500	133,500	133,500	-	133,500
Victim's assistance fund	-	(1,340)	(1,340)	-	-
Utility system	1,316,780	1,316,780	1,316,780	-	1,264,102
Total Other Financing Sources (Uses)	<u>1,670,480</u>	<u>1,665,576</u>	<u>1,665,810</u>	<u>234</u>	<u>1,608,420</u>
Excess (Deficiency) of Revenues and Other Financing Sources (Uses) Over Expenditures	-	(349,894)	151,936	501,830	362,008
Fund Balances, beginning	<u>4,963,913</u>	<u>4,963,913</u>	<u>4,963,913</u>	<u>-</u>	<u>4,601,905</u>
Fund Balances, ending	<u>\$ 4,963,913</u>	<u>\$ 4,614,019</u>	<u>\$ 5,115,849</u>	<u>\$ 501,830</u>	<u>\$ 4,963,913</u>

CITY OF NEWBERRY
GENERAL FUND
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2010
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2009)

	Budgeted Amounts		Actual	Variance with	Year Ended
	Original	Final	Amounts	Final Budget	June 30, 2009
Taxes					
Vehicle property taxes	\$ 220,000	\$ 205,000	\$ 189,121	\$ (15,879)	\$ 218,750
Other current property taxes	1,770,000	1,780,000	1,831,909	51,909	1,794,528
Delinquent property tax	42,000	42,000	50,841	8,841	74,451
Tax penalties	15,000	15,000	19,117	4,117	24,074
Fees in lieu of taxes	1,459	1,400	2,586	1,186	1,458
Totals	2,048,459	2,043,400	2,093,574	50,174	2,113,261
Licenses, Permits and Franchise Fees					
Business licenses	1,246,635	1,230,750	1,241,603	10,853	1,232,495
Business license penalties	5,200	6,000	8,916	2,916	6,435
Building/sign permits	45,000	40,000	32,151	(7,849)	51,543
Inspections, lot clearing, zoning	36,500	25,100	25,654	554	44,267
Cable TV	67,000	62,300	63,988	1,688	64,975
Franchise Fees	3,850	3,600	7,206	3,606	1,365
Totals	1,404,185	1,367,750	1,379,518	11,768	1,401,080
Fines and Forfeitures					
Court fines, forfeitures and other	653,250	682,525	692,383	9,858	721,735
Totals	653,250	682,525	692,383	9,858	721,735
Charges for Services					
Recreation revenues	35,000	37,878	40,873	2,995	38,420
Public works charges	616,000	600,000	611,839	11,839	609,412
Totals	651,000	637,878	652,712	14,834	647,832
Intergovernmental					
Federal government					
Grants/receipts	445,601	103,870	42,112	(61,758)	33,135
State of South Carolina					
Merchants' inventory tax	58,392	58,392	58,392	-	58,392
Local government fund	288,724	279,944	276,411	(3,533)	329,596
Other receipts	121,900	199,745	91,862	(107,883)	216,641
Newberry County and county schools					
Recreation fee	18,000	18,000	20,345	2,345	20,760
County fire contribution	199,775	220,374	220,374	-	199,778
Economic Development Contribution	20,000	20,000	20,000	-	20,000
Clinton Newberry Natural Gas Authority	502,684	496,379	496,379	-	502,684
Totals	1,655,076	1,396,704	1,225,875	(170,829)	1,380,986
Miscellaneous Revenues					
Sale of unserviceable equipment	3,482	3,482	23,275	19,793	3,837
Other	10,001	13,000	41,297	28,297	31,482
Interest earned	15,000	13,500	14,462	962	31,310
Totals	28,483	29,982	79,034	49,052	66,629
Total Revenues	\$ 6,440,453	\$ 6,158,239	\$ 6,123,096	\$ (35,143)	\$ 6,331,523

CITY OF NEWBERRY
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2010
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2009)

	Budgeted Amounts		Actual	Variance With	Year Ended
	Original	Final	Amounts	Final Budget	June 30, 2009
General Government					
City Council					
Salaries and wages	\$ 41,802	\$ 41,802	\$ 41,622	\$ 180	\$ 41,667
Overtime	100	100	-	100	-
Printing	2,000	2,000	1,517	483	1,059
Office supplies	1,500	1,500	488	1,012	1,107
Postage	500	500	209	291	284
Membership	317	317	-	317	360
Travel	14,434	13,638	11,308	2,330	16,656
Telephone	1,000	1,050	815	235	655
Advertising	625	625	168	457	489
Rental/lease of equipment	2,200	2,200	2,229	(29)	2,033
Employee training	317	317	150	167	-
Municipal election	-	-	126	(126)	1,600
Codification	3,000	1,000	400	600	2,374
Totals	67,795	65,049	59,032	6,017	68,284
City Manager					
Salaries and wages	209,531	203,724	201,986	1,738	209,324
Overtime	100	50	-	50	-
Printing	300	300	281	19	87
Office supplies	800	700	608	92	852
Postage	400	400	289	111	124
Membership, dues and subscriptions	2,552	2,202	2,121	81	2,448
Travel	5,351	3,987	3,955	32	6,345
Car allowance	10,800	12,500	12,406	94	10,830
Telephone	2,300	3,020	2,338	682	2,038
Small equipment purchases	-	200	150	50	-
Advertising	200	100	34	66	-
Rental/lease of equipment	2,600	2,600	2,659	(59)	2,638
Employee training	500	1,700	1,669	31	-
Totals	235,434	231,483	228,496	2,987	234,686
Human Resources					
Salaries and wages	84,246	84,246	83,759	487	84,475
Printing	700	580	560	20	279
Office supplies	1,150	918	669	249	1,077
Postage	300	278	169	109	119
Membership, dues and subscriptions	455	455	50	405	320
Travel	1,705	1,705	1,267	438	1,783
Telephone	800	1,040	550	490	554
Safety training/hygiene	200	100	-	100	-
Advertising	200	100	-	100	-
Rental/lease of equipment	1,500	1,834	1,728	106	1,427
Employee training	250	250	149	101	250
Totals	91,506	91,506	88,901	2,605	90,284

(Continued)

CITY OF NEWBERRY
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2010
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2009)

	Budgeted Amounts		Actual	Variance With	Year Ended
	Original	Final	Amounts	Final Budget	June 30, 2009
General Government (Continued)					
Finance					
Salaries and wages	\$ 182,924	\$ 182,096	\$ 179,957	\$ 2,139	\$ 179,868
Overtime	300	300	-	300	-
Printing	835	834	834	-	2,152
Office supplies	4,000	3,700	3,047	653	3,658
Postage	3,100	3,100	2,785	315	2,833
Membership, dues and subscriptions	540	540	340	200	368
Travel	1,315	1,315	1,014	301	1,024
Telephone	1,150	1,725	1,140	585	1,042
Maintenance contracts	13,206	13,206	9,939	3,267	10,293
Equipment repair	500	500	-	500	-
Small equipment purchases	1,660	1,660	1,111	549	733
Advertising	850	850	701	149	46
Rental/lease of equipment	4,520	4,520	4,247	273	4,167
Employee training	485	485	165	320	560
Auditor	11,000	10,968	10,968	-	9,958
Refunds	1,000	650	-	650	-
Preparation of taxes	7,600	7,600	7,010	590	7,155
Computer programming	1,500	1,500	495	1,005	500
Totals	236,485	235,549	223,753	11,796	224,357
City Hall					
Telephone	200	100	126	(26)	139
Service contracts	34,170	29,180	28,267	913	31,491
Machines & equipment	-	-	-	-	56,950
Building	-	-	-	-	16,700
Small equipment purchases	600	600	-	600	-
Totals	34,970	29,880	28,393	1,487	105,280
Planning and Development					
Salaries and wages	167,416	167,416	161,012	6,404	167,413
Overtime	250	250	-	250	84
Printing	1,400	1,400	1,660	(260)	359
Office supplies	2,200	2,200	2,039	161	2,098
Postage	1,600	1,600	730	870	795
Membership, dues and subscriptions	1,155	1,155	925	230	1,197
Travel	4,145	4,145	2,661	1,484	4,478
Vehicle fuel	2,182	1,723	1,689	34	2,521
Vehicle repair	500	500	178	322	227
Tires and tubes	500	500	-	500	210
Utilities - annex	4,500	4,500	3,268	1,232	2,539
Telephone	1,800	2,832	1,744	1,088	1,301
Maintenance contracts	4,630	4,630	4,952	(322)	3,676
Building and fixture repairs	4,000	3,000	2,076	924	2,180
Small hand tools	250	250	326	(76)	260
Uniforms	800	800	794	6	807
Safety supplies	100	100	85	15	62

(Continued)

CITY OF NEWBERRY
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2010
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2009)

	Budgeted Amounts		Actual	Variance With	Year Ended
	Original	Final	Amounts	Final Budget	June 30, 2009
General Government (Continued)					
Planning and Development (Continued)					
Advertising	\$ 1,400	\$ 1,000	\$ 625	\$ 375	\$ 353
Rental/lease of equipment	5,472	5,472	5,162	310	3,858
Employee training	1,150	1,150	680	470	925
Boards and commissions	1,650	1,000	1,000	-	675
Refunds	500	500	-	500	-
Code enforcements	38,750	38,750	43,225	(4,475)	20,481
Computer programming	2,000	2,000	1,499	501	1,499
Automotive equipment	18,500	18,928	19,025	(97)	-
Totals	266,850	265,801	255,355	10,446	217,998
Public Safety					
Police Department					
Salaries and wages	1,316,380	1,303,431	1,246,400	57,031	1,218,282
Holiday pay	46,211	46,211	41,538	4,673	39,422
Training pay	5,500	5,500	4,929	571	7,035
Court pay	500	500	200	300	120
Overtime	5,500	5,500	4,305	1,195	6,423
Callbacks	14,000	14,000	9,117	4,883	13,075
Printing	2,500	2,500	537	1,963	1,201
Office supplies	2,800	2,800	2,749	51	2,694
Crime prevention	750	750	655	95	29
Postage	500	500	465	35	496
Membership, dues and subscriptions	2,519	2,519	2,529	(10)	2,561
Travel	1,525	1,525	925	600	1,243
Vehicle fuel	76,100	73,402	77,430	(4,028)	83,633
Vehicle repair	13,000	13,000	13,264	(264)	15,057
Tires and tubes	5,000	5,000	6,836	(1,836)	7,465
Utilities	12,000	12,000	11,825	175	10,788
Telephone	4,500	12,374	4,959	7,415	3,443
Maintenance contracts	6,800	6,800	4,916	1,884	5,082
Equipment repair	4,000	4,000	1,114	2,886	1,611
Building and fixture repairs	800	2,300	4,764	(2,464)	1,455
Small hand tools	600	600	334	266	326
Small equipment purchases	24,783	23,443	19,009	4,434	17,248
LEN - small equipment purchases	6,000	1,263	1,263	-	9,705
LEN - other agencies	18,000	7,542	7,541	1	18,795
Uniforms	15,000	15,000	13,763	1,237	16,008
Safety training/hygiene	3,000	3,000	1,720	1,280	3,649
Dry cleaning and laundry	4,000	4,000	456	3,544	930
Janitorial services	2,000	2,000	1,583	417	1,246
Medical and lab services	550	550	17	533	282
Prisoner care	5,000	5,000	1,350	3,650	8,250
Advertising	700	700	126	574	581
Rental/lease of equipment	6,200	6,200	6,167	33	6,167
Employee training	2,000	3,300	2,977	323	2,979
Photo supplies	500	500	223	277	10
Special investigation	700	700	301	399	364
Automotive equipment	67,800	42,113	43,958	(1,845)	88,290
Contracts	71,601	-	-	-	-

(Continued)

**CITY OF NEWBERRY
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2010
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2009)**

	Budgeted Amounts		Actual	Variance With	Year Ended
	Original	Final	Amounts	Final Budget	June 30, 2009
Public Safety (Continued)					
Police Department (Continued)					
Stim grant auto purchase	\$ -	\$ 25,687	\$ 25,635	\$ 52	\$ -
Stim grant HVAC	-	55,672	800	54,872	-
Totals	1,749,319	1,711,882	1,566,680	145,202	1,595,945
Justice and Law					
Salaries and wages	89,062	92,694	86,180	6,514	81,211
Overtime	300	300	-	300	-
State assessments	351,540	403,650	404,708	(1,058)	426,156
Printing	1,200	1,200	902	298	796
Office supplies	2,010	2,010	1,260	750	1,071
Postage	1,100	1,350	1,486	(136)	1,137
Memberships, dues and subscriptions	60	60	90	(30)	60
Refund of fines	12,800	12,800	9,117	3,683	11,171
Travel	1,529	1,529	1,602	(73)	1,278
Jury fees	1,300	1,300	2,240	(940)	1,690
Telephone	-	619	216	403	-
Maintenance contracts	1,800	1,800	1,800	-	1,800
Small equipment purchases	1,000	1,000	-	1,000	78
Rental/lease of equipment	1,620	1,620	1,614	6	1,616
Employee training	460	460	268	192	525
Legal services	12,294	8,662	5,674	2,988	10,799
Stim grant equipment	-	7,695	7,672	23	-
Totals	478,075	538,749	524,829	13,920	539,388
Fire Department					
Salaries and wages	715,163	715,163	712,601	2,562	689,894
Training pay	6,000	6,000	4,008	1,992	3,022
Volunteer pay	10,000	9,500	4,042	5,458	3,678
Overtime	1,000	1,000	161	839	324
Callbacks	15,000	15,000	10,001	4,999	10,668
Printing	1,100	1,100	719	381	1,017
Office supplies	2,400	2,400	2,220	180	2,551
Postage	650	650	516	134	645
Membership, dues and subscriptions	765	765	730	35	691
Travel	5,497	6,257	2,816	3,441	5,108
Vehicle fuel	11,994	8,331	10,192	(1,861)	12,351
Vehicle repair	10,000	10,000	6,560	3,440	9,596
Tires and tubes	1,000	1,000	75	925	452
Utilities	33,863	33,863	30,494	3,369	30,366
Telephone	3,500	4,450	3,216	1,234	2,483
Maintenance contracts	12,000	12,000	11,726	274	11,701
Equipment repair	4,000	4,000	3,114	886	3,781
Fire extinguishers	750	750	445	305	1,099
Building and fixture repairs	7,600	7,600	5,073	2,527	7,305
Small hand tools	2,500	2,500	1,947	553	2,266
Small equipment purchases	8,300	8,300	7,814	486	8,381
Radio supplies and maintenance	6,800	6,800	6,399	401	6,785

(Continued)

CITY OF NEWBERRY
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2010
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2009)

	Budgeted Amounts		Actual	Variance With	Year Ended
	Original	Final	Amounts	Final Budget	June 30, 2009
Public Safety (Continued)					
Fire Department (Continued)					
Uniforms	\$ 7,000	\$ 7,000	\$ 6,857	\$ 143	\$ 6,911
Safety equipment	9,265	9,265	8,390	875	11,382
Safety training/hygiene	1,530	1,530	1,406	124	1,519
Dry cleaning and laundry	500	500	304	196	343
Cleaning and sanitation supplies	2,000	2,000	2,012	(12)	1,985
Janitorial services	350	350	343	7	273
Medical and lab services	500	500	376	124	237
Advertising	500	500	400	100	400
Rental/lease of equipment	5,386	5,386	5,428	(42)	5,386
Employee training	1,950	1,950	1,923	27	517
Physical exams	3,600	3,600	2,944	656	6,927
Fire hose supplies	2,500	2,500	2,500	-	2,389
Boarding supplies	3,000	3,000	2,871	129	2,713
Photo supplies	200	200	31	169	74
Fire investigation unit	400	400	80	320	397
Fire prevention	6,000	6,000	5,874	126	5,222
Volunteer firemen	1,900	1,900	1,197	703	1,156
Explorer scout post	200	200	90	110	125
Automobile equipment	350,000	350,000	349,446	554	23,877
Machines and equipment	-	-	-	-	16,657
Stim grant HVAC equipment	-	31,475	450	31,025	-
Totals	1,256,663	1,285,685	1,217,791	67,894	902,654
Public Works					
Public Works Administration					
Salaries and wages	104,722	104,722	104,992	(270)	104,690
Overtime	75	75	-	75	5
Office supplies	1,275	1,275	1,224	51	1,128
Postage	100	100	136	(36)	30
Membership, dues and subscriptions	100	100	-	100	70
Travel	200	200	110	90	49
Vehicle fuel	1,599	1,462	1,090	372	1,680
Vehicle repair	300	300	481	(181)	278
Tires and tubes	225	225	206	19	223
Utilities	10,095	10,095	13,396	(3,301)	10,192
Telephone	2,161	2,433	1,383	1,050	2,050
Maintenance contracts	4,149	4,149	3,937	212	3,960
Equipment repair	300	300	189	111	-
Small equipment purchases	-	-	-	-	148
Radio maintenance	150	150	-	150	-
Safety equipment	780	780	29	751	706
Safety training and hygiene	96	96	-	96	46
Cleaning and sanitation	100	100	27	73	29
Advertising	1,000	865	265	600	674
Rental/lease of equipment	1,003	1,003	1,003	-	1,003
Employee training	499	499	458	41	125
Totals	128,929	128,929	128,926	3	127,086

