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Toni R. McKinley  
Robert C. Cooper

August 17, 2006

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

Thank you for the cooperation given during our engagement with the City of Newberry. In connection with our audit of the City for the year ended June 30, 2006, we present the following observations relating to the City's accounting operations.

Certificate of Achievement for Excellence in Financial Reporting

The Comprehensive Annual Financial Report for the City of Newberry for the fiscal year ended June 30, 2005 received a Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association of the United States and Canada. The Certificate of Achievement is the highest form of recognition in governmental accounting and financial reporting.

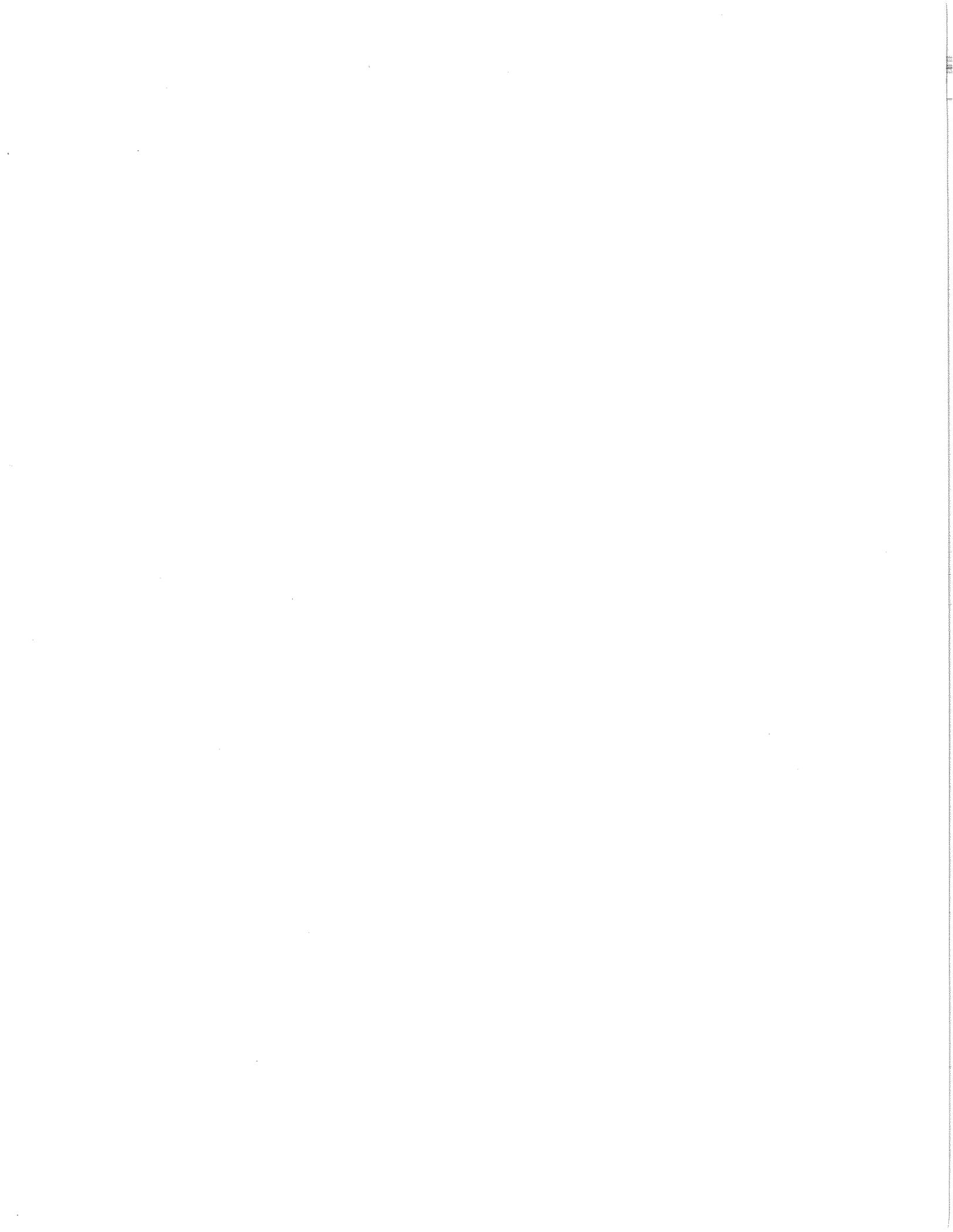
Implementation of GASB No. 45

The GASB has issued Statement No.45, Accounting and Financial Reporting by Employers for Post-employment Benefits other than Pensions, which provides guidance on all aspects of OPEB Reporting by employers. The requirements of this statement are effective for the City for the fiscal year beginning July 1, 2008. We will work with the City to obtain necessary information needed to properly implement these new requirements.