(Continued)

CITY OF NEWBERRY
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2010
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2009)

	Budgeted Amounts		Actual	Variance With	Year Ended
	Original	Final	Amounts	Final Budget	June 30, 2009
Public Works (Continued)					
Streets					
Salaries and wages	\$ 279,718	\$ 266,257	\$ 250,610	\$ 15,647	\$ 246,968
Holiday pay	100	100	-	100	22
Overtime	5,500	5,500	4,230	1,270	3,991
Travel	100	100	-	100	-
Vehicle fuel	16,943	14,182	14,587	(405)	16,995
Vehicle repair	5,000	5,000	2,723	2,277	1,600
Tires and tubes	5,136	5,136	2,884	2,252	4,719
High school contract	4,000	3,678	1,774	1,904	2,351
Equipment repair	12,000	12,000	15,596	(3,596)	12,861
Small hand tools	550	550	196	354	522
Cement and masonry	1,000	1,000	21	979	371
Sidewalk repair	15,000	15,000	996	14,004	4,322
Storm drain and pipe	1,000	1,000	139	861	-
Asphalt supplies and gravel	7,000	7,000	3,769	3,231	2,310
Radio maintenance	250	250	-	250	112
Uniforms	986	1,626	705	921	1,448
Safety equipment	1,500	1,500	850	650	1,085
Safety training/hygiene	500	500	93	407	124
Chemicals	9,000	9,000	7,468	1,532	5,865
Signs	5,000	5,000	1,137	3,863	2,751
Employee training	250	250	214	36	120
General supplies	2,000	2,000	1,806	194	1,080
Rights of way	3,000	86,653	82,820	3,833	143,631
Street paving/resurfacing	100,000	100,000	-	100,000	45,045
Stormwater management	-	26,510	18,793	7,717	49,276
Totals	475,533	569,792	411,411	158,381	547,569
Sanitation					
Salaries and wages	168,190	168,190	169,015	(825)	201,841
Holiday	550	550	697	(147)	423
Overtime	10,000	10,000	7,736	2,264	6,638
Vehicle fuel	53,722	49,211	51,164	(1,953)	58,211
Vehicle repair	19,000	19,000	19,061	(61)	13,053
Tires and tubes	18,000	18,000	14,487	3,513	21,704
Maintenance contracts	-	-	-	-	120
Equipment repair	25,000	25,000	17,269	7,731	30,040
Small hand tools	170	170	53	117	170
Small equipment purchases	26,420	15,649	15,649	-	19,064
Radio maintenance	325	325	126	199	197
Uniforms	493	493	315	178	880
Safety equipment	400	400	527	(127)	206
Safety training/hygiene	532	532	93	439	396
Chemicals	250	250	-	250	-
General supplies	750	750	123	627	234
Automotive equipment	195,000	191,436	191,436	-	185,300
Totals	518,802	499,956	487,751	12,205	538,477

(Continued)

CITY OF NEWBERRY
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2010
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2009)

	Budgeted Amounts		Actual	Variance With	Year Ended
	Original	Final	Amounts	Final Budget	June 30, 2009
Public Works (Continued)					
Building Maintenance					
Salaries and wages	\$ 57,429	\$ 57,429	\$ 57,467	\$ (38)	\$ 53,748
Overtime	200	225	146	79	55
Vehicle fuel	2,151	2,453	2,505	(52)	2,685
Vehicle repair	300	300	311	(11)	223
Tires and tubes	366	366	402	(36)	-
Equipment repairs	100	100	33	67	32
Building and fixture repairs	1,200	1,200	1,258	(58)	320
Small hand tools	350	350	210	140	404
Small equipment purchases	400	400	150	250	459
Radio maintenance	50	50	27	23	-
Uniforms	390	390	222	168	484
Safety equipment	125	125	40	85	7
General supplies	500	500	582	(82)	259
Totals	63,561	63,888	63,353	535	58,676
Garage					
Salaries and wages	112,152	112,152	111,896	256	107,802
Overtime	250	750	726	24	134
Membership, dues and subscriptions	35	35	75	(40)	35
Travel	100	100	29	71	-
Vehicle fuel	1,611	1,553	2,000	(447)	1,913
Vehicle repair	350	350	262	88	276
Tires and tubes	350	350	103	247	210
Grease and oil	7,800	7,800	9,391	(1,591)	6,398
Telecommunications	-	200	914	(714)	-
Disposal	1,300	1,300	1,181	119	910
Equipment repair	4,000	4,000	3,213	787	3,015
Building and fixture repairs	1,750	1,750	549	1,201	1,946
Small hand tools	1,500	1,500	1,498	2	1,297
Small equipment purchases	2,000	1,800	624	1,176	3,515
Radio maintenance	150	150	-	150	-
Uniforms	390	390	240	150	390
Safety equipment	175	175	212	(37)	82
Safety training/hygiene	150	150	136	14	46
Chemicals	1,300	1,300	1,254	46	1,212
Rental/lease of equipment	510	510	460	50	502
Employee training	100	100	190	(90)	25
General supplies	6,100	6,100	6,534	(434)	6,797
Totals	142,073	142,515	141,487	1,028	136,505
Parks, Recreation, and Tourism					
Salaries and wages	293,400	290,800	285,372	5,428	284,513
Overtime	-	3,000	2,534	466	4,687
Printing	1,500	1,400	1,164	236	1,433
Office supplies	1,750	1,750	1,576	174	1,383
Postage	850	850	609	241	602
Membership, dues and subscriptions	630	630	583	47	580

(Continued)

CITY OF NEWBERRY
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2010
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2009)

	Budgeted Amounts		Actual Amounts	Variance With Final Budget	Year Ended June 30, 2009
	Original	Final			
Parks, Recreation, and Tourism (Continued)					
Travel	\$ 425	\$ 425	\$ 415	\$ 10	\$ 413
Vehicle fuel	9,684	8,333	9,260	(927)	11,262
Vehicle repair	2,000	2,000	1,699	301	1,422
Tires and tubes	800	1,645	1,737	(92)	667
Utilities	26,500	26,000	26,019	(19)	25,953
Telephone	1,600	2,631	1,832	799	1,289
Maintenance contracts	2,000	2,000	1,459	541	
Equipment repair	3,500	3,950	3,771	179	2,233
Building and fixture repairs	15,000	11,950	10,700	1,250	15,815
Landscape repair	2,500	2,500	2,499	1	4,845
Small hand tools	700	700	637	63	647
Small equipment purchases	2,000	2,000	1,776	224	880
Storm drain/pipe	1,000	1,000	-	1,000	418
Asphalt supplies/gravel	1,500	1,000	619	381	-
Radio maintenance	500	500	-	500	-
Uniforms	1,500	1,500	1,027	473	1,116
Safety training/hygiene	1,500	1,500	551	949	1,164
Cleaning and sanitation supplies	850	850	600	250	499
Chemicals	3,000	3,000	2,614	386	2,914
Advertising	1,500	1,500	1,380	120	1,450
Rental/lease of equipment	3,700	3,600	3,627	(27)	3,817
Employee training	600	600	160	440	100
Football	6,000	6,189	6,133	56	5,566
Baseball	10,000	10,600	10,579	21	11,177
Softball	2,000	2,200	1,638	562	1,678
Basketball	3,200	3,200	3,205	(5)	3,187
Senior adult programs	3,000	2,500	1,693	807	2,855
Other events	10,000	10,600	10,581	19	7,110
Participant's travel	-	705	705	-	-
Automobile equipment	17,100	17,787	17,787	-	-
Machines and equipment	-	-	-	-	17,470
Buildings/resurface courts	18,000	13,990	13,990	-	46,082
Totals	449,789	445,385	430,531	14,854	465,227
Non-Departmental					
General Insurance					
Claims reimbursement	1,500	800	-	800	-
SCMIRF	91,055	85,000	84,823	177	77,181
Totals	92,555	85,800	84,823	977	77,181
Employee Benefits					
SC retirement	169,801	168,335	168,360	(25)	170,374
SC police retirement	246,622	234,459	216,027	18,432	211,283
Social security	301,683	299,460	271,782	27,678	272,945
City's share of employee insurance	568,364	542,945	533,524	9,421	490,331
Workers' compensation	83,325	69,425	57,568	11,857	72,658

(Continued)

CITY OF NEWBERRY
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2010
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2009)

	Budgeted Amounts		Actual	Variance With	Year Ended
	Original	Final	Amounts	Final Budget	June 30, 2009
Non-Departmental (Continued)					
Employee Benefits (Continued)					
Workers' comp. deductibles	\$ 30,000	\$ 40,500	\$ 37,955	\$ 2,545	\$ 12,828
Unemployment	6,500	6,500	6,656	(156)	9,754
Employer/employee relations	22,000	22,000	14,918	7,082	13,919
Physical exams	2,000	2,000	1,135	865	1,337
Wellness program	1,850	2,470	2,160	310	1,495
Totals	1,432,145	1,388,094	1,310,085	78,009	1,256,924
Community Promotions and Projects					
MASC dues	5,285	5,285	5,285	-	5,285
Small equipment purchases	-	3,583	3,583	-	-
Council on aging	4,000	4,000	4,000	-	4,000
City newsletter	3,000	3,000	-	3,000	-
Newberry Co. LEOA	1,500	1,500	1,500	-	1,500
Community enhancement	17,830	12,500	9,541	2,959	12,732
Economic Dev Contributions	5,000	5,000	5,000	-	5,000
Economic Dev Study	-	-	-	-	25,000
reimbursement	-	-	-	-	27,368
City beautification	60,000	66,500	64,066	2,434	59,235
Parking lot rental	900	900	900	-	900
Regional planning	7,935	7,935	7,935	-	7,935
Totals	105,450	110,203	101,810	8,393	148,955
Capital lease principal and Interest payments	284,999	283,563	283,563	-	242,459
Totals	284,999	283,563	283,563	-	242,459
Grand Totals	\$ 8,110,933	\$ 8,173,709	\$ 7,636,970	\$ 536,739	\$ 7,577,935

SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

Telecommunications Fund – This fund is used to account for the transactions related to the establishment of 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.

Community Housing/Development Fund – This fund is used to account for the transactions related to certain funding sources made available for the purpose of housing rehabilitation and community development.

CITY OF NEWBERRY
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2010
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2009)

	NANU	Federal Equitable Sharing	Tourism Fund	Special Events Fund	State Accommodations Tax Fund	Cultural Arts Fund	Community Housing/ Development
Assets							
Cash and cash investments	\$ 38,242	\$ 12,764	\$ 89,312	\$ 11,250	\$ 6,217	\$ 11,587	\$ 859,163
Accounts/fees receivable	-	-	22	-	-	-	-
Notes receivable	-	-	-	-	-	-	355,000
Due from other governments	-	-	-	-	31,523	-	188,019
Other	-	-	3	-	-	-	153
Due from other funds	-	-	9,457	-	-	-	-
Total Assets	<u>\$ 38,242</u>	<u>\$ 12,764</u>	<u>\$ 98,794</u>	<u>\$ 11,250</u>	<u>\$ 37,740</u>	<u>\$ 11,587</u>	<u>\$ 1,402,335</u>
Liabilities and Fund Balances							
Liabilities							
Accounts payable	\$ -	\$ -	\$ 1,732	\$ -	\$ -	\$ 5,937	\$ 1,000
Deferred revenue	-	-	6,663	-	-	-	355,000
Due to other funds	177	-	-	-	11,033	4,450	-
Total Liabilities	<u>177</u>	<u>-</u>	<u>8,395</u>	<u>-</u>	<u>11,033</u>	<u>10,387</u>	<u>356,000</u>
Fund Balances							
Unreserved							
Designated for future expenditures	38,065	12,764	90,399	11,250	26,707	1,200	1,046,335
Total Liabilities and Fund Balances	<u>\$ 38,242</u>	<u>\$ 12,764</u>	<u>\$ 98,794</u>	<u>\$ 11,250</u>	<u>\$ 37,740</u>	<u>\$ 11,587</u>	<u>\$ 1,402,335</u>

Streetscape Fund	Tele- communications Fund	Local Hospitality Fee Fund	Volunteer Fire	Victim's Rights Fund	Totals June 30,2010	Totals June 30,2009
\$ 122,683	\$ 37,102	\$ 145,009	\$ 9,367	\$ 112,358	\$ 1,455,054	\$ 1,373,445
-	-	52,156	-	-	52,178	47,730
-	-	-	-	-	355,000	355,000
-	-	-	-	-	219,542	452,651
-	-	9	-	11	176	374
-	-	-	-	9,120	18,577	14,409
<u>\$ 122,683</u>	<u>\$ 37,102</u>	<u>\$ 197,174</u>	<u>\$ 9,367</u>	<u>\$ 121,489</u>	<u>\$ 2,100,527</u>	<u>\$ 2,243,609</u>
\$ -	\$ -	\$ -	\$ 43	\$ 466	\$ 9,178	\$ 434,948
-	-	-	-	-	361,663	360,770
-	-	-	-	-	15,660	17,556
-	-	-	43	466	386,501	813,274
<u>122,683</u>	<u>37,102</u>	<u>197,174</u>	<u>9,324</u>	<u>121,023</u>	<u>1,714,026</u>	<u>1,430,335</u>
<u>\$ 122,683</u>	<u>\$ 37,102</u>	<u>\$ 197,174</u>	<u>\$ 9,367</u>	<u>\$ 121,489</u>	<u>\$ 2,100,527</u>	<u>\$ 2,243,609</u>

CITY OF NEWBERRY
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2010
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2009)

	NANU	Federal Equitable Sharing	Tourism Fund	Special Events Fund	State Accommodations Tax Fund	Cultural Arts Fund
Revenues						
Fees						
Hospitality	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accommodations	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Intergovernmental						
Public safety	-	-	-	-	-	-
Community development	-	-	-	-	-	-
Grants	-	-	-	-	-	-
Accommodations tax	-	-	-	-	64,682	-
Local						
Other	300	-	-	6,815	-	-
Drug seizure	13,625	-	-	-	-	-
Donations	-	-	-	3,500	-	-
Rental and other	-	-	44,463	-	-	37,085
Interest Income	-	-	13	-	-	2
Total Revenues	<u>13,925</u>	<u>-</u>	<u>44,476</u>	<u>10,315</u>	<u>64,682</u>	<u>37,087</u>
Expenditures						
Grants						
Operating expenditures	-	-	-	-	-	-
Capital expenditures	-	-	-	-	-	-
Other						
Operating expenditures	7,117	-	202,871	14,913	-	194,469
Capital expenditures	-	-	-	-	-	-
Tourism contribution/NOHF	-	-	-	-	21,000	-
Debt service						
Principal	-	-	74,777	-	-	-
Interest	-	-	39,912	-	-	-
Total Expenditures	<u>7,117</u>	<u>-</u>	<u>317,560</u>	<u>14,913</u>	<u>21,000</u>	<u>194,469</u>
Excess (Deficiency) of						
Revenues Over Expenditures	6,808	-	(273,084)	(4,598)	43,682	(157,382)
Other Financing Sources (Uses)						
Transfers in (out)						
General Fund	-	-	-	-	(26,984)	-
Debt Service Funds - TIF	-	-	-	-	-	-
Other Special Revenue Funds	-	-	286,594	5,000	(16,905)	157,382
Fund Balances, beginning	<u>31,257</u>	<u>12,764</u>	<u>76,889</u>	<u>10,848</u>	<u>26,914</u>	<u>1,200</u>
Fund Balances, ending	<u>\$ 38,065</u>	<u>\$ 12,764</u>	<u>\$ 90,399</u>	<u>\$ 11,250</u>	<u>\$ 26,707</u>	<u>\$ 1,200</u>

Community Housing/ Development	Streetscape Fund	Tele- communications Fund	Local Hospitality Fee Fund	Volunteer Fire	Victim's Rights Fund	Totals June 30, 2010	Totals June 30, 2009
\$ -	\$ -	\$ -	\$ 498,121	\$ -	\$ -	\$ 498,121	\$ 478,172
-	-	-	92,856	-	-	92,856	73,634
-	-	-	1,292	-	-	1,292	1,372
-	-	-	-	13,144	-	13,144	13,159
774,173	-	-	-	-	-	774,173	521,532
-	-	1,971	-	-	-	1,971	450,729
-	-	-	-	-	-	64,682	66,356
-	-	-	-	-	49,353	56,468	61,115
-	-	-	-	-	-	13,625	1,160
-	-	-	-	-	-	3,500	1,750
-	-	-	-	-	-	81,548	77,761
1,957	-	-	195	17	232	2,416	4,272
<u>776,130</u>	<u>-</u>	<u>1,971</u>	<u>592,464</u>	<u>13,161</u>	<u>49,585</u>	<u>1,603,796</u>	<u>1,751,012</u>
-	-	-	-	-	-	-	24,900
-	-	189,636	-	-	-	189,636	425,829
283,577	-	-	-	13,822	53,473	770,242	597,038
-	29,279	-	-	-	21,768	51,047	49,909
-	-	-	40,000	-	-	61,000	40,000
-	-	-	-	-	-	74,777	71,914
-	-	-	-	-	-	39,912	42,775
<u>283,577</u>	<u>29,279</u>	<u>189,636</u>	<u>40,000</u>	<u>13,822</u>	<u>75,241</u>	<u>1,186,614</u>	<u>1,252,365</u>
492,553	(29,279)	(187,665)	552,464	(661)	(25,656)	417,182	498,647
-	-	-	(133,500)	-	1,340	(159,144)	(160,568)
-	-	-	25,653	-	-	25,653	27,846
(150,000)	150,000	-	(432,071)	-	-	-	-
<u>703,782</u>	<u>1,962</u>	<u>224,767</u>	<u>184,628</u>	<u>9,985</u>	<u>145,339</u>	<u>1,430,335</u>	<u>1,064,410</u>
<u>\$ 1,046,335</u>	<u>\$ 122,683</u>	<u>\$ 37,102</u>	<u>\$ 197,174</u>	<u>\$ 9,324</u>	<u>\$ 121,023</u>	<u>\$ 1,714,026</u>	<u>\$ 1,430,335</u>

CITY OF NEWBERRY
SPECIAL REVENUE FUNDS - NEWBERRY ALLIED NARCOTICS UNIT
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2010
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2009)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>	<u>Year Ended</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>	<u>June 30, 2009</u>
Revenues					
Drug seizure	\$ 5,000	\$ 10,000	\$ 13,625	\$ 3,625	\$ 1,160
Interest income	50	-	-	-	43
Other revenue	-	300	300	-	-
	<u>5,050</u>	<u>10,300</u>	<u>13,925</u>	<u>3,625</u>	<u>1,203</u>
Total Revenues					
Expenditures					
Drug seizure					
Operating expenditures	21,850	20,493	7,117	13,376	9,048
	<u>21,850</u>	<u>20,493</u>	<u>7,117</u>	<u>13,376</u>	<u>9,048</u>
Total Expenditures					
Excess (Deficiency) of Revenues Over Expenditures	(16,800)	(10,193)	6,808	17,001	(7,845)
Fund Balances, beginning	<u>31,257</u>	<u>31,257</u>	<u>31,257</u>	<u>-</u>	<u>39,102</u>
Fund Balances, ending	<u>\$ 14,457</u>	<u>\$ 21,064</u>	<u>\$ 38,065</u>	<u>\$ 17,001</u>	<u>\$ 31,257</u>

CITY OF NEWBERRY
SPECIAL REVENUE FUNDS - TOURISM FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2010
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2009)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>	<u>Year Ended</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>	<u>June 30, 2009</u>
Revenues					
Intergovernmental					
Rental and other	\$ 50,940	\$ 36,476	\$ 44,463	\$ 7,987	\$ 39,947
Interest income	200	5	13	8	124
	<u>51,140</u>	<u>36,481</u>	<u>44,476</u>	<u>7,995</u>	<u>40,071</u>
Total Revenues					
	<u>51,140</u>	<u>36,481</u>	<u>44,476</u>	<u>7,995</u>	<u>40,071</u>
Expenditures					
Other					
Operating expenditures	238,760	219,129	202,871	16,258	221,961
Debt service					
Principal	74,777	74,777	74,777	-	71,914
Interest	39,912	39,912	39,912	-	42,775
	<u>353,449</u>	<u>333,818</u>	<u>317,560</u>	<u>16,258</u>	<u>336,650</u>
Total Expenditures					
	<u>353,449</u>	<u>333,818</u>	<u>317,560</u>	<u>16,258</u>	<u>336,650</u>
Excess (Deficiency) of					
Revenues Over					
Expenditures	(302,309)	(297,337)	(273,084)	24,253	(296,579)
Other Financing Sources (Uses)					
Transfers in					
Other special revenue funds	285,189	285,189	286,594	1,405	282,233
Fund Balances, beginning	<u>76,889</u>	<u>76,889</u>	<u>76,889</u>	<u>-</u>	<u>91,235</u>
Fund Balances, ending	<u>\$ 59,769</u>	<u>\$ 64,741</u>	<u>\$ 90,399</u>	<u>\$ 25,658</u>	<u>\$ 76,889</u>

CITY OF NEWBERRY
SPECIAL REVENUE FUNDS - SPECIAL EVENTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2010
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2009)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>	<u>Year Ended</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>	<u>June 30, 2009</u>
Revenues					
Local - other	\$ 5,850	\$ 5,960	\$ 6,815	\$ 855	\$ 5,395
Donations	3,500	3,500	3,500	-	1,750
Total Revenues	<u>9,350</u>	<u>9,460</u>	<u>10,315</u>	<u>855</u>	<u>7,145</u>
Expenditures					
Other					
Operating expenditures	<u>14,200</u>	<u>10,862</u>	<u>14,913</u>	<u>(4,051)</u>	<u>39,166</u>
Total Expenditures	<u>14,200</u>	<u>10,862</u>	<u>14,913</u>	<u>(4,051)</u>	<u>39,166</u>
Excess (Deficiency) of Revenues Over Expenditures	(4,850)	(1,402)	(4,598)	(3,196)	(32,021)
Other Financing Sources					
Transfer from					
Other special revenue funds	4,500	5,000	5,000	-	31,800
Fund Balances, beginning	<u>10,848</u>	<u>10,848</u>	<u>10,848</u>	<u>-</u>	<u>11,069</u>
Fund Balances, ending	<u>\$ 10,498</u>	<u>\$ 14,446</u>	<u>\$ 11,250</u>	<u>\$ (3,196)</u>	<u>\$ 10,848</u>

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, 2010
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2009)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>	<u>Year Ended</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>	<u>June 30, 2009</u>
Revenues					
Intergovernmental					
Accommodations tax	\$ 60,000	\$ 60,000	\$ 64,682	\$ 4,682	\$ 66,356
Interest income	50	-	-	-	31
Total Revenues	<u>60,050</u>	<u>60,000</u>	<u>64,682</u>	<u>4,682</u>	<u>66,387</u>
Expenditures					
Other					
Operating expenditures	<u>21,000</u>	<u>21,000</u>	<u>21,000</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>21,000</u>	<u>21,000</u>	<u>21,000</u>	<u>-</u>	<u>-</u>
Excess of Revenues Over Expenditures	39,050	39,000	43,682	4,682	66,387
Other Financing Sources (Uses)					
Transfer to					
General Fund	(26,750)	(26,750)	(26,984)	(234)	(27,068)
Other special revenue funds	(12,300)	(15,500)	(16,905)	(1,405)	(44,207)
Fund Balances, beginning	<u>26,914</u>	<u>26,914</u>	<u>26,914</u>	<u>-</u>	<u>31,802</u>
Fund Balances, ending	<u>\$ 26,914</u>	<u>\$ 23,664</u>	<u>\$ 26,707</u>	<u>\$ 3,043</u>	<u>\$ 26,914</u>

CITY OF NEWBERRY
SPECIAL REVENUE FUNDS - CULTURAL ARTS FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2010
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2009)

	Budgeted Amounts		Actual	Variance with	Year
	Original	Final	Amounts	Final Budget	Ended June 30, 2009
Revenues					
Newberry Opera House reimbursement	\$ 39,355	\$ 36,688	\$ 37,085	\$ 397	\$ 37,814
Interest income	25	-	2	2	44
Total Revenues	<u>39,380</u>	<u>36,688</u>	<u>37,087</u>	<u>399</u>	<u>37,858</u>
Expenditures					
Other					
Operating expenditures	195,407	195,270	194,469	801	195,240
Total Expenditures	<u>195,407</u>	<u>195,270</u>	<u>194,469</u>	<u>801</u>	<u>195,240</u>
Excess (Deficiency) of Revenues Over Expenditures	(156,027)	(158,582)	(157,382)	1,200	(157,382)
Other Financing Sources (Uses)					
Transfers in					
Other special revenue funds	157,382	157,382	157,382	-	157,382
Fund Balances, beginning	<u>1,200</u>	<u>1,200</u>	<u>1,200</u>	<u>-</u>	<u>1,200</u>
Fund Balances, ending	<u>\$ 2,555</u>	<u>\$ -</u>	<u>\$ 1,200</u>	<u>\$ 1,200</u>	<u>\$ 1,200</u>

CITY OF NEWBERRY
SPECIAL REVENUE FUNDS - COMMUNITY HOUSING/DEVELOPMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2010
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2009)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>	<u>Year</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>	<u>Ended</u>
					<u>June 30, 2009</u>
Revenues					
Intergovernmental					
Community development	\$ 205,177	\$ 205,000	\$ 774,173	\$ 569,173	\$ 246,532
Interest income	2,000	1,500	1,957	457	2,376
Total Revenues	<u>207,177</u>	<u>206,500</u>	<u>776,130</u>	<u>569,630</u>	<u>248,908</u>
Expenditures					
Other					
Operating	<u>204,000</u>	<u>725,242</u>	<u>283,577</u>	<u>441,665</u>	<u>60,598</u>
Total Expenditures	<u>204,000</u>	<u>725,242</u>	<u>283,577</u>	<u>441,665</u>	<u>60,598</u>
Excess of Revenues Over Expenditures	3,177	(518,742)	492,553	1,011,295	188,310
Other Financing Sources					
Transfer to					
Other special revenue funds	-	(150,000)	(150,000)	-	-
Fund Balances, beginning	<u>703,782</u>	<u>703,782</u>	<u>703,782</u>	<u>-</u>	<u>515,472</u>
Fund Balances, ending	<u>\$ 706,959</u>	<u>\$ 35,040</u>	<u>\$ 1,046,335</u>	<u>\$ 1,011,295</u>	<u>\$ 703,782</u>

CITY OF NEWBERRY
SPECIAL REVENUE FUNDS - STREETSCAPE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2010
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2009)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>	<u>Year</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>	<u>Ended</u>
					<u>June 30, 2009</u>
Revenues					
Intergovernmental					
Community development grant	\$ -	\$ 115,000	\$ -	\$ (115,000)	\$ -
Other grant	98,672	-	-	-	-
Total Revenues	98,672	115,000	-	(115,000)	-
Expenditures					
Grants					
Capital expenditures	98,672	115,000	-	115,000	-
Other					
Capital expenditures	-	150,000	29,279	120,721	-
Total Expenditures	98,672	265,000	29,279	235,721	-
Excess (Deficiency) of					
 Revenues Over					
 Expenditures	-	(150,000)	(29,279)	120,721	-
Other Financing Sources (Uses)					
Transfers in					
Other special revenue funds	-	150,000	150,000	-	-
Fund Balances, beginning	1,962	1,962	1,962	-	1,962
Fund Balances, ending	<u>\$ 1,962</u>	<u>\$ 1,962</u>	<u>\$ 122,683</u>	<u>\$ 120,721</u>	<u>\$ 1,962</u>

CITY OF NEWBERRY
SPECIAL REVENUE FUNDS - TELECOMMUNICATIONS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2010
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2009)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>	<u>Year Ended</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>	<u>June 30, 2009</u>
Revenues					
Intergovernmental					
Community Development Grant	\$ -	\$ 1,971	\$ 1,971	\$ -	\$ 450,729
Community Development Contribution	-	-	-	-	275,000
Interest income	-	-	-	-	276
Total Revenues	<u>-</u>	<u>1,971</u>	<u>1,971</u>	<u>-</u>	<u>726,005</u>
Expenditures					
Grants					
Operating expenditures	-	-	-	-	24,900
Capital expenditures	-	201,971	189,636	12,335	425,829
Other					
Operating expenditures	-	-	-	-	900
Capital expenditures	-	-	-	-	49,909
Total Expenditures	<u>-</u>	<u>201,971</u>	<u>189,636</u>	<u>12,335</u>	<u>501,538</u>
Excess of Revenues Over Expenditures	-	(200,000)	(187,665)	12,335	224,467
Fund Balances, beginning	<u>224,767</u>	<u>224,767</u>	<u>224,767</u>	<u>-</u>	<u>300</u>
Fund Balances, ending	<u>\$ 224,767</u>	<u>\$ 24,767</u>	<u>\$ 37,102</u>	<u>\$ 12,335</u>	<u>\$ 224,767</u>

CITY OF NEWBERRY
SPECIAL REVENUE FUNDS - LOCAL HOSPITALITY/ACCOMMODATIONS FEE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2010
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2009)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>	<u>Year Ended</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>	<u>June 30, 2009</u>
Revenues					
Fees					
Hospitality	\$ 472,000	\$ 482,500	\$ 498,121	\$ 15,621	\$ 478,172
Accommodations	69,454	88,000	92,856	4,856	73,634
Penalties	286	675	1,292	617	1,372
Interest income	475	50	195	145	561
Total Revenues	<u>542,215</u>	<u>571,225</u>	<u>592,464</u>	<u>21,239</u>	<u>553,739</u>
Expenditures					
Tourism contribution/NOHF	<u>40,000</u>	<u>40,000</u>	<u>40,000</u>	<u>-</u>	<u>40,000</u>
Total Expenditures	<u>40,000</u>	<u>40,000</u>	<u>40,000</u>	<u>-</u>	<u>40,000</u>
Excess of Revenues Over Expenditures	502,215	531,225	552,464	21,239	513,739
Other Financing Sources (Uses)					
Transfer to/from					
Debt service funds - TIF	25,653	25,653	25,653	-	27,846
General fund	(133,500)	(133,500)	(133,500)	-	(133,500)
Other special revenue funds	(432,071)	(432,071)	(432,071)	-	(427,208)
Fund Balances, beginning	<u>184,628</u>	<u>184,628</u>	<u>184,628</u>	<u>-</u>	<u>203,751</u>
Fund Balances, ending	<u>\$ 146,925</u>	<u>\$ 175,935</u>	<u>\$ 197,174</u>	<u>\$ 21,239</u>	<u>\$ 184,628</u>

CITY OF NEWBERRY
SPECIAL REVENUE FUNDS - VICTIM'S RIGHTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2010
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2009)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>	<u>Year Ended</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>	<u>June 30, 2009</u>
Revenues					
Court fines and assessments	\$ 51,800	\$ 46,660	\$ 49,353	\$ 2,693	\$ 55,720
Interest income	950	200	232	32	719
Total Revenues	<u>52,750</u>	<u>46,860</u>	<u>49,585</u>	<u>2,725</u>	<u>56,439</u>
Expenditures					
Drug seizure/other					
Operating expenditures	56,297	55,423	53,473	1,950	52,612
Capital expenditures	22,500	22,500	21,768	732	
Total Expenditures	<u>78,797</u>	<u>77,923</u>	<u>75,241</u>	<u>2,682</u>	<u>52,612</u>
Excess of Revenues Over Expenditures	(26,047)	(31,063)	(25,656)	5,407	3,827
Other Financing Sources					
Transfer from					
General Fund	-	1,340	1,340	-	-
Fund Balances, beginning	<u>145,339</u>	<u>145,339</u>	<u>145,339</u>	<u>-</u>	<u>141,512</u>
Fund Balances, ending	<u>\$ 119,292</u>	<u>\$ 115,616</u>	<u>\$ 121,023</u>	<u>\$ 5,407</u>	<u>\$ 145,339</u>

**CITY OF NEWBERRY
SCHEDULE OF FINES, ASSESSMENTS AND SURCHARGES
VICTIM'S RIGHTS FUND
YEAR ENDED JUNE 30, 2010**

Municipal Court Revenue to City of Newberry

Court revenue booked in General Fund, excluding Victim's Rights money and other police revenue	\$ 682,693
Court assessments and surcharges to State of South Carolina	<u>(404,708)</u>
Net Court Revenue to City of Newberry	<u><u>\$ 277,985</u></u>

Municipal Court Revenue to State of South Carolina

Court assessments to the State Treasurer	\$ 260,382
DUI assessments to the State Treasurer	473
DUI Spinal Cord Research Surcharges to the State Treasurer	3,940
DUI DPS Pullouts to the State Treasurer	3,940
DUS Pullouts to the State Treasurer	8,993
Drug Surcharges to the State Treasurer	5,692
Law Enforcement Surcharges to State Treasurer	100,942
Criminal Justice Academy Surcharges	19,972
DUI/DUAC Test Conviction Fees	<u>374</u>
Total Court Revenue to State Treasurer	<u><u>\$ 404,708</u></u>