We appreciate the opportunity to present these comments for your consideration, and are prepared to discuss them further at your convenience and provide any other assistance for changes or improvements you may require.

Respectfully submitted,

*McKinley, Cooper & Co., LLP*



# CITY OF NEWBERRY

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

Post Office Drawer 538 • Newberry, South Carolina 29108

November 8, 2006

Following are the written responses of the City of Newberry to the comments and suggestions in regard to our FY 2005 CAFR submission to the Certificate of Achievement program.

## 106 – Government-wide financial statements

Additional Comment:

A caption has been added to intergovernmental revenues to indicate that the revenues are unrestricted. This should serve to clarify this fact.

## 109 – Proprietary Fund Financial Statements

Checklist Question: 9.9

In the current year financial statements, liabilities payable from restricted assets are not reported as a separate category, but are reported as part of current or noncurrent assets, as appropriate.

## 112 – Note Disclosure

Checklist Question: 12.7

Additional disclosure has been made to indicate that the South Carolina Government Investment Pool does not have a credit rating. We've added language provided by the investment pool's management.

Checklist Question: 12.21d

Added to the long-term debt footnote is an explanation that the General Fund is typically used to liquidate the liability for compensated absences of the governmental funds.

## 120 – New Pronouncements

Additional Comment:

GASB Statement No. 47 has been implemented by the City in the fiscal year 2006 financial statements.