Victim Services

Court assessments allocated to Victim Services	\$ 32,836
Court surcharges allocated to Victim Services	16,517
Transfer from General Fund for other expenditures	1,340
Investment income	<u>232</u>
Funds allocated to Victim Services	\$ 50,925
Victim Services expenditures	<u>(75,241)</u>

Excess of Revenues Over (Under) Expenditures (24,316)

Fund Balances, beginning 145,339

Fund Balances, ending \$ 121,023

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

**CITY OF NEWBERRY
DEBT SERVICE FUND - 2008 TIF
COMPARATIVE BALANCE SHEETS
JUNE 30, 2010**

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2009)

	<u>2010</u>	<u>2009</u>
Assets		
Cash and cash equivalents	\$ 304,961	\$ 234,919
Property taxes receivable (net of allowance for uncollectibles)	<u>29,878</u>	<u>30,414</u>
Total Assets	<u><u>\$ 334,839</u></u>	<u><u>\$ 265,333</u></u>
Liabilities and Fund Balances		
Liabilities		
Deferred revenue	<u>\$ 29,064</u>	<u>\$ 22,828</u>
Total Liabilities	29,064	22,828
Fund Balances		
Unreserved, undesignated	<u>305,775</u>	<u>242,505</u>
Total Liabilities and Fund Balances	<u><u>\$ 334,839</u></u>	<u><u>\$ 265,333</u></u>

CITY OF NEWBERRY
DEBT SERVICE FUND - 2008 TIF
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2010
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2009)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>	<u>Year Ended</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>	<u>June 30, 2009</u>
Revenues					
Property taxes - current	\$ 315,000	\$ 325,000	\$ 344,864	\$ 19,864	\$ 336,620
Property taxes - delinquent	20,000	20,000	22,977	2,977	21,176
School sales tax	-	20,000	26,896	6,896	22,642
Interest	100	100	226	126	184
Total Revenues	<u>335,100</u>	<u>365,100</u>	<u>394,963</u>	<u>29,863</u>	<u>380,622</u>
Expenditures					
Operating expenditures	-	-	-	-	7,000
Debt service					
Principal	261,778	261,778	261,778	-	-
Interest	44,262	44,262	44,262	-	27,126
Total Expenditures	<u>306,040</u>	<u>306,040</u>	<u>306,040</u>	<u>-</u>	<u>34,126</u>
Excess (Deficiency) of Revenues Over Expenditures	29,060	59,060	88,923	29,863	346,496
Other Financing Sources					
Transfer to/from					
Special Revenue Fund	(25,653)	(25,653)	(25,653)	-	(64,846)
Debt Service Fund	-	-	-	-	(46,145)
Issuance of bonds	-	-	-	-	1,357,000
Payoff of 1998 TIF Bond	-	-	-	-	(1,350,000)
Fund Balances, beginning	<u>242,505</u>	<u>242,505</u>	<u>242,505</u>	<u>-</u>	<u>-</u>
Fund Balances, ending	<u>\$ 245,912</u>	<u>\$ 275,912</u>	<u>\$ 305,775</u>	<u>\$ 29,863</u>	<u>\$ 242,505</u>

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, 2010 AND 2009**

	<u>2010</u>	<u>2009</u>
Assets		
Cash and investments	\$ 16,855	\$ 16,688
Interest receivable	<u>44</u>	<u>25</u>
Total Assets	<u><u>\$ 16,899</u></u>	<u><u>\$ 16,713</u></u>
Liabilities and Fund Balances		
Fund Balances		
Reserved for Japanese Gardens maintenance	\$ 10,000	\$ 10,000
Unreserved, undesignated	<u>6,899</u>	<u>6,713</u>
Total Liabilities and Fund Balances	<u><u>\$ 16,899</u></u>	<u><u>\$ 16,713</u></u>

CITY OF NEWBERRY
JAPANESE GARDENS PERMANENT FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2010
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2009)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>	<u>Year Ended</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>	<u>June 30, 2009</u>
Operating Revenue					
Interest revenue	\$ 200	\$ 200	\$ 136	\$ (64)	\$ 192
Other	-	5,000	5,000	-	-
Total revenues	<u>200</u>	<u>5,200</u>	<u>5,136</u>	<u>(64)</u>	<u>192</u>
Operating Expenses					
Maintenance of Japanese					
Gardens	1,750	2,525	2,114	411	1,411
Other	-	5,000	4,386	614	-
Total expenses	<u>1,750</u>	<u>7,525</u>	<u>6,500</u>	<u>1,025</u>	<u>1,411</u>
Operating Income (Loss)	(1,550)	(2,325)	(1,364)	961	(1,219)
Transfer In					
General Fund	<u>1,550</u>	<u>1,550</u>	<u>1,550</u>	<u>-</u>	<u>1,550</u>
Net Income (loss)	-	(775)	186	961	331
Fund Balances, beginning	<u>16,713</u>	<u>16,713</u>	<u>16,713</u>	<u>-</u>	<u>16,382</u>
Fund Balances, ending	<u>\$ 16,713</u>	<u>\$ 15,938</u>	<u>\$ 16,899</u>	<u>\$ 961</u>	<u>\$ 16,713</u>

ENTERPRISE FUND

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

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

**CITY OF NEWBERRY
ENTERPRISE FUND
COMPARATIVE BALANCE SHEETS
JUNE 30, 2010 AND 2009**

	<u>2010</u>	<u>2009</u>
Assets		
Current Assets		
Cash and cash investments	\$ 6,577,437	\$ 4,339,777
Receivables (net of allowances for uncollectibles)		
Accounts	3,297,442	3,075,793
Grants	304,442	-
Intergovernmental	3,024,380	2,425
Interest receivable	468	732
Other	6,319	13,161
Inventory	1,057,152	1,087,963
Restricted Assets		
Cash and cash investments	284,554	642,398
Interest receivable	111	185
Total Current Assets	<u>14,552,305</u>	<u>9,162,434</u>
Noncurrent Assets		
Capital Assets		
Land and land improvements	437,589	437,589
Buildings and fixtures	3,568,132	3,484,975
Office furniture and equipment	211,010	211,010
Traffic controls and fire alarm system	185,112	185,112
Street lighting	407,124	407,124
Other equipment	380,819	357,509
Motor vehicles and equipment	1,998,611	1,996,274
Electric distribution system	9,996,966	9,875,898
Water distribution system	15,949,141	15,794,290
Sewer collection system	21,319,118	21,274,758
Construction in progress	9,806,400	1,020,009
Totals	64,260,022	55,044,548
Less accumulated depreciation	<u>(33,599,137)</u>	<u>(31,894,573)</u>
Total Capital Assets	30,660,885	23,149,975
Bond issuance cost	143,186	174,381
Restricted assets		
Cash and cash investments	2,188,345	2,115,618
Note receivable - Newberry Opera House Foundation	55,008	57,787
Total Noncurrent Assets	<u>33,047,424</u>	<u>25,497,761</u>
Total Assets	<u>47,599,729</u>	<u>34,660,195</u>

(Continued)

**CITY OF NEWBERRY
ENTERPRISE FUND
COMPARATIVE BALANCE SHEETS
JUNE 30, 2010 AND 2009**

	<u>2010</u>	<u>2009</u>
Liabilities		
Current Liabilities		
Accounts payable	\$ 4,038,367	\$ 1,412,326
Accrued salaries payable	74,818	66,599
Compensated absences payable	123,900	104,127
Retainage payable	795,540	-
Due to other funds	44,108	47,934
Accrued interest payable	30,566	7,102
Revenue bonds payable	254,099	635,481
Total Current Liabilities	<u>5,361,398</u>	<u>2,273,569</u>
Noncurrent Liabilities		
Loans payable	8,288,056	-
Revenue bonds payable	321,642	575,741
Compensated absences payable	26,797	44,773
Other post-employment benefit obligation	3,713	1,823
Total Noncurrent Liabilities	<u>8,640,208</u>	<u>622,337</u>
Total Liabilities	<u>14,001,606</u>	<u>2,895,906</u>
Net Assets		
Invested in capital assets, net of related debt	21,001,548	21,938,753
Restricted for		
Debt service	1,439,476	1,731,291
Maintenance of utility system	1,033,534	1,026,910
Unrestricted	<u>10,123,565</u>	<u>7,067,335</u>
Total Net Assets	<u><u>\$ 33,598,123</u></u>	<u><u>\$ 31,764,289</u></u>

CITY OF NEWBERRY
ENTERPRISE FUND
SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2010
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2009)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>	<u>Year Ended</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>	<u>June 30, 2009</u>
Operating Revenues					
Connection and reconnection fees	\$ 74,000	\$ 75,000	\$ 82,485	\$ 7,485	\$ 80,767
Water receipts	3,230,921	3,218,778	3,134,316	(84,462)	3,218,926
Electric receipts	16,588,795	16,621,901	17,070,818	448,917	15,934,946
Sewer receipts	3,180,000	3,212,500	3,164,150	(48,350)	3,023,405
Sales and use tax	360,227	360,227	369,123	8,896	353,454
Utility penalty	185,000	200,000	219,719	19,719	203,257
Water taps	50,000	10,000	6,300	(3,700)	70,892
Sewer taps	30,000	6,000	4,200	(1,800)	34,000
Temporary electric services	8,000	8,000	8,000	-	8,410
Newberry housing authority	-	1,086	1,086	-	1,086
Fire flow access fees	23,000	23,000	23,423	423	23,869
Other revenue	11,000	14,000	20,838	6,838	40,921
CATV - pole rental	29,655	29,655	29,655	-	29,655
Total Operating Revenues	23,770,598	23,780,147	24,134,113	353,966	23,023,588
Operating Expense					
City Hall	22,000	24,600	24,482	118	22,028
Finance	349,303	345,738	324,466	21,272	314,715
Utility administration	242,057	213,631	199,345	14,286	195,499
Warehouse	46,963	46,957	45,165	1,792	45,930
Electric distribution	854,480	879,967	803,299	76,668	818,129
Information services	102,404	98,023	87,248	10,775	36,945
Water and sewer maintenance	754,946	755,863	665,275	90,588	709,414
Water production	1,063,583	1,131,171	1,127,734	3,437	1,048,615
Waste treatment	866,206	846,024	767,619	78,405	921,515
General insurance	92,555	85,800	84,849	951	77,181
Employee fringe benefits	669,753	658,618	628,901	29,717	612,954
Nondepartmental	14,685,487	14,719,781	14,894,018	(174,237)	14,265,662
Depreciation	1,700,000	1,700,000	1,725,296	(25,296)	1,820,889
Total Operating Expenses	21,449,737	21,506,173	21,377,697	128,476	20,889,476
Operating Income	2,320,861	2,273,974	2,756,416	482,442	2,134,112

(Continued)

CITY OF NEWBERRY
ENTERPRISE FUND
SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2010
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2009)

	Budgeted Amounts		Actual	Variance with	Year Ended
	Original	Final	Amounts	Final Budget	June 30, 2009
Nonoperating Income					
(Expenses)					
Interest revenue	\$ 39,000	\$ 11,300	\$ 17,056	\$ 5,756	\$ 58,586
County sales tax	-	-	-	-	491,261
Federal grants	1,300,000	1,919,133	433,533	(1,485,600)	-
Gain (loss) on extinguishment of capital assets	-	-	-	-	(69,678)
Interest expense, bank management fees and amortization	(500)	(500)	(56,391)	(55,891)	(70,140)
Total Nonoperating Income	1,338,500	1,929,933	394,198	(1,535,735)	410,029
(Expenses)					
Income Before Transfers	3,659,361	4,203,907	3,150,614	(1,053,293)	2,544,141
Transfer from (to)					
General fund	(1,316,780)	(1,316,780)	(1,316,780)	-	(1,264,102)
Net Income	2,342,581	2,887,127	1,833,834	(1,053,293)	1,280,039
Net Assets, beginning	31,764,289	31,764,289	31,764,289	-	30,484,250
Net Assets, ending	\$ 34,106,870	\$ 34,651,416	\$ 33,598,123	\$ (1,053,293)	\$ 31,764,289

**CITY OF NEWBERRY
ENTERPRISE FUND
SCHEDULE OF EXPENSES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2010
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2009)**

	Budgeted Amounts		Actual	Variance with	Year Ended
	Original	Final	Amounts	Final Budget	June 30, 2009
City Hall					
Utilities	\$ 16,000	\$ 16,000	\$ 16,862	\$ (862)	\$ 13,216
Building and fixture repair	5,000	7,500	6,536	964	7,732
Cleaning and sanitation supplies	1,000	1,100	1,084	16	1,080
Totals	22,000	24,600	24,482	118	22,028
Finance					
Salaries and wages	233,894	229,072	228,682	390	218,036
Overtime	1,500	1,500	35	1,465	5
Printing	500	500	-	500	-
Office supplies	4,000	3,700	3,070	630	3,515
Postage	34,040	34,040	30,445	3,595	31,399
Membership, dues and subscriptions	195	195	195	-	195
Travel	1,445	675	448	227	148
Vehicle fuel	5,559	5,278	5,231	47	5,714
Vehicle repair	1,000	1,100	1,083	17	1,017
Tires and tubes	800	1,000	714	286	294
Telephone - cellular	410	2,500	983	1,517	403
Maintenance contracts	32,320	32,570	30,061	2,509	28,938
Equipment repair	750	750	244	506	72
Small hand tools	500	500	424	76	383
Small equipment purchases	2,070	2,070	944	1,126	2,458
Radio supplies	200	200	-	200	105
Uniforms	2,825	2,825	2,547	278	2,537
Safety equipment	200	200	92	108	22
Safety training/hygiene	300	300	-	300	121
Advertising	800	800	31	769	67
Rent/lease equipment	7,840	7,840	7,492	348	7,925
Employee training	1,155	1,155	777	378	903
Audit	11,000	10,968	10,968	-	9,958
Computer programming	6,000	6,000	-	6,000	500
Totals	349,303	345,738	324,466	21,272	314,715
Utility Administration					
Salaries and wages	197,313	170,896	162,862	8,034	162,126
Overtime	250	250	40	210	-
Printing	500	500	-	500	-
Office supplies	4,000	2,000	2,209	(209)	2,075
Postage	650	650	591	59	386
Membership, dues and subscriptions	5,264	5,264	5,437	(173)	5,156
Travel	5,405	5,405	3,847	1,558	3,424

(Continued)

CITY OF NEWBERRY
ENTERPRISE FUND
SCHEDULE OF EXPENSES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2010
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2009)

	Budgeted Amounts		Actual	Variance with	Year Ended
	Original	Final	Amounts	Final Budget	June 30, 2009
Utility Administration (Continued)					
Vehicle fuel	\$ 1,200	\$ 1,391	\$ 1,298	\$ 93	\$ 1,253
Vehicle repair	500	500	186	314	214
Tires and tubes	200	200	227	(27)	-
Utilities	3,750	3,350	3,065	285	2,708
Telephone	2,500	2,300	1,926	374	2,393
Maintenance contracts	3,300	5,300	5,252	48	3,584
Building and fixture repairs	2,000	900	166	734	809
Small equipment purchases	1,500	1,000	1,025	(25)	476
Advertising	7,200	7,200	5,640	1,560	7,321
Rent/lease equipment	2,800	2,800	3,091	(291)	3,089
Employee training	725	725	370	355	310
Engineering supplies	3,000	3,000	2,113	887	175
Totals	242,057	213,631	199,345	14,286	195,499
Warehouse					
Salaries and wages	36,043	36,042	36,101	(59)	36,085
Overtime	200	200	-	200	-
Office supplies	1,000	1,000	730	270	908
Postage	15	30	18	12	2
Membership, dues and subscriptions	30	30	30	-	30
Travel	50	50	-	50	-
Vehicle fuel (forklift)	55	50	32	18	36
Utilities	4,280	4,150	3,544	606	3,731
Telephone	180	320	174	146	171
Maintenance contracts	625	625	600	25	555
Equipment repair	50	50	22	28	7
Building and fixture repairs	300	300	173	127	324
Small equipment purchases	150	150	-	150	310
Safety equipment	25	25	22	3	-
Dry cleaning/laundry	25	-	-	-	-
Rental/lease of equipment	505	505	501	4	502
Employee training	-	-	-	-	25
Freight and shipping	30	30	-	30	-
Cost of sales	400	400	188	212	302
Inventory loss	3,000	3,000	3,030	(30)	2,942
Totals	46,963	46,957	45,165	1,792	45,930
Information Services					
Salaries and wages	70,194	70,194	70,192	2	34,693
Printing	400	400	-	400	-
Office supplies	300	300	20	280	217
Postage	150	150	-	150	-
Membership, dues and subscriptions	85	85	35	50	45

(Continued)

**CITY OF NEWBERRY
ENTERPRISE FUND
SCHEDULE OF EXPENSES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2010
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2009)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Year Ended June 30, 2009
	Original	Final			
Information Services (Continued)					
Travel	\$ 7,475	\$ 7,475	\$ 6,087	\$ 1,388	\$ 1,316
Vehicle repair	-	-	38	(38)	-
Telephone	2,200	2,819	2,824	(5)	600
Maintenance contracts	5,000	5,000	-	5,000	-
Equipment repair	1,000	1,000	300	700	74
Small equipment purchases	5,500	5,500	4,496	1,004	-
Safety equipment	100	100	26	74	-
Employee training	10,000	5,000	3,230	1,770	-
Totals	102,404	98,023	87,248	10,775	36,945
Electric Distribution					
Salaries and wages	477,147	477,990	462,218	15,772	453,598
Overtime and holiday pay	20,500	20,500	17,407	3,093	16,898
Office supplies	400	400	335	65	436
Membership, dues and subscriptions	1,510	1,510	1,722	(212)	1,502
Travel	2,885	2,885	1,905	980	2,376
Vehicle fuel	23,188	20,487	22,496	(2,009)	24,738
Vehicle repair	12,000	16,870	19,965	(3,095)	14,849
Tires and tubes	2,500	2,000	2,662	(662)	3,986
Utilities	11,000	11,000	14,333	(3,333)	11,599
Telephone	1,000	1,000	1,068	(68)	1,059
Maintenance contracts	53,000	53,000	32,893	20,107	51,390
Contracts - elec. Rates/needs	6,000	6,000	14,533	(8,533)	8,338
Meter testing	9,000	9,000	5,152	3,848	8,227
Equipment repair	2,000	3,400	2,844	556	2,478
Substation repairs	10,000	8,000	5,135	2,865	8,351
Building and fixture repairs	2,000	2,000	755	1,245	1,840
Small hand tools	3,500	3,500	2,157	1,343	2,995
Small equipment purchases	1,500	1,000	2,539	(1,539)	1,363
Cement and masonry	200	200	-	200	-
Uniforms	12,750	11,750	10,367	1,383	11,594
Safety equipment	3,000	3,000	3,639	(639)	5,609
Cleaning and sanitation supplies	1,300	1,300	1,297	3	1,123
Meters and meter parts	6,000	6,000	3,628	2,372	5,934
Electric materials	110,000	141,475	121,556	19,919	115,383
Advertising	500	500	50	450	-
Rent/lease equipment	1,600	1,600	1,577	23	1,269
Employee training	5,000	5,600	4,950	650	7,008
Engineering	20,000	13,000	13,050	(50)	15,627
Legal Expenses	45,000	45,000	29,931	15,069	27,927
Rights of way	10,000	10,000	3,135	6,865	10,632
Totals	854,480	879,967	803,299	76,668	818,129

(Continued)

CITY OF NEWBERRY
ENTERPRISE FUND
SCHEDULE OF EXPENSES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2010
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2009)

	Budgeted Amounts		Actual	Variance with	Year Ended
	Original	Final	Amounts	Final Budget	June 30, 2009
Water and Sewer Maintenance					
Salaries and wages	\$ 343,828	\$ 344,545	\$ 330,175	\$ 14,370	\$ 307,285
Overtime and holiday pay	24,350	34,350	29,872	4,478	23,706
Office supplies	800	800	704	96	560
Postage	150	150	-	150	-
Membership, dues and subscriptions	840	840	450	390	310
Travel	3,930	4,240	3,078	1,162	3,939
Vehicle fuel	26,583	23,173	24,466	(1,293)	26,572
Vehicle repair	16,800	16,800	12,147	4,653	13,708
Tires and tubes	8,250	6,250	4,388	1,862	4,885
Utilities	24,000	18,900	19,952	(1,052)	20,906
Telephone	1,600	1,400	1,313	87	1,185
Maintenance contracts	1,700	1,700	900	800	1,064
Contract - TV sewer lines	7,500	7,500	4,453	3,047	6,075
Meter testing	3,000	3,000	-	3,000	-
Equipment repairs	45,000	35,000	32,304	2,696	63,205
Building and fixture repairs	2,500	2,500	440	2,060	413
Small hand tools	4,000	4,400	5,185	(785)	4,611
Small equipment purchases	4,000	4,000	4,918	(918)	3,179
Cement and masonry	70,000	60,000	40,457	19,543	61,818
Uniforms	7,600	7,600	6,051	1,549	7,338
Safety equipment	14,000	8,500	7,792	708	6,778
Cleaning and sanitation supplies	1,300	1,300	1,324	(24)	1,423
Chemicals	3,500	2,100	628	1,472	1,228
Meters and meter parts	14,000	14,000	7,150	6,850	7,591
Pipes, fittings and hydrants	82,500	106,600	101,344	5,256	99,177
Advertising	890	890	171	719	889
Rental/lease equipment	2,000	1,500	1,100	400	1,269
Employee training	1,825	1,825	1,670	155	2,193
Engineering	3,500	7,000	6,519	481	3,340
Rights of way	35,000	35,000	16,324	18,676	34,767
Totals	754,946	755,863	665,275	90,588	709,414
Water Production					
Salaries and wages	328,001	322,535	321,914	621	322,793
Overtime and holiday pay	3,900	3,900	4,063	(163)	2,968
Regulatory fees	15,700	15,700	14,845	855	14,752
Office supplies	2,000	1,250	1,315	(65)	2,119
Postage	1,400	1,400	549	851	1,340
Membership, dues and subscriptions	775	775	835	(60)	775
Travel	1,000	1,000	678	322	824
Vehicle fuel	6,732	2,538	2,810	(272)	3,582
Vehicle repair	1,000	500	98	402	318

(Continued)

CITY OF NEWBERRY
ENTERPRISE FUND
SCHEDULE OF EXPENSES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2010
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2009)

	Budgeted Amounts		Actual	Variance with	Year Ended
	Original	Final	Amounts	Final Budget	June 30, 2009
Water Production (Continued)					
Tires and tubes	\$ 500	\$ 500	\$ 178	\$ 322	\$ 211
Diesel Fuel-WTP/WWTP	5,000	8,000	7,293	707	4,187
Utilities	350,000	350,000	344,147	5,853	330,035
Telephone	6,500	2,500	2,623	(123)	2,208
Maintenance contracts	19,350	19,350	9,024	10,326	9,158
Rate study	2,500	2,500	4,500	(2,000)	4,061
Sludge handling contract	25,000	21,000	24,310	(3,310)	23,650
Outside lab testing	3,000	2,000	1,782	218	8,714
Equipment repairs	57,500	144,998	140,580	4,418	77,937
Building and fixture repairs	6,000	6,000	5,700	300	4,071
Small hand tools	750	750	90	660	675
Small equipment purchases	2,000	1,000	-	1,000	825
Uniforms	1,000	1,000	556	444	1,127
Safety equipment	2,250	2,250	945	1,305	4,239
Cleaning and sanitation					
supplies	1,000	1,000	1,293	(293)	1,187
Chemicals	181,500	181,500	187,892	(6,392)	190,413
Medical and lab supplies	20,500	17,500	19,153	(1,653)	21,251
Pipes, fittings and hydrants	1,500	1,500	1,532	(32)	1,087
Electrical materials	1,000	1,000	622	378	457
Advertising	2,500	1,000	2,445	(1,445)	2,507
Rental/lease equipment	4,750	4,750	5,341	(591)	5,245
Employee training	1,475	1,475	630	845	1,760
Engineering	7,500	10,000	19,991	(9,991)	4,139
Totals	1,063,583	1,131,171	1,127,734	3,437	1,048,615
Waste Treatment					
Salaries and wages	224,578	224,578	211,334	13,244	221,970
Overtime and holiday pay	14,512	14,512	12,185	2,327	12,724
Regulatory fees	2,700	2,970	2,970	-	2,449
Office supplies	2,000	2,000	1,548	452	1,127
Postage	500	500	604	(104)	416
Membership, dues and					
subscriptions	665	665	555	110	335
Travel	1,950	1,950	444	1,506	1,731
Vehicle fuel	6,001	4,049	3,912	137	5,374
Vehicle repair	500	500	209	291	1,235
Tires and tubes	500	500	163	337	691
Diesel Fuel WTP/WWTP	5,000	5,000	4,849	151	4,541
Utilities	300,000	300,000	259,078	40,922	300,824
Telephone	3,000	3,000	2,818	182	2,815
Maintenance contracts	13,000	13,000	5,048	7,952	13,588
Rate study	3,500	3,500	519	2,981	1,558
Sludge handling contract	120,000	100,000	108,199	(8,199)	121,402
Outside lab testing	20,000	20,000	15,202	4,798	17,016

(Continued)

**CITY OF NEWBERRY
ENTERPRISE FUND
SCHEDULE OF EXPENSES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2010
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2009)**

	Budgeted Amounts		Actual	Variance with	Year Ended
	Original	Final	Amounts	Final Budget	June 30, 2009
Waste Treatment (Continued)					
Pretreatment program	\$ 15,000	\$ 16,000	\$ 20,223	\$ (4,223)	\$ 35,205
Equipment repairs	50,000	50,000	52,010	(2,010)	74,519
Building and fixture repairs	3,000	3,000	2,612	388	3,587
Small hand tools	1,500	1,500	364	1,136	792
Small equipment purchases	1,000	1,000	782	218	170
Uniforms	1,000	1,000	1,236	(236)	814
Safety equipment	1,500	1,500	1,537	(37)	4,253
Safety training/hygiene	1,000	1,000	-	1,000	25
Cleaning and sanitation supplies	1,000	1,000	1,482	(482)	605
Chemicals	55,000	55,000	38,254	16,746	68,827
Medical and lab supplies	10,000	10,500	16,075	(5,575)	10,980
Pipes, fittings and hydrants	1,000	1,000	361	639	776
Electrical materials	1,000	1,000	191	809	858
Advertising	300	300	150	150	974
Rental/lease equipment	2,000	2,000	1,616	384	1,593
Employee training	3,500	3,500	1,089	2,411	2,927
Engineering	-	-	-	-	4,814
Totals	866,206	846,024	767,619	78,405	921,515
General Insurance					
Claims reimbursement	1,500	800	26	774	-
SCMIRF	91,055	85,000	84,823	177	77,181
Totals	92,555	85,800	84,849	951	77,181
Employee Fringe and Benefits					
SC retirement	185,566	183,205	180,414	2,791	173,104
Social security	151,180	149,256	141,820	7,436	135,759
City's share of employee insurance	247,957	242,457	241,101	1,356	225,533
GASB 45 OPEB expense	5,000	5,000	1,890	3,110	1,823
Workers' compensation	41,050	34,200	32,149	2,051	40,087
Workers' compensation deductibles	15,000	20,500	18,747	1,753	6,329
Unemployment claims	5,000	5,000	-	5,000	576
Employer/employee relations	15,000	15,000	9,433	5,567	7,519
Physical examinations	2,500	2,500	290	2,210	959
Wellness program	1,500	1,500	1,260	240	1,300
Compensated absences	-	-	1,797	(1,797)	19,965
Totals	669,753	658,618	628,901	29,717	612,954

(Continued)

**CITY OF NEWBERRY
ENTERPRISE FUND
SCHEDULE OF EXPENSES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2010
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2009)**

	Budgeted Amounts		Actual	Variance with	Year Ended
	Original	Final	Amounts	Final Budget	June 30, 2009
Nondepartmental					
Small equipment purchases	\$ -	\$ 3,583	\$ 3,583	\$ -	\$ -
Sales and use tax	360,277	360,227	367,487	(7,260)	351,127
Purchase of electricity	14,181,875	14,208,820	14,379,047	(170,227)	13,773,043
SCE&G water contract	17,122	24,000	22,376	1,624	21,632
Streetlight charges	3,897	5,335	5,423	(88)	4,358
Refunds	14,500	10,000	12,998	(2,998)	9,270
Bad debt expense	75,000	75,000	73,306	1,694	78,709
Community enhancement	25,000	25,000	22,482	2,518	22,421
Web site maintenance	5,000	5,000	4,500	500	2,286
Lease - Lindsay Drivethru	2,816	2,816	2,816	-	2,816
Totals	14,685,487	14,719,781	14,894,018	(174,237)	14,265,662
Depreciation	1,700,000	1,700,000	1,725,296	(25,296)	1,820,889
Grand Totals	\$ 21,449,737	\$ 21,506,173	\$ 21,377,697	\$ 128,476	\$ 20,889,476

**CITY OF NEWBERRY
ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2010 AND 2009**

	<u>2010</u>	<u>2009</u>
Cash Flows from Operating Activities		
Receipts from customers	\$ 23,919,092	\$ 22,769,636
Purchase of electricity	(14,379,047)	(13,773,043)
Payments to suppliers	(3,287,288)	(3,487,144)
Payments to employees	(1,878,887)	(1,780,618)
Net Cash Provided by Operating Activities	<u>4,373,870</u>	<u>3,728,831</u>
Cash Flows from Noncapital Financing Activities		
Transfers in (out)	(1,316,780)	(1,264,102)
Subsidy from federal grants	129,091	-
Net Cash Used in Noncapital Financing Activities	<u>(1,187,689)</u>	<u>(1,264,102)</u>
Cash Flows from Capital and Related Financing Activities		
Acquisition and construction of capital assets	(5,856,142)	(3,456,814)
Proceeds from capital debt	5,266,315	-
Bond issue costs	-	(104,199)
County sales tax	-	491,261
Principal payments on bonds and notes payable	(635,481)	(615,410)
Interest and other fees paid	(28,503)	(48,571)
Net Cash Used in Capital and Related Financing Activities	<u>(1,253,811)</u>	<u>(3,733,733)</u>
Cash Flows from Investing Activities		
Interest on investments	17,394	63,606
Principal payments received on notes receivable	2,779	-
Net Cash Provided by Investing Activities	<u>20,173</u>	<u>63,606</u>
Net Increase (Decrease) in Cash	1,952,543	(1,205,398)
Cash and Cash Investments, Beginning	<u>7,097,793</u>	<u>8,303,191</u>
Cash and Cash Investments, Ending	<u><u>\$ 9,050,336</u></u>	<u><u>\$ 7,097,793</u></u>

(Continued)

**CITY OF NEWBERRY
ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2010 AND 2009**

	<u>2010</u>	<u>2009</u>
Reconciliation of Operating Income to		
Net Cash Provided by Operating Activities		
Operating Income	\$ 2,756,416	\$ 2,134,112
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation	1,725,296	1,820,889
Decrease (increase) in accounts receivable	(221,649)	(241,441)
Decrease (increase) in inventories	30,811	(18,825)
Decrease (increase) in other receivables	6,628	(12,511)
Increase (decrease) in accounts payable	68,288	2,714
Increase (decrease) in compensated absences	1,797	19,965
Increase (decrease) in accrued salaries	10,109	12,304
Increase (decrease) in due to other funds	(3,826)	11,624
Net Cash Provided by Operating Activities	<u>\$ 4,373,870</u>	<u>\$ 3,728,831</u>
Noncash Capital Activities		
Acquisition of capital assets on account	<u>\$ 3,353,293</u>	<u>\$ -</u>

CAPITAL ASSETS - GOVERNMENTAL FUNDS

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

CITY OF NEWBERRY
COMPARATIVE SCHEDULES OF CAPITAL ASSETS
USED IN THE OPERATION OF GOVERNMENTAL FUNDS
BY SOURCE
JUNE 30, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
Capital Assets		
Land and improvements	\$ 2,301,016	\$ 2,301,016
Buildings, improvements and fixtures	7,147,601	7,147,601
Streets, sidewalks and bridges	1,670,680	1,670,680
Motor vehicles and equipment	4,456,507	4,228,220
Office furniture and equipment	118,545	118,545
Other equipment	1,313,065	639,791
Construction in progress	<u>29,279</u>	<u>476,638</u>
Total Capital Assets	<u><u>\$ 17,036,693</u></u>	<u><u>\$ 16,582,491</u></u>
Investment in Capital Assets by Source		
General Fund	\$ 7,021,459	\$ 6,788,743
Special Revenue Funds	3,748,058	3,526,572
Capital Projects Funds	983,603	983,603
Donations	4,511,094	4,511,094
Parking Enterprise Funds	374,186	374,186
Contribution by Utility Enterprise Fund	<u>398,293</u>	<u>398,293</u>
Total Investment in Capital Assets	<u><u>\$ 17,036,693</u></u>	<u><u>\$ 16,582,491</u></u>

CITY OF NEWBERRY
SCHEDULE OF CAPITAL ASSETS USED IN THE OPERATION OF
GOVERNMENTAL FUNDS - BY FUNCTION AND ACTIVITY
YEAR ENDED JUNE 30, 2010