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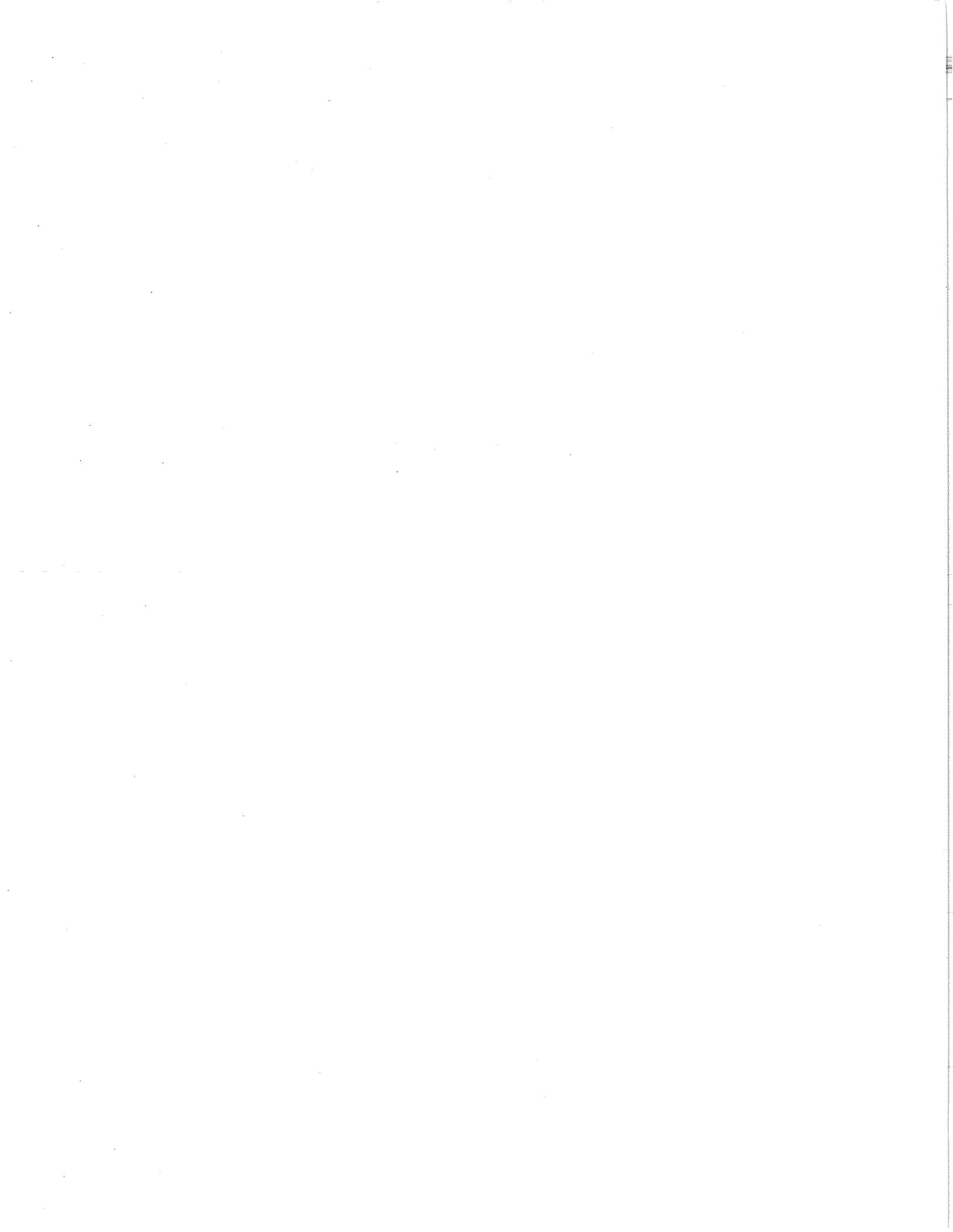
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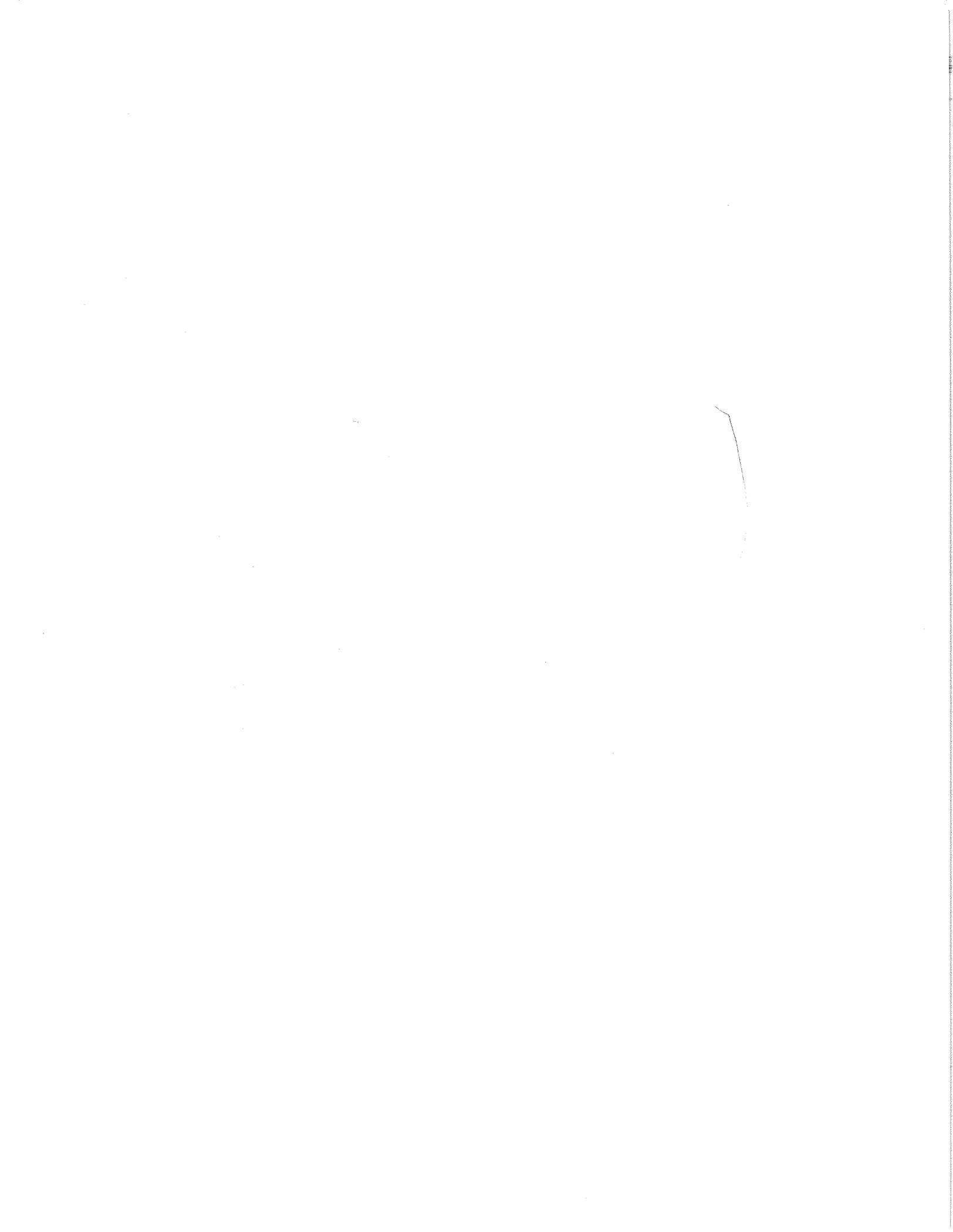
Additional Comment:

GASB Statement No. 42 has been implemented by the City in the fiscal year 2006 financial statements.

Additional Comment:

Thank you for the reminder on GASB Statement No. 45.

Thank you for your comments.



**CITY OF NEWBERRY**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FISCAL YEAR ENDED**  
**JUNE 30, 2006**



**CITY OF NEWBERRY**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FISCAL YEAR ENDED JUNE 30, 2006**  
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## INTRODUCTORY SECTION

# CITY OF NEWBERRY

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

Post Office Drawer 538 • Newberry, South Carolina 29108

October 20, 2006

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, 2006.