Function and Activity	Land and Land Improvements	Building Improvements and Fixtures	Streets, Sidewalks, and Bridges	Motor Vehicle and Equipment	Office Furniture and Equipment	Other Equipment	Construction in Progress	Total
General Government								
Council	\$ 1,902,396	\$ 7,113,734	\$ -	\$ -	\$ -	\$ 110,980	\$ 29,279	\$ 9,156,389
Finance	-	-	-	-	11,240	-	-	11,240
City Hall	-	-	-	-	63,416	8,850	-	72,266
Planning and development	-	-	-	56,707	-	-	-	56,707
Telecommunications	-	-	-	-	-	666,274	-	666,274
Total General Government	<u>1,902,396</u>	<u>7,113,734</u>	<u>-</u>	<u>56,707</u>	<u>74,656</u>	<u>786,104</u>	<u>29,279</u>	<u>9,962,876</u>
Public Safety								
Police	-	3,400	-	774,161	43,889	126,445	-	947,895
Fire	-	30,467	-	1,739,687	-	127,070	-	1,897,224
Justice and law	-	-	-	-	-	7,000	-	7,000
Total Public Safety	<u>-</u>	<u>33,867</u>	<u>-</u>	<u>2,513,848</u>	<u>43,889</u>	<u>260,515</u>	<u>-</u>	<u>2,852,119</u>
Public Works								
Administration	-	-	-	20,425	-	23,069	-	43,494
Streets and drainage	-	-	1,670,680	522,723	-	18,108	-	2,211,511
Sanitation and streets	-	-	-	1,127,156	-	-	-	1,127,156
Building maintenance	-	-	-	19,955	-	-	-	19,955
Garage	-	-	-	26,215	-	44,792	-	71,007
Total Public Works	<u>-</u>	<u>-</u>	<u>1,670,680</u>	<u>1,716,474</u>	<u>-</u>	<u>85,969</u>	<u>-</u>	<u>3,473,123</u>
Parks, recreation and tourism	<u>398,620</u>	<u>-</u>	<u>-</u>	<u>169,478</u>	<u>-</u>	<u>180,477</u>	<u>-</u>	<u>748,575</u>
Total Capital Assets	<u>\$ 2,301,016</u>	<u>\$ 7,147,601</u>	<u>\$ 1,670,680</u>	<u>\$ 4,456,507</u>	<u>\$ 118,545</u>	<u>\$ 1,313,065</u>	<u>\$ 29,279</u>	<u>\$ 17,036,693</u>

CITY OF NEWBERRY
SCHEDULE OF CHANGES IN CAPITAL ASSETS USED IN THE OPERATION
OF GOVERNMENTAL FUNDS - BY FUNCTION AND ACTIVITY
YEAR ENDED JUNE 30, 2010

Function and Activity	Capital Assets June 30, 2009	Additions	Deductions	Capital Assets June 30, 2010
General Government				
Council	\$ 9,127,110	\$ 29,279	\$ -	\$ 9,156,389
Finance	11,240	-	-	11,240
City Hall	72,266	-	-	72,266
Planning and development	37,682	19,025	-	56,707
Telecommunications	476,638	189,636	-	666,274
Total General Government	9,724,936	237,940	-	9,962,876
Public Safety				
Police	955,011	91,361	98,477	947,895
Fire	1,646,056	349,446	98,278	1,897,224
Justice and law	-	7,000	-	7,000
Total Public Safety	2,601,067	447,807	196,755	2,852,119
Public Works				
Administration	43,494	-	-	43,494
Streets and drainage	2,233,328	-	21,817	2,211,511
Sanitation and streets	1,157,915	191,437	222,196	1,127,156
Building maintenance	19,955	-	-	19,955
Garage	71,007	-	-	71,007
Total Public Works	3,525,699	191,437	244,013	3,473,123
Parks, Recreation, and Tourism	730,789	17,786	-	748,575
Total Capital Assets	\$ 16,582,491	\$ 894,970	\$ 440,768	\$ 17,036,693

STATISTICAL SECTION

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

	Page
Contents	
Financial Trends	113-118
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	119-128
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	129-134
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	135-136
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	137-139
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 Eight Fiscal Years (1)
(accrual basis of accounting)**

	2003	2004	2005	2006	2007	2008	2009	2010
	\$	\$	\$	\$	\$	\$	\$	\$
Governmental activities								
Invested in capital assets, net of related debt	3,776,375	3,858,984	4,122,670	3,920,914	5,014,176	5,930,087	6,447,586	6,934,137
Restricted	69,015	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Unrestricted	2,906,765	3,352,803	4,001,053	5,667,899	5,215,684	6,001,866	6,777,040	7,299,789
Total governmental activities net assets	<u>6,752,155</u>	<u>7,221,787</u>	<u>8,133,723</u>	<u>9,598,813</u>	<u>10,239,860</u>	<u>11,941,953</u>	<u>13,234,626</u>	<u>14,243,926</u>
Business-type activities								
Invested in capital assets, net of related debt	17,840,464	18,640,596	18,650,539	18,614,512	18,755,630	19,853,480	21,938,753	21,001,548
Restricted	4,567,490	1,500,134	969,491	1,051,168	1,528,920	1,634,787	2,758,201	2,473,010
Unrestricted	5,152,990	4,548,809	5,529,050	6,483,586	7,217,461	8,995,983	7,067,335	10,123,565
Total business-type activities net assets	<u>27,560,944</u>	<u>24,689,539</u>	<u>25,149,080</u>	<u>26,149,266</u>	<u>27,502,011</u>	<u>30,484,250</u>	<u>31,764,289</u>	<u>33,598,123</u>
Primary government								
Invested in capital assets, net of related debt	21,616,839	22,499,580	22,773,209	22,535,426	23,769,806	25,783,567	28,386,339	27,935,685
Restricted	4,636,505	1,510,134	979,491	1,061,168	1,538,920	1,644,787	2,768,201	2,483,010
Unrestricted	8,059,755	7,901,612	9,530,103	12,151,485	12,433,145	14,997,849	13,844,375	17,423,354
Total primary government net assets	<u>34,313,099</u>	<u>31,911,326</u>	<u>33,282,803</u>	<u>35,748,079</u>	<u>37,741,871</u>	<u>42,426,203</u>	<u>44,998,915</u>	<u>47,842,049</u>

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

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

	2003	2004	2005	2006	2007	2008	2009	2010
	\$	\$	\$	\$	\$	\$	\$	\$
Expenses								
Governmental activities:								
General government	951,461	969,006	1,005,597	1,030,011	1,445,489	1,314,360	1,189,122	1,483,407
Public safety	2,881,264	3,106,543	3,293,811	3,474,702	3,825,223	4,190,713	4,071,407	4,373,431
Public works	1,237,546	1,331,018	1,281,033	1,377,159	1,382,291	1,341,670	1,538,902	1,090,333
Parks, recreation, and tourism	461,020	480,602	504,492	509,442	533,905	579,420	581,708	552,199
Community development	35,031	108,710	121,262	188,088	114,662	948,805	785,508	732,863
Community promotions and projects	151,113	160,230	230,180	249,642	234,583	183,867	148,955	101,810
Interest on long-term debt	128,829	119,846	109,050	129,897	170,940	156,887	130,055	109,088
Total governmental activities expenses	5,846,264	6,275,955	6,545,425	6,958,941	7,707,093	8,715,722	8,445,657	8,443,131
Business-type activities: Utility system	17,474,698	21,736,601	17,887,156	18,420,267	19,046,776	19,981,290	21,029,294	21,434,088
Total primary government expenses	23,320,962	28,012,556	24,432,581	25,379,208	26,753,869	28,697,012	29,474,951	29,877,219
Program Revenues								
Governmental activities:								
Charges for services:								
General government	1,137,848	1,187,358	1,200,276	1,301,029	1,437,771	1,468,790	1,401,080	1,379,518
Public safety	494,673	481,017	665,597	557,813	862,315	988,539	791,774	768,505
Public works	305,286	334,424	591,701	575,977	579,809	574,127	609,412	611,839
Parks, recreation, and tourism	38,273	41,782	34,972	35,925	41,177	38,399	38,420	40,873
Community promotion and projects	-	-	-	-	-	2,910	5,395	6,815
Operating grants and contributions	57,381	96,065	357,807	148,329	18,000	183,563	180,233	100,667
Capital grants and contributions	157	-	-	329,874	114,212	556,620	520,272	35,278
Total governmental activities program revenues	2,033,618	2,140,646	2,850,353	2,948,947	3,053,284	3,812,948	3,546,586	2,943,495
Business-type activities: Utility system								
Charges for services	18,560,750	19,382,534	18,896,660	19,995,736	20,767,125	22,071,963	23,023,588	24,134,113
Operating grants and contributions	-	15,536	-	-	-	-	-	-
Capital grants and contributions	-	367,484	340,836	146,006	189,835	132,329	-	433,533
Total business-type activities program revenues	18,560,750	19,765,554	19,237,496	20,141,742	20,956,960	22,204,292	23,023,588	24,567,646
Total primary government program revenues	20,594,368	21,906,200	22,087,849	23,090,689	24,010,244	26,017,240	26,570,174	27,511,141

	2003	2004	2005	2006	2007	2008	2009	2010
	\$	\$	\$	\$	\$	\$	\$	\$
Net (expense)/revenue								
Governmental activities	(3,812,646)	(4,135,309)	(3,695,072)	(4,009,994)	(4,653,809)	(4,902,774)	(4,899,071)	(5,499,636)
Business-type activities	1,086,052	(1,971,047)	1,350,340	1,721,475	1,910,184	2,223,002	1,994,294	3,133,558
Total primary government net expense	(2,726,594)	(6,106,356)	(2,344,732)	(2,288,519)	(2,743,625)	(2,679,772)	(2,904,777)	(2,366,078)
General Revenues and Other Changes in Net Assets								
Governmental activities:								
Property taxes	1,757,023	1,905,091	1,783,419	2,091,233	2,181,578	2,324,532	2,481,874	2,470,075
Local hospitality and accommodation fee	367,676	396,926	442,297	481,809	545,207	557,636	553,178	592,269
Intergovernmental revenue	903,373	1,302,367	1,179,810	1,708,424	1,098,074	1,861,027	1,741,740	1,957,652
Interest revenue	26,542	22,402	51,539	160,413	199,890	115,620	36,020	19,172
Miscellaneous	63,042	25,961	188,712	128,074	189,407	536,811	114,830	152,988
Transfers	950,000	952,194	961,231	905,131	1,080,700	1,209,241	1,264,102	1,316,780
Total governmental activities	4,067,656	4,604,941	4,607,008	5,475,084	5,294,856	6,604,867	6,191,744	6,508,936
Business-type activities:								
Intergovernmental revenue	-	-	-	-	234,805	1,773,933	491,261	-
Interest revenue	107,531	51,836	70,432	183,842	273,621	194,545	58,586	17,056
Miscellaneous	-	-	-	-	14,835	-	-	-
Transfers	(950,000)	(952,194)	(961,231)	(905,131)	(1,080,700)	(1,209,241)	(1,264,102)	(1,316,780)
Total business-type activities	(842,469)	(900,358)	(890,799)	(721,289)	(557,439)	759,237	(714,255)	(1,299,724)
Total primary government	3,225,187	3,704,583	3,716,209	4,753,795	4,737,417	7,364,104	5,477,489	5,209,212
Change in Net Assets								
Government activities	255,010	469,632	911,936	1,465,090	641,047	1,702,093	1,292,673	1,009,300
Business-type activities	243,583	(2,871,405)	459,541	1,000,186	1,352,745	2,982,239	1,280,039	1,833,834
Total primary government	498,593	(2,401,773)	1,371,477	2,465,276	1,993,792	4,684,332	2,572,712	2,843,134

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

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

<u>Fiscal Year</u>	<u>Property Tax \$</u>
2003	1,757,023
2004	1,905,091
2005	1,783,419
2006	2,091,233
2007	2,181,578
2008	2,324,532
2009	2,481,874
2010	2,470,075

(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)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
General fund										
Reserved	-	-	-	-	-	-	-	-	-	-
Unreserved	2,351,315	2,706,407	2,651,022	2,879,588	3,190,209	3,680,919	4,262,543	4,601,905	4,963,913	5,115,849
Total general fund	2,351,315	2,706,407	2,651,022	2,879,588	3,190,209	3,680,919	4,262,543	4,601,905	4,963,913	5,115,849
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	369,877	359,043	425,061	569,944	632,182	1,787,283	675,608	1,064,410	1,430,335	1,714,026
Debt service fund	5,186	15,904	59,015	(30,486)	(39,795)	34,444	98,419	188,685	242,505	305,775
Permanent fund	4,006	4,546	3,719	2,821	1,969	2,783	4,544	6,382	6,713	6,899
Total all other governmental funds	389,069	389,493	497,795	552,279	604,356	1,834,510	788,571	1,269,477	1,689,553	2,036,700
Total all governmental funds	2,740,384	3,095,900	3,148,817	3,431,867	3,794,565	5,515,429	5,051,114	5,871,382	6,653,466	7,152,549

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

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenues										
Taxes	1,345,212	1,681,830	1,756,840	1,791,784	1,850,080	2,130,995	2,143,143	2,319,513	2,472,998	2,461,415
Licenses, permits and franchise fees	1,017,050	1,031,366	1,137,848	1,187,358	1,200,276	1,301,029	1,437,771	1,468,790	1,401,080	1,379,518
Fines and forfeitures	429,468	555,394	494,673	481,017	665,597	597,539	923,200	975,649	778,615	755,361
Charges for service	525,981	683,008	711,235	773,132	1,068,970	1,095,606	1,172,337	1,173,072	1,206,405	1,251,796
Intergovernmental	966,709	1,051,967	952,359	1,390,932	1,537,617	2,184,202	1,244,364	2,614,366	2,455,404	2,106,741
Miscellaneous	319,004	108,458	96,292	55,863	248,867	296,892	308,190	258,360	150,850	172,160
Total revenues	4,603,424	5,112,023	5,149,247	5,680,086	6,571,407	7,606,263	7,229,005	8,809,750	8,465,352	8,126,991
Expenditures										
General government	550,109	579,697	605,682	628,223	645,494	663,899	828,763	835,483	940,889	883,930
Public safety	2,196,609	2,307,620	2,374,084	2,529,513	3,311,386	2,590,447	2,933,901	3,394,144	3,117,160	3,405,480
Public works	1,171,941	961,146	1,090,185	1,219,816	1,121,842	1,156,509	1,192,851	1,336,113	1,408,313	1,232,928
Recreation	398,743	361,483	408,817	421,594	439,768	392,754	409,275	454,591	465,227	430,531
Community development	120,898	64,111	20,637	99,849	435,301	1,189,674	1,182,894	948,805	785,508	732,863
Nondepartmental	1,148,284	1,099,958	1,150,333	1,200,264	1,513,303	1,654,863	1,736,804	1,782,737	1,764,466	1,746,100
Debt Service										
Principal	221,608	259,093	296,282	334,698	333,719	410,502	487,063	518,789	518,492	592,055
Interest	160,073	154,335	144,130	132,323	122,874	164,111	174,369	160,561	139,615	112,237
Other charges	-	-	-	-	-	-	-	-	-	-
Total expenditures, including capital	5,968,265	5,787,443	6,090,150	6,566,280	7,923,687	8,222,759	8,945,920	9,431,223	9,139,670	9,136,124
Total capital expenditures only	473,629	242,115	383,710	448,644	1,199,977	1,450,870	1,427,464	1,349,556	962,229	894,970
Excess of revenues over (under) expenditures	(1,364,841)	(675,420)	(940,903)	(886,194)	(1,352,280)	(616,496)	(1,716,915)	(621,473)	(674,318)	(1,009,133)
Other financing sources (uses)										
Transfers in	1,155,519	1,028,847	1,076,850	1,107,967	961,231	1,030,980	1,207,385	1,254,419	1,291,948	1,342,433
Transfers out	(205,519)	(78,847)	(126,850)	(155,773)	-	(125,849)	(126,685)	(45,178)	(27,846)	(25,653)
Issuance of debt/construction loan/costs	133,547	81,510	41,975	217,050	753,747	1,432,229	171,900	232,500	1,542,300	191,436
Repayment of debt/construction loan/costs	-	-	-	-	-	-	-	-	(1,350,000)	-
Total other financing sources (uses)	1,083,547	1,031,510	991,975	1,169,244	1,714,978	2,337,360	1,252,600	1,441,741	1,456,402	1,508,216
Net change in fund balances	(281,294)	356,090	51,072	283,050	362,698	1,720,864	(464,315)	820,268	782,084	499,083
Debt service as a percentage of noncapital expenditures	6.9%	7.5%	7.7%	7.6%	6.8%	8.5%	8.8%	8.4%	8.0%	8.5%

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
	\$		\$		\$		\$		\$
2001	12,462,561	69.4%	3,028,739	16.9%	1,840,751	10.2%	637,460	3.5%	17,969,512
2002	12,733,045	69.5%	3,074,512	16.8%	1,906,443	10.4%	608,187	3.3%	18,322,188
2003	12,793,345	69.0%	3,074,512	16.6%	1,906,443	10.3%	775,250	4.2%	18,549,551
2004	13,340,502	68.8%	3,073,167	15.9%	2,098,611	10.8%	868,490	4.5%	19,380,771
2005	13,293,635	70.3%	2,725,743	14.4%	2,195,893	11.6%	681,389	3.6%	18,896,660
2006	14,089,562	70.5%	2,854,328	14.3%	2,342,721	11.7%	709,125	3.5%	19,995,736
2007	14,527,809	70.0%	2,932,711	14.1%	2,549,842	12.3%	756,763	3.6%	20,767,125
2008	15,443,718	70.0%	3,101,255	14.1%	2,754,515	12.5%	772,475	3.5%	22,071,963
2009	15,934,946	69.2%	3,218,926	14.0%	3,023,405	13.1%	846,311	3.7%	23,023,588
2010	17,070,818	70.7%	3,134,316	13.0%	3,164,150	13.1%	764,829	3.2%	24,134,113

(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
	\$	\$	\$
2001	1,270,383	74,829	1,345,212
2002	1,590,513	91,317	1,681,830
2003	1,631,656	125,184	1,756,840
2004	1,686,385	105,399	1,791,784
2005	1,678,379	171,701	1,850,080
2006	1,879,017	251,978	2,130,995
2007	1,902,399	240,744	2,143,143
2008	1,991,822	327,691	2,319,513
2009	2,113,261	359,737	2,472,998
2010	2,093,574	367,841	2,461,415

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

	<u>June 2001</u>	<u>June 2002</u>	<u>June 2003</u>	<u>June 2004</u>	<u>June 2005</u>	<u>June 2006</u>	<u>June 2007</u>	<u>June 2008</u>	<u>June 2009</u>	<u>June 2010</u>
Electric Customers:										
Residential	3,965	3,931	3,943	3,992	4,012	4,016	4,055	4,045	4,102	4,054
Commercial	813	829	833	845	848	861	874	859	862	873
Industrial	14	14	14	13	13	12	12	12	13	13
Total	4,792	4,774	4,790	4,850	4,873	4,889	4,941	4,916	4,977	4,940
Water Customers:										
Residential	4,098	4,063	4,046	4,092	4,072	4,088	4,103	4,096	4,147	4,108
Commercial	667	675	691	703	715	731	740	740	743	756
Industrial	22	21	23	24	24	25	25	26	26	26
Total	4,787	4,759	4,760	4,819	4,811	4,844	4,868	4,862	4,916	4,890
Sewer Customers:										
Residential	3,552	3,515	3,510	3,548	3,543	3,552	3,572	3,564	3,602	3,576
Commercial	529	535	545	555	561	576	578	570	573	575
Industrial	20	20	22	21	21	21	21	22	22	21
Total	4,101	4,070	4,077	4,124	4,125	4,149	4,171	4,156	4,197	4,172
Total Number Utility Customers (1)	5,795	5,770	5,771	5,829	5,829	5,865	5,895	5,881	5,946	5,893

(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
2001	166,858,465	3.49%	226,731,985	8.70%	96,000,530	6.46%
2002	166,115,159	-0.45%	224,122,787	-1.15%	90,135,106	-6.11%
2003	169,899,221	2.28%	228,748,797	2.06%	89,452,327	-0.76%
2004	169,664,320	-0.14%	220,722,470	-3.51%	87,962,128	-1.67%
2005	172,980,472	1.95%	205,497,473 (1)	-6.90%	88,825,908	0.98%
2006	179,829,708	3.96%	199,542,449	-2.90%	95,283,833	7.27%
2007	179,341,477	-0.27%	196,656,486	-1.45%	97,589,068	2.42%
2008	194,261,115	8.32%	213,241,967	8.43%	103,006,055	5.55%
2009	191,986,260	-1.17%	219,134,802	2.76%	101,462,795	-1.50%
2010	200,113,268	4.23%	210,685,841	-3.86%	100,458,848	-0.99%

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

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

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

<u>Fiscal Year</u>	<u>Electric</u> \$	<u>Percent Increase</u> %	<u>Water</u> \$	<u>Percent Increase</u> %	<u>Sewer</u> \$	<u>Percent Increase</u> %	<u>TOTAL</u> \$	<u>Percent Increase</u> %
2001	86.86	1.66	17.27	0.00	17.57	0.00	121.7	1.18
2002	86.86	0	17.27	0.00	18.52	5.41	122.65	0.78
2003	87.69	0.96	17.27	0.00	19.5	5.29	124.46	1.48
2004	88.14	0.51	17.27	0.00	20.48	5.03	125.89	1.15
2005	89.89	1.99	17.27	0.00	21.51	5.03	128.67	2.21
2006	89.89	0.00	17.87	3.47	22.46	4.42	130.22	1.20
2007	91.51	1.80	18.47	3.36	23.44	4.36	133.42	2.46
2008	92.50	1.08	18.47	0.00	24.61	4.99	135.58	1.62
2009	94.55	2.22	18.47	0.00	26.54	7.84	139.56	2.94
2010 (2)	99.59	5.33	18.47	0.00	28.52	7.46	146.58	5.03

(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, 2010. An overall increase of 5.01% on electricity and 7.50% on sewer became effective on the July 1, 2009 billing (fiscal year 2010). Additionally, please note that an overall rate increase of 6.00% on electricity and 5.00% on water became effective on the July 1, 2010 billing (fiscal year 2011).

City of Newberry
Principal Utility Customers by Total Billed (1)
June 30, 2010

Customer	Fiscal Year 2010			Fiscal Year 2001		
	Total Billed	Rank	Percentage of Total Operating Revenue (2)	Total Billed	Rank	Percentage of Total Operating Revenue (3)
	\$			\$		
Louis Rich	6,344,502	1	26.29%	3,512,787	1	19.55%
Saluda Commission of Public Works	792,917	2	3.29%	549,592	3	3.06%
Newberry College	742,018	3	3.07%	497,594	4	2.77%
Newberry County Memorial Hospital	507,685	4	2.10%	333,679	7	1.86%
ISE	470,328	5	1.95%	558,749	2	3.11%
Newberry Housing Authority-Grant Homes	415,882	6	1.72%			0.00%
Shakespeare	406,534	7	1.68%	473,731	6	2.64%
Packaging Corp. of America, Inc.	360,847	8	1.50%	307,782	8	1.71%
Newberry County Water & Sewer	265,665	9	1.10%	478,706	5	2.66%
Newberry High School	212,283	10	0.88%	221,556	9	1.23%
Winn-Dixie				157,390	10	0.88%
Total	10,518,661		43.58%	7,091,566		39.46%

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

(2) Total audited operating revenue for fiscal year 2010 is \$ 24,134,113 .

(3) Total audited operating revenue for fiscal year 2001 is \$ 17,969,512 .

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				
		\$	\$	\$	\$	\$	\$	\$	\$	\$	
2001	2000	Not Available	Not Available	11,463,170	Not Available	Not Available	6,588,190	18,051,360	73.80	300,690,939	6.00%
2002	2001	Not Available	Not Available	11,417,990	Not Available	Not Available	6,532,770	17,950,760	94.00	301,576,173	5.95%
2003	2002	Not Available	Not Available	11,603,540	Not Available	Not Available	6,273,560	17,877,100	94.00	302,863,007	5.90%
2004	2003	Not Available	Not Available	11,641,550	Not Available	Not Available	6,650,430	18,291,980	94.00	310,825,886	5.88%
2005	2004	4,914,640	6,779,900	11,694,540	3,003,260	3,628,340	6,631,600	18,326,140	94.00	313,079,010	5.85%
2006	2005	4,949,970	7,386,260	12,336,230	4,112,215	3,419,720	7,531,935	19,868,165	96.50	342,195,769	5.81%
2007 (1)	2006	7,228,310	9,214,640	16,442,950	2,364,620	3,878,970	6,243,590	22,686,540	86.00	414,017,506	5.48%
2008	2007	7,203,750	9,294,700	16,498,450	2,426,050	3,867,140	6,293,190	22,791,640	89.70	416,595,391	5.47%
2009	2008	7,296,220	9,424,580	16,720,800	2,212,970	3,910,130	6,123,100	22,843,900	93.30	419,076,036	5.45%
2010	2009	7,266,060	10,117,980	17,384,040	1,871,629	3,734,910	5,606,539	22,990,579	93.30	422,539,353	5.44%

(1) Reassessment.

(2) Source: Newberry County Auditor. \$814,950 in assessed value (\$14,737,833 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) Source: 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					Newberry County (1)			Newberry County School District (1)				Total Direct & Overlapping Rates
Fiscal Year	Tax Year	Operating Millage	Debt Service Millage	Total City Millage	Operating Millage	Debt Service Millage	Total County Millage	Operating Millage	Debt Service Millage	Total School Millage	Other (1)	
2001	2000	73.8	0.0	73.8	66.5	22	88.5	156.7	0	156.7	11.8	330.8
2002	2001	94	0.0	94.0	81.9	8.9	90.8	165	54.5	219.5	2.7	407.0
2003	2002	94.0	0.0	94.0	108.7	7.1	115.8	173.1	53.0	226.1	3.1	439.0
2004	2003	94.0	0.0	94.0	114.3	1.5	115.8	179.5	50.6	230.1	3.1	443.0
2005	2004	94.0	0.0	94.0	114.3	4.2	118.5	185.5	41.7	227.2	3.3	443.0
2006	2005	96.5	0.0	96.5	114.3	11.0	125.3	192.3	53.0	245.3	3.4	470.5
2007 (2)	2006	86.0	0.0	86.0	135.5	9.8	145.3	182.1	53.0	235.1	6.6	473.0
2008	2007	89.7	0.0	89.7	138.0	10.9	148.9	190.0	53.0	243.0	7.1	488.7
2009	2008	93.3	0.0	93.3	141.3	10.4	151.7	194.0	53.0	247.0	7.3	499.3
2010	2009	93.3	0.0	93.3	144.3	4.4	148.7	194.0	53.0	247.0	7.3	496.3

(1) Source: Newberry County Auditor.

(2) Reassessment.

**City of Newberry
Principal Property Taxpayers (1)
June 30, 2010**

<u>Taxpayer</u>	<u>Fiscal Year 2010 (Tax Year 2009)</u>			<u>Fiscal Year 2001 (Tax Year 2000)</u>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value (2)</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value (3)</u>
	\$			\$		
Bellsouth Tele. Inc.	560,040	1	2.44%	678,410	1	3.76%
ISE Newberry Inc.	405,230	2	1.76%	235,860	3	1.31%
Lowe's Home Centers	342,000	3	1.49%			
Wal-Mart Real Est.	278,930	4	1.21%			
Newberry Medical	260,000	5	1.13%			
Newberry Atrium	228,530	6	0.99%			
Duke Energy Corp.	170,070	7	0.74%	163,140	4	0.90%
White Oak Manor Inc.	154,910	8	0.67%	138,040	5	0.76%
AT&T Mobility	134,730	9	0.59%			
Newberry Commercial	122,390	10	0.53%			
New Heritage Square			0.00%			
Newberry Indian Hills			0.00%			
South Carolina RS			0.00%			
145 Associates			0.00%	115,390	10	0.64%
Ellett Brothers Inc.			0.00%	132,330	8	0.73%
Glimcher Properties Lmt. Prtsh.			0.00%	246,950	2	1.37%
Rogers Arkansas Assoc.				136,870	6	0.76%
American Fiber & Finishing				122,520	9	0.68%
Glimcher Properties Ltd.				135,060	7	0.75%
Total	2,656,830		11.56%	2,104,570		11.66%

(1) Source: Newberry County Auditor.

(2) Total assessed valuation for tax year 2009 is \$22,990,579 .

(3) Total assessed valuation for tax year 2000 is \$18,051,360 .

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

<u>Fiscal Year</u>	<u>Tax Year</u>	<u>Total Tax Levy for Fiscal Year (2) \$</u>	<u>Collected within the Fiscal Year of the Levy</u>		<u>Collections/ Adjustments in Subsequent Years \$</u>	<u>Total Collections to Date</u>	
			<u>Amount \$</u>	<u>Percentage of Levy</u>		<u>Amount \$</u>	<u>Percentage of Levy</u>
2001	2000	1,281,364	1,226,913	95.8%	54,246	1,281,159	100.0%
2002	2001	1,589,256	1,541,502	97.0%	47,392	1,588,894	100.0%
2003	2002	1,615,709	1,562,473	96.7%	52,033	1,614,506	99.9%
2004	2003	1,654,707	1,610,741	97.3%	41,477	1,652,218	99.9%
2005	2004	1,657,919	1,609,570	97.1%	46,802	1,656,372	99.9%
2006	2005	1,862,082	1,795,145	96.4%	60,012	1,855,157	99.6%
2007	2006	1,928,695	1,842,532	95.5%	77,722	1,920,254	99.6%
2008	2007	2,016,572	1,926,514	95.5%	79,132	2,005,646	99.5%
2009	2008	2,097,729	2,013,278	96.0%	64,913	2,078,191	99.1%
2010	2009	2,105,093	2,021,030	96.0%	-	2,021,030	96.0%

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

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

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

Fiscal Year	Governmental Activities			Business-Type Activities		Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Special Assessment Bonds (2)	Capital Leases	CPU Bonds (3)	Capital Leases			
	\$	\$	\$	\$	\$	\$		\$
2001	-	2,940,000	301,802	6,548,264	78,706	9,868,772	6.5%	933
2002	-	2,775,000	289,219	5,736,959	-	8,801,178	5.6%	832
2003	-	2,600,000	209,912	4,900,632	-	7,710,544	4.7%	728
2004	-	2,415,000	277,264	3,585,100	-	6,277,364	3.7%	593
2005	-	2,220,000	892,292	3,092,978	-	6,205,270	3.6%	586
2006	-	2,020,000	2,114,018	2,562,741	-	6,696,759	3.7%	622
2007	-	1,810,000	2,008,856	2,016,356	-	5,835,212	3.1%	537
2008	-	1,585,000	1,947,567	1,826,632	-	5,359,199	2.8%	492
2009	-	1,357,000	1,849,375	1,211,222	-	4,417,597	2.3%	405
2010	-	1,095,222	1,710,534	8,863,797	-	11,669,553	6.1%	1055

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

(2) Composed of 1998 Tax Increment Financing Bond (fiscal years 2000-2008), which was refinanced as the 2008 Tax Increment Revenue Refunding Bond in August 2008 (fiscal year 2009-2010).

(3) Composed of Combined Public Utility (CPU) debt as follows: 2007 CPU Bond for fiscal years 2008-2010, 2003 CPU Bond for fiscal years 2004-2010, 1993A Bond and SRF Loan for fiscal years 2001-2003, 1993B Bond for fiscal year 2001, and 2009 State Revolving Fund Loan for fiscal year 2010.

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

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

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

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

City of Newberry
Direct and Overlapping Governmental General Obligation Debt
As of June 30, 2010

<u>Governmental Unit</u>	<u>Debt Outstanding</u> \$	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u> \$
Debt repaid with property taxes: County (1)	5,688,254	18.89% (2)	1,074,511
Subtotal, overlapping debt			<u>1,074,511</u>
City of Newberry direct debt repaid with property taxes	-	100%	-
Total direct and overlapping debt			<u><u>1,074,511</u></u>

(1) Source: Newberry County Treasurer

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

1995 County General Obligation Bond	\$ 75,000
2000 County General Obligation Bond	\$ 2,895,000
2007 County General Obligation Bond	\$ 590,000
2007A County General Obligation Bond	\$ 828,254
2010A County General Obligation Bond	1,300,000
	<u>\$ 5,688,254</u>

(2) The percentage of general obligation debt applicable to the City of Newberry is based on the percentage of assessed valuation of property located in the City. Newberry County assessed valuation, per the Newberry County Auditor, is \$121,705,637. City of Newberry assessed valuation from the table within this statistical section labeled "Assessed Value and Estimated Actual Value of Taxable Property" is \$22,990,579.