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 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, 2006, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement presentation; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended June 30, 2006, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report. Also, in accordance with Government Auditing Standards, the independent auditor issued his report after consideration of the City of Newberry's internal control over financial reporting and on the auditor's test of the City's compliance with certain provisions of laws, regulations, contracts, and grants. That report concerning

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compliance and internal control is located at the end of the comprehensive annual financial report.

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

## **Profile of the Government**

The City of Newberry is located in and is the county seat of Newberry County. The City of Newberry's municipal charter was issued in 1832. The City encompasses an area of approximately seven and a half square miles, while Newberry County encompasses an area of six hundred thirty square miles. The population of the City as registered by the 2000 Census was 10,580, and the population of the County as registered by the 2000 Census was 36,108. 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. At present, the City Manager is assisted by nine staff departments, including Building and Zoning, Economic Development, Finance, Fire, Personnel, Police, Public Works, Recreation 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 activities.

The annual budget serves as the foundation for the City's financial planning and control. All departments of the City of Newberry are required to submit requests for appropriations to the City Manager by mid-April of each year. The City Manager uses these requests as the starting point for developing a proposed budget. The City Manager then presents this proposed budget to the Council for review during May. City Council is required to hold public hearings on the proposed budget and to adopt a final budget before July 1, the beginning of the City's fiscal year. The line-item appropriated budget is prepared by fund and department (e.g., General Fund, Finance Department). Expenditures may not exceed budgeted appropriations for each fund except as authorized by City Council. The

City Manager is authorized to transfer amounts between line items within any department. Transfers between departments require the approval of City Council. Any revisions that alter the total expenditures of any fund also must be approved by City Council. Budget-to-actual comparisons are provided in the report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented on page 34 as part of the basic financial statements for the governmental funds.

### **Factors Affecting Financial Conditions**

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

**Local economy.** The City of Newberry is located in the central piedmont region of South Carolina. The economic base is diversified and comprised of textiles, wood processing and wood products, agricultural pursuits and food processing. This diversity has enabled the region to weather recent downturns in the economy. During 1994, Louis Rich, the county's largest employer and the City's largest consumer of electricity, announced an aggressive two-year expansion that ultimately resulted in the creation of 400 new jobs. During 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 that has been vacant since 1999. During October 2005, F. G. Wilson announced plans to occupy its building during 2006, creating approximately 100 jobs. Confalonieri, an Italian printing operation, and Kiswire, a Korean wire manufacturer, both invested \$10 million in separate facilities. Confalonieri is not currently in operation, while Kiswire is presently in full production.

In the summer of 2001, Millennium Teleservices invested \$1 million in a state of the art call center within the Newberry city limits on the U. S. Highway 76 bypass, 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. 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. 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. C. H. Guenther & Son, Inc. has invested approximately \$32 million in plant renovations and production systems, and created 145 new jobs. 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. Furthermore, fiscal year 2005 saw retail expansion inside the city limits with the opening of a 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 of property. This property is in a high growth-potential corridor located east of the previous city limits and bound by S. C. Highway 34 on the north, S. C. Highway 219 on the south, and Interstate 26 on the east. Included in this

area is 17 acres which is being actively marketed for interstate commercial development. Cracker Barrel Old Country Stores, Incorporated, has purchased one of the available lots, and an investor has closed on another lot with plans to construct an 80-plus room national-franchised hotel. Construction on both projects is anticipated to begin in calendar year 2007.

Much of Newberry's economic excitement 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 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 2005-2006 Newberry Opera House season was a success. This marks five consecutive seasons that the facility has performed at a high level. The addition of a 73-room Hampton Inn Hotel located adjacent the Newberry Opera House in March 2002 served not only to bolster restaurant and retail sales, but also to stimulate modest growth in Newberry Opera House ticket sales the past four seasons. On-going cooperative approaches to promoting the Newberry community have shifted from an emphasis on day-trips to a focus on Newberry as an overnight and weekend tourism destination. Clearly, the Newberry Opera House project is doing what it was intended to do – namely, serving as a catalyst for economic development. The addition of over twenty-five new businesses, six restaurants, seventeen second-floor apartments, a 73-room hotel, and the stimulation of numerous public-private partnerships evidence the catalytic impact of the Newberry Opera House project.

To sustain the momentum of the Newberry Opera House project, the City of Newberry began pursuing four important downtown revitalization projects in fiscal year 2005. The first is 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 convention center. Plans for the renovation of this 11,000 square foot facility feature a warming kitchen, offices for staff, a main assembly space, a decorative lobby, four breakout meeting rooms, and an executive-styled boardroom. The concept is to market the facility for rental by professional associations, continuing education seminars, business meeting groups, symposiums, service organizations, and local events and receptions, of which many are likely to span multiple days and nights. This enterprise should create spin-off economic activity at local hotels, restaurants, and retail shops. The City of Newberry received a Community Development Block Grant from the S.C. Department of Commerce in September 2004, hired a project architect in December 2004, and received bid specifications and final plans in August 2005. The project was bid in September 2005 and a construction contract was awarded in October 2005. The total cost of the project is estimated to be \$2.4 million, of which \$312,500 will be 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. It is anticipated that the Newberry Firehouse Conference Center project will be completed in January 2007.