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									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Debt Limit - 8 percent of total assessed value	\$ 1,444,108	\$ 1,456,972	\$ 1,451,596	\$ 1,463,358	\$ 1,497,511	\$ 1,620,690	\$ 1,860,383	\$ 1,879,930	\$ 1,889,629	\$ 1,904,442
Total net debt applicable to limit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Legal debt margin	\$ 1,444,108	\$ 1,456,972	\$ 1,451,596	\$ 1,463,358	\$ 1,497,511	\$ 1,620,690	\$ 1,860,383	\$ 1,879,930	\$ 1,889,629	\$ 1,904,442
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Legal Debt Margin Calculation for Fiscal Year 2010

Assessed Value - general	\$ 22,990,579
Assessed Value - tax increment financing district	\$ 814,950
Total assessed value	<u>\$ 23,805,529</u>
Debt limit (8% of total assessed value)	\$ 1,904,442
Debt applicable to limit:	
Total general obligation bonds	<u>\$ -</u>
Legal debt margin	<u><u>\$ 1,904,442</u></u>

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

Fiscal Year	TIF Revenue	Contribution (to)/from City Local Hospitality/ Accommodations Fund (2)	Debt Issuance Expenditures	Amount Available for Debt Service	Debt Service Requirements			Coverage (3)
					Principal	Interest	Total	
	\$	\$	\$	\$	\$	\$	\$	
2001	76,048	158,625	-	234,673	160,000	147,980	307,980	0.76
2002	91,718	224,018	-	315,736	165,000	140,018	305,018	1.04
2003	125,510	224,288	-	349,798	175,000	131,687	306,687	1.14
2004	105,699	112,668	-	218,367	185,000	122,868	307,868	0.71
2005	171,891	127,358	-	299,249	195,000	113,558	308,558	0.97
2006	252,270	125,849	-	378,119	200,000	103,880	303,880	1.24
2007	241,125	126,685	-	367,810	210,000	93,835	303,835	1.21
2008	335,266	63,178	-	398,444	225,000	83,178	308,178	1.29
2009	382,625	(27,846)	-	354,779	235,000	65,959	300,959	1.18
2010	394,963	(25,653)	-	369,310	261,778	44,262	306,040	1.21

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

(2) The debt is to be serviced by the tax dollars generated by the tax increment financing district in accordance with State law and contributions from the Newberry Opera House, the renovation of which was partially financed by the proceeds of the bond. While the Newberry Opera House has been a major success as a performing arts center and has covered its operational expenses, there has been no surplus generated from which to make up the difference between the tax revenue and the debt service requirements. The City made annual contributions from its Local Hospitality/Accommodations Fund to the TIF debt service fund from fiscal year 2001 through fiscal year 2008 of this table, with partial repayment from the TIF debt service fund to the Local Hospitality/Accommodations Fund shown in fiscal years 2009-2010.

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

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

<u>Fiscal Year</u>	<u>System Operating Revenues (1)</u> \$	<u>System Operating Expenses (2)</u> \$	<u>Amount Available for Debt Service</u> \$	<u>Debt Service</u>			<u>Coverage (3)</u>
				<u>Principal</u> \$	<u>Interest</u> \$	<u>Total</u> \$	
2001	17,969,511	15,033,926	2,935,585	1,186,490	301,891	1,488,381	1.97
2002	18,322,187	15,316,639	3,005,548	811,305	260,949	1,072,254	2.80
2003	18,549,550	15,580,108	2,969,442	836,327	227,653	1,063,980	2.79
2004	19,380,770	16,046,641	3,334,129	1,315,532	154,103	1,469,635	2.27
2005	18,896,660	15,765,976	3,130,684	492,122	114,595	606,717	5.16
2006	19,995,736	16,647,305	3,348,431	530,237	99,367	629,604	5.32
2007	20,767,125	17,231,152	3,535,973	546,385	83,425	629,810	5.61
2008	22,071,963	18,013,050	4,058,913	569,724	73,867	643,591	6.31
2009 (4)	23,023,588	19,068,587	3,955,001	615,410	83,514	698,924	5.66
2010 (4)	24,134,113	19,652,401	4,481,712	635,481	27,961	663,442	6.76

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

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

(3) Debt Service Requirements for 2007 Bond (FY2008-2010), 2003 Bond (FY 2004-2010), 1993 A and SRF Loan (FY 2001-2003), and 1993 B Bond (FY 2001). Debt service payments on the 2009 South Carolina Water Pollution Control Revolving Fund (SRF) Loan are deferred until FY 2012, coinciding with the scheduled completion of the Wastewater Treatment Plant Rehabilitation/Expansion project. Coverage stated is by fiscal year. Bond indentures require coverage of 120% of annual principal and interest.

(4) The City's 2009 South Carolina Water Pollution Control Revolving Fund (SRF) Loan in the amount of \$19,236,065 plus capitalized interest, if any, was closed on June 24, 2009, with loan activity beginning in FY 2010. The first payment due date is December 1, 2011 (FY 2012).

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

Fiscal Year	(1) Population	(2) Personal Income \$	(3) Per Capita Personal Income \$	(4) Median Household Income \$	(5) Median Age	(6) Education Level In Years of Formal Schooling	(7) School Enrollment	(8) Unemployment Rate %
2001	10,580	152,235,620	14,389	27,064	33.8	12.6	5,957	6.8
2002	10,584	157,574,592	14,888	27,864	33.8	12.6	5,938	7.7
2003	10,588	162,917,556	15,387	28,664	33.8	12.6	5,657	7.5
2004	10,591	168,259,217	15,887	29,464	33.8	12.6	5,858	6.9
2005	10,595	173,609,670	16,386	30,264	33.8	12.6	5,678	6.5
2006	10,761	181,699,485	16,885	31,065	33.8	12.6	5,743	7.3
2007	10,874	189,033,616	17,384	31,865	33.8	12.6	5,733	6.1
2008	10,893	194,799,519	17,883	32,665	33.8	12.6	5,766	7.3
2009	10,907	189,421,869	17,367	35,119	33.8	12.6	5,736	13.0
2010	11,061	191,709,252	17,332	35,187	35.0	12.6	5,695	10.8

(1) Fiscal Year 2001 figure from 2000 Census. Estimates by City of Newberry Finance Department for fiscal years 2002-2005.
Estimates by South Carolina Budget and Control Board for fiscal years 2006-2010.

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

(3) Fiscal Year 2001 figure from 2000 Census. Estimates by City of Newberry Finance Department for fiscal years 2002-2008
Fiscal years 2009-2010 estimates from Central Midlands Council of Governments.

(4) Fiscal Year 2001 figure from 2000 Census. Estimates by City of Newberry Finance Department for fiscal years 2002-2008
Fiscal years 2009-2010 estimates from Central Midlands Council of Governments.

(5) Fiscal Year 2001 figure from 2000 Census. Estimates by City of Newberry Finance Department for fiscal years 2002-2009.
Fiscal year 2010 estimate from Central Midlands Council of Governments.

(6) Sources: Estimates by City of Newberry Finance Department based on 2000 Census for fiscal years 2001-2010.

(7) Source: Newberry County School District.

(8) Source: South Carolina Department of Employment and Workforce.

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

EMPLOYER	2010			2001		
	EMPLOYEES	RANK	PERCENTAGE OF TOTAL COUNTY EMPLOYMENT (3)	EMPLOYEES	RANK	PERCENTAGE OF TOTAL COUNTY EMPLOYMENT (4)
Louis Rich (*)	2500	1	14.51%	1582	1	9.77%
Newberry County School District (**)	860	2	4.99%	800	2	4.94%
Newberry College	320	3	1.86%			
Newberry County Memorial Hospital (**)	314	4	1.82%	350	6	2.16%
Caterpillar, Inc. (*)	285	5	1.65%			
Georgia Pacific (*)	278	6	1.61%	277	7	1.71%
Wal-Mart	250	7	1.45%			
Springfield Place/JF Hawkins	200	8	1.16%			
Shakespeare Composite Structures (*)	200	9	1.16%	395	5	2.44%
County of Newberry	180	10	1.04%			
McKechnie Vehicle Components (*)				163	10	1.01%
American Fiber and Finishing (*)				500	3	3.09%
International Paper				172	9	1.06%
Renfro				400	4	2.47%
Thomas and Howard				250	8	1.54%

(1) Listing of principal employers of Newberry County provided since no listing compiled of principal employers inside City only. A single asterisk (*) is used to denote employers principally located outside the City limits and double asterisks (**) are used to denote employers with principal locations both inside and outside the City limits. No asterisk is used when the employer is principally located inside the City limits. For comparison, the City of Newberry currently has 165 employees. Current year's data derived from Newberry County Chamber of Commerce records. Data for earlier year derived primarily from bond official statements, as available.

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

(3) Percentage calculated using total Newberry County employment from the 2000 Census - 17,234 .

(4) Percentage calculated using total Newberry County employment from the 1990 Census - 16,188 .

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

FUNCTION	BUDGETED FULL-TIME EQUIVALENT EMPLOYEES									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Government										
City Council	7	7	7	7	7	7	7	7	7	7
City Administration (2)	3	4	4	4	4	4	4	4	4	4
Finance	3.5	3.5	3.5	3.5	4	4	4	4	4	4
Planning and Development	2	2	2	2	2.5	3	4	4	4	4
Public Safety										
Police										
Officers	29	27	28	28	28	31	32	32	32	32
Civilians	3	3	3	3	3	3	3	3	3	3
Justice and Law Civilians	1.5	1.75	1.75	1.75	1.75	3.2	3.2	3.2	3.8	3.8
Fire (3)										
Firefighters and Officers	19	19	19	19	19	19	19	19	19	19
Civilians	1	1	1	1	1	1	1	1	1	1
Public Works										
Public Works Administration	2	2	2	2	2	2	2	2	2	2
Streets	12	10	10	10	10	10	10	10	10	10
Sanitation	9	9	8	8	7	7	7	7	5	5
Building Maintenance	2	2	2	2	2	2	2	2	2	1
Garage	4	3	3	3	3	3	3	3	3	3
Recreation	13	9	9.5	9.5	11	14	14	10	13	13
Utility System										
Administration/Finance/Warehouse/ Information Services	11	11	11	11	11	11	11	12	13	13
Electric	12	12	12	12	12	12	12	11	11	11
Water/Sewer Maintenance	9	11	11	11	11	11	11	11	11	11
Water Plant	9	9	9	9	9	9	9	9	9	9
Wastetreatment Plant	6	6	6	6	6	6	6	6	6	6
Total	158	152.25	152.75	152.75	154.25	162.2	164.2	160.2	162.8	161.8

(1) Source: City of Newberry Human Resources Director

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

(3) In addition to City staff, there were 20 Volunteer Firefighter positions in fiscal year 2010.

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

FUNCTION	FISCAL YEAR									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Government (2)										
Finance										
Business licenses (active licenses by last completed calendar year)	(3)	1072	1,061	1,099	1,192	1,114	1,147	1,176	1,193	1,178
Planning and Development										
New construction values per building permits	\$ 4,998,628	\$ 656,540	\$3,075,955	\$ 5,088,814	\$ 8,362,652	\$ 20,031,345	\$ 20,250,479	\$ 12,229,166	\$ 6,720,921	\$ 805,603
Public Safety										
Police										
Incidences	11,370	10,765	10,009	9,477	11,811	11,277	11,814	12,901	12,742	11,492
Arrests and traffic violations (4)	1,526	5,136	5,027	4,095	5,997	5,207	8,251	7,015	6,304	6,454
Parking violations	147	83	155	212	277	245	272	429	542	351
Fire										
Volunteer personnel	24	19	20	21	19	16	18	15	14	18
Calls answered	528	388	488	540	643	593	543	501	491	493
Inspections	85	85	141	100	353	497	583	761	739	595
Public Works (5)										
Streets										
Streets resurfaced (miles)	2.27	-	1.37	2.23	1.04	1.2	0.90	0.93	1.64	0.51
Sanitation										
Refuse collected in tons per year	6,841	6,762	7,572	7,277	7,387	8,138	8,707	8,228	7,615	7,715
Recreation										
# Participants residing within City limits	754	634	546	803	854	792	805	729	942	859
# Participants residing outside City limits	70	214	174	296	301	209	233	320	338	349
# Participants total	824	848	720	1,099	1,155	1,001	1,038	1,049	1,280	1,208
Utility System										
Electric										
Annual non-coincident purchased demand (kW)	35,578	36,965	36,303	35,783	31,308	34,714	30,670	30,697	31,314	32,243
Water										
Average production (gallons per day)	5,336,101	5,351,810	5,194,750	5,049,025	4,488,442	4,677,914 (6)	4,543,934	4,797,981	4,959,345	5,051,292
Sewer										
Average treatment (gallons per day)	2,469,619	2,139,900	2,352,745	2,186,575	2,255,724	2,310,800	2,390,000	2,200,000	2,342,925	2,921,639 (7)

(1) Source: Various City of Newberry departments.

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

(3) Prior year data furnished as available.

(4) Fiscal year 2001 reflect traffic violations only.

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

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

(7) The majority of the increase in treated gallons per day attributed to infiltration. The City has budgeted for an infiltration study during fiscal year 2011.

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

FUNCTION (2)	FISCAL YEAR									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Public Safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	34	35	35	35	37	32	31	38	38	38
Fire										
Stations	2	2	2	2	2	2	2	2	2	2
Fire trucks	5	5	5	5	6	6	6	7	7	7
Public Works (3)										
Streets										
Streets within City (miles)	83	84	84	84	84	84	84	84	87	87
Sanitation										
Packer trucks	4	4	4	4	5	5	5	5	5	5
Recreation										
Parks	15	15	15	15	15	15	15	15	15	15
Parks acreage	100	100	100	100	100	100	100	100	100	100
Utility System										
Electric										
Miles of primary conductor	250	245	253	247	247	247	253	255	259	260
Miles of secondary conductor	85	86	86	86	86	87	88	89	91	92
Water										
Miles of water main lines	123	123	123	125	125	125	125	126	127	127
Fire hydrants	477	476	474	477	479	481	481	482	482	483
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	121	121	122	123	123	123	124	124	124	124
Maximum daily treatment capacity (gallons)	3,220,000	3,220,000	3,220,000	3,220,000	3,220,000	3,220,000	3,220,000	3,220,000	3,220,000	3,220,000

(1) Source: Various City of Newberry departments.

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

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

SINGLE AUDIT SECTION

CITY OF NEWBERRY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2010

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of the City of Newberry.
2. No reportable conditions relating to the audit of the financial statements are reported in the Schedule of Findings and Questioned Costs.
3. No instances of noncompliance material to the financial statements of the City of Newberry were disclosed during the audit.
4. No reportable conditions relating to the audit of the major federal award programs are reported in the Schedule of Findings and Questioned Costs.
5. The auditor's report on compliance for the major federal award programs for the City of Newberry expresses an unqualified opinion.
6. Audit findings relative to the major federal award programs for the City of Newberry are reported in section C of this schedule.
7. The programs that tested as major programs for the year ended June 30, 2010 include:

<u>Program Name</u>	<u>CFDA Number</u>
Clean Water State Revolving Fund	66.458

8. The threshold for distinguishing Type A programs was \$300,000.
9. The City of Newberry did not qualify as a low-risk auditee under Section .530 of OMB Circular A-133.

B. FINDINGS – FINANCIAL STATEMENTS AUDIT

None

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None

CITY OF NEWBERRY

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2010**

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 - Stimulus	14.255	4-S-08-009	\$ 257,022
US Department of Commerce/Economic Development Administration, Public Works Program/Wastewater Treatment Plant Expansion	11.300	04-01-06109	81,849
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	1,971
US Environmental Protection Agency/Passed Through SC Budget and Control Board - SC Water Pollution Control Revolving Fund, Loan Number S1-125-09-320-01	66.458	CS-45000109-0	35,032
US Department of Justice, Office of Justice Programs, Edward Byrne Memorial Justice Assistance Grant Program - Stimulus	16.803	2009-SB-B9-0525	25,635
US Department of Justice, Office of Justice Programs, Edward Byrne Memorial Justice Assistance Grant Program - Stimulus	16.803	1GS09196	7,672
US Environmental Protection Agency, Special Appropriations Projects Grants/Wastewater Treatment Plant Upgrade and Expansion Project	66.202	XP-95452510-0	94,662
US Environmental Protection Agency, Wastewater Treatment Plant Rehabilitation and Expansion/CWSRF Loan Number S1-125-09-320-01 - Stimulus	66.458	2W-95426309-0	4,000,000
US Department of Transportation, State and Community Highway Safety/Passed Through SC Department of Public Safety/Law Enforcement Network Grant	20.600	2JC09008	8,805
Total Federal Expenditures			\$ 4,512,648

See accompanying notes.

CITY OF NEWBERRY

**NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2010**

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 Members of City Council
City of Newberry
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 the City of Newberry, South Carolina as of and for the year ended June 30, 2010, which collectively comprise the financial statements and have issued our report thereon dated September 22, 2010. 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 of Newberry, South Carolina's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A *deficiency in internal control* 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 and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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.

To the Mayor and Members of City Council
City of Newberry
September 22, 2010

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., LLC

September 22, 2010

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REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited the City of Newberry, South Carolina's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that that could have a direct and material effect on each major federal program for the year ended June 30, 2010. 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 could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

To the Mayor and Members of City Council
City of Newberry
September 22, 2010

Internal Control Over Compliance

Management of the City of Newberry, South Carolina is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the 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 to determine the auditing procedures for the purpose of expressing an opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, 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., LLC

September 22, 2010