The second project was the commissioning of a comprehensive retail market assessment and marketing plan for downtown Newberry during fiscal year 2005 that was completed by Arnett Muldrow & Associates of Greenville, S.C. in August of 2005. This too was a project 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 the spring of 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 third project is 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 Grant funding to improve the seven city-owned surface parking lots in the downtown and the side streets linking those parking facilities to Main Street. In 2005, the need to improve the appearance, function, and accessibility of the city parking lots was identified as a priority implementation strategy by Arnett Muldrow & Associates in its retail market assessment for downtown Newberry. This recommendation largely stemmed from field observations and feedback obtained while engaged in interviews and focus groups with downtown merchants and community leaders. Additionally, in January 2006 the city was notified by the S.C. Department of Transportation that its request for transportation enhancement program funds in the amount of \$163,292.46 had been approved. The intent of these grant funds is twofold: (1) to improve the Friend, Harrington, McKibben and Nance Street corridors in support of the city's Newberry Firehouse Conference Center project and of Newberry County's planned construction of a 23,000 square foot library on Friend Street at its intersection with McKibben Street and (2) to stimulate economic investment and redevelopment activity within the 900 block of Main Street. These projects and supporting streetscape enhancements were identified as needed improvements in the implementation section of the Arnett Muldrow & Associates report. City staff completed the environmental review process required by the grantors and secured the services of a registered landscape architect to design the project during the spring of 2006. It is anticipated that the project will be bid and under construction by the end of calendar year 2006. Substantial completion of the project is anticipated to be achieved in early 2008.

The fourth project is the development of an in-fill residential project on roughly 2.3 acres of vacant property located on Harrington and Martin Streets. 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 in early 2005 and conveyed the property to the City of Newberry during fiscal year 2005 with the understanding that a traditional neighborhood would be constructed on the property. City Council approved a development masterplan for the property in October 2005, as required by S.C. state planning law. A development agreement has been prepared between the City and a private party, Guild Investment LLC, which has agreed to develop the site. At this point, the developer is proposing the construction of eight upscale townhouses and ten single-family cottages, which will assist in our efforts to promote downtown living and will create significant additional tax base within the Tax Increment Finance District.

Also notable during fiscal year 2006 are two other private development projects. Newberry Realty, LLC acquired two key properties within the downtown: 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 will represent a level of private sector capitalization in the downtown that has not occurred since the period immediately following completion of the Newberry Opera House 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 2006 include:

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

**Cash management policies and practices.** Cash available for investment during fiscal year 2006 was invested in demand deposits, certificates of deposit, and the State of South Carolina Local Government Investment Pool. The South Carolina Local Government Investment Pool is a pool of funds belonging to participating local governments which is managed by the State Treasurer. These funds are invested by the State Treasurer in obligations of the United States and its agencies and repurchase agreements collateralized by securities of the U. S. Government or its agencies. The City's investment policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. Accordingly, deposits were either insured by federal deposit insurance or collateralized. All collateral on deposits was held by the City, its agent or a financial institution's trust department in the City's name. 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.

Interest earnings from the investment of all City funds during fiscal year 2006 totaled \$344,255. Interest rates on checking account balances during fiscal year 2006 ranged from a low of 3.08% in July 2005 to a high of 4.90% in June 2006.

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

Since March 1, 1999, the City has been enrolled in the insurance benefits program of the State of South Carolina. This program is administered by the Employee Insurance Program, a division of the South Carolina Budget and Control Board. The major

components of the insurance benefits included under the State's program are as follows:

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

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

In response to rising workers' compensation insurance premiums and a need for improved loss control management, the City joined the South Carolina Municipal Insurance Trust Fund, a statewide municipal insurance pool, in 1983. The City restructured its Safety Committee, appointed a Safety Coordinator, and organized Safety Teams within each of its departments. Safety training and accident investigation continue to be incorporated into the work environment. Beginning on January 1, 2003, the City chose to accept a \$15,000 per occurrence deductible to mitigate a large increase in insurance premium primarily due to several large losses. For fiscal year 2006, the City paid \$43,120 in deductible.

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

Retired employees and survivors are allowed to participate in the health, dental, and life insurance programs. The monthly cost of this participation is paid entirely by the retiree or survivor.

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

### **Awards**

The Government Finance Officers Association (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, 2005. This was the thirteenth consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

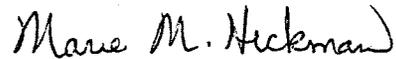
### **Acknowledgements**

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

Sincerely,



Eric G. Budds  
City Manager



Marie M. Hickman  
Finance Director

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Newberry,  
South Carolina

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2005

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



*Carla E. Perry*

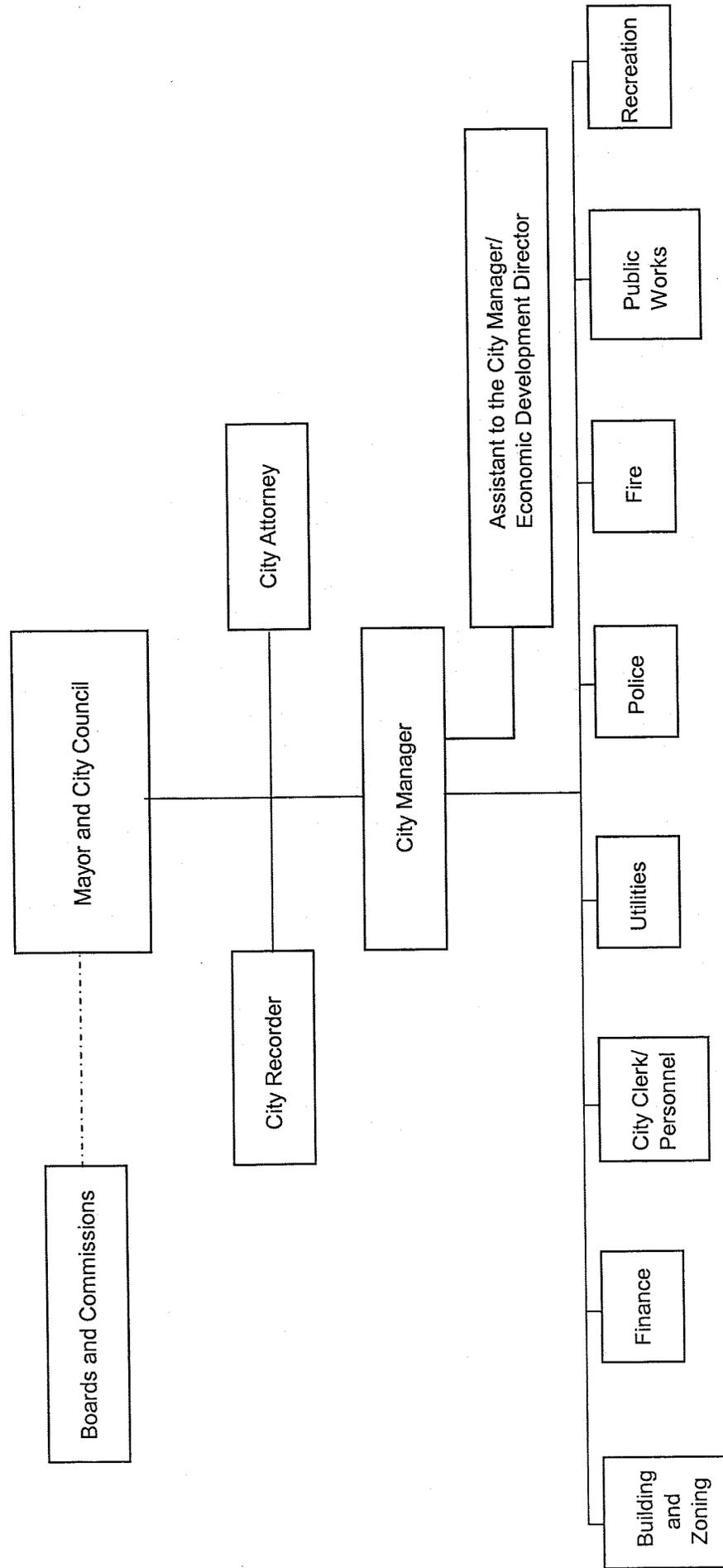
President

*Jeffrey R. Emery*

Executive Director

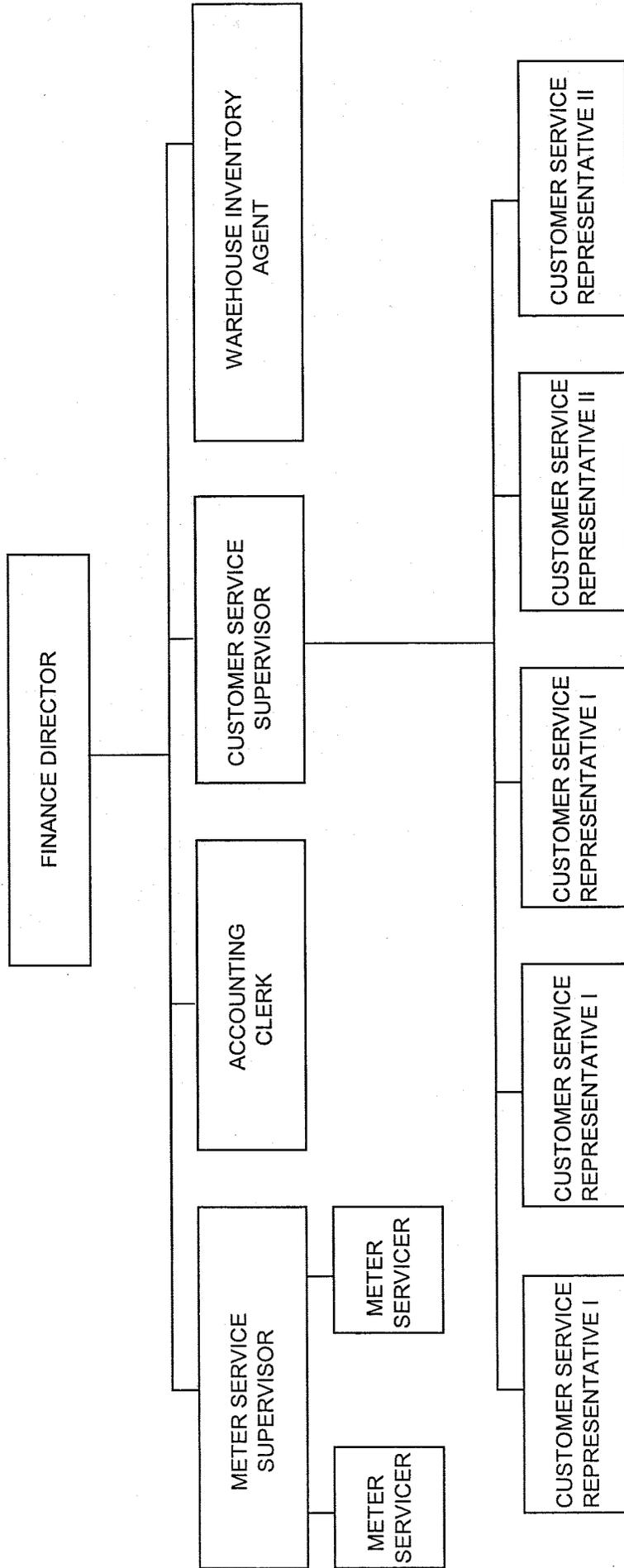
# City of Newberry Organizational Chart

June 30, 2006



**City of Newberry  
Finance Department  
Organizational Chart**

June 30, 2006



**CITY OF NEWBERRY, SOUTH CAROLINA**

List of Principal Officers

June 30, 2006

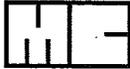
<u>Title</u>	<u>Name</u>
Mayor	T. Edward Kyzer
Council Member, District 1	R. Lemont Glasgow
Council Member, District 2	G. Foster Senn, Jr.
Council Member, District 3	Zebbie D. Goudelock
Council Member, District 4	Gregg W. Summer
Council Member, District 5	Andrew Shealy (1)
Council Member, District 6	Vacant (2)
City Manager	Eric G. Budds
City Attorney	Eugene C. Griffith, Jr.
City Recorder	William F. Partridge
City Clerk/Personnel Director	Tina P. Wicker
Assistant to the City Manager/Economic Development Director	Jeffrey S. Shacker
Building and Zoning Official	C. Ward Braswell
Finance Director	Marie M. Hickman
Fire Chief	Joseph H. Palmer
Police Chief	L. J. Swindler, Jr.
Public Works Director	Arnold D. Hiller
Recreation Director	Scott S. Sawyer
Utility Director	Fred L. Yandle, Jr.

(1) Mr. Shealy chose not to seek re-election. As of October 10, 2006, the Council Member for District 5 is Thomas Louis Boyd.

(2) As of October 10, 2006, the Council Member for District 6 is David E. DuBose.



**FINANCIAL SECTION**



McKINLEY, COOPER & CO., LLP

CERTIFIED PUBLIC ACCOUNTANTS

Suite 225

555 North Pleasantburg Drive  
GREENVILLE, SOUTH CAROLINA 29607-2191

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Robert C. Cooper

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

## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Newberry, South Carolina as of and for the year ended June 30, 2006, 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, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 17, 2006, on our consideration of the City of Newberry, South Carolina's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

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

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

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

*The Kinley, Cooper & Co., LLP*

August 17, 2006

## **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, 2006. 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 - 8 of this report, and the City of Newberry's financial statements and other information, which begin on page 28 of this report.

### **Financial Highlights**

Key financial highlights for fiscal year 2006 are as follows:

- The assets of the City of Newberry exceeded its liabilities at the close of the most recent fiscal year by \$35,748,079 (net assets), an increase in comparison to the previous fiscal year of \$2,465,276 or 7.4%. Of this amount, \$12,151,485 (unrestricted net assets) may be used to meet the City's ongoing obligations to citizens and creditors.
- Revenues and other financing sources (uses) totaled \$9,943,623 and expenditures totaled \$8,222,759 for all governmental funds at the fund level. Accordingly, combined revenues and other financing sources (uses) exceeded expenditures by 20.9 percent (\$1,720,864). As of the close of fiscal year 2006, the City of Newberry's governmental funds reported combined ending fund balance of \$5,515,429. Approximately 99.8 percent of this total amount, \$5,505,429, is available for spending at the government's discretion (unreserved fund balance).
- At the end of fiscal year 2006, unreserved and undesignated fund balance for the general fund, the City's principal operating fund, was \$2,713,074, or 73.7 percent of the total fund balance for the same fiscal year.
- The City of Newberry's business-type activities reported net assets at year-end of \$26,149,266, an increase of 4.0 percent (\$1,000,186).

### **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, recreation, community development, non-departmental 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 28 - 29 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 twelve 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 funds is considered to be a major fund. Data from the other eleven governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided on pages 73 - 87 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 2006, for the federal equitable sharing fund which only saw interest earnings activity during the period and for the community housing/development fund which saw no activity in fiscal year 2006.

The basic governmental fund financial statements can be found on pages 30 - 33 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 35 - 38 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 39 - 55 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, the report also presents certain required supplementary information in the form of a general fund budgetary comparison. This comparison may be found on page 34 of this report.

Other information, including combining and individual fund statements and schedules, begin on page 73 of this report. Statistical tables that provide multi-year historical data begin on page 104, and they were redesigned in fiscal year 2005 to early implement GASB Statement 44.

### **Government-wide Financial Analysis**

The fiscal year 2006 comprehensive annual financial report is the fourth 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 2006, the government-wide statements found on pages 28 - 29 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 2006 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 \$35,748,079 for fiscal year 2006, an increase of \$2,465,276 in total net assets as compared to fiscal year 2005.

Net assets are reported in three categories: Invested in capital assets, net of related debt of \$22,535,426, restricted net assets of \$1,061,168, and unrestricted net assets of \$12,151,485.

By far the largest portion of the City's net assets (63.0 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, 2006, the City had \$10,000 restricted for the Japanese Gardens permanent fund, \$446,114 restricted for utility system debt service, and \$605,054 restricted for maintenance of the utility system.

The balance of unrestricted net assets (\$12,151,485) may be used to meet the government's ongoing obligations to citizens and creditors.

The following table presents a summary of the City's net assets as of June 30, 2006, with comparative data for fiscal year 2005.

City of Newberry's Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Current and other assets	\$ 6,451,828	\$ 4,577,772	\$ 8,986,607	\$ 7,965,246	\$ 15,438,435	\$ 12,543,018
Capital assets	\$ 8,038,514	\$ 7,234,962	\$ 21,051,273	\$ 21,593,543	\$ 29,089,787	\$ 28,828,505
Total assets	\$ 14,490,342	\$ 11,812,734	\$ 30,037,880	\$ 29,558,789	\$ 44,528,222	\$ 41,371,523
Long-term liabilities outstanding	\$ 4,391,262	\$ 3,352,011	\$ 2,666,843	\$ 3,207,127	\$ 7,058,105	\$ 6,559,138
Other liabilities	\$ 500,267	\$ 327,000	\$ 1,221,771	\$ 1,202,582	\$ 1,722,038	\$ 1,529,582
Total liabilities	\$ 4,891,529	\$ 3,679,011	\$ 3,888,614	\$ 4,409,709	\$ 8,780,143	\$ 8,088,720
Net assets:						
Invested in capital assets, net of related debt	\$ 3,920,914	\$ 4,122,670	\$ 18,614,512	\$ 18,650,539	\$ 22,535,426	\$ 22,773,209
Restricted	\$ 10,000	\$ 10,000	\$ 1,051,168	\$ 969,491	\$ 1,061,168	\$ 979,491
Unrestricted	\$ 5,667,899	\$ 4,001,053	\$ 6,483,586	\$ 5,529,050	\$ 12,151,485	\$ 9,530,103
Total net assets	\$ 9,598,813	\$ 8,133,723	\$ 26,149,266	\$ 25,149,080	\$ 35,748,079	\$ 33,282,803

The following table shows a recap of revenues and expenses for fiscal year 2006, with comparative data for fiscal year 2005:

	Governmental		Business-Type		Total 2006	Total 2005
	Activities 2006	Activities 2005	Activities 2006	Activities 2005		
<b>Revenue:</b>						
Program revenues:						
Charges for Services	\$ 2,470,744	\$ 2,492,546	\$ 19,995,736	\$ 18,896,660	\$ 22,466,480	\$ 21,389,206
Operating grants and contributions	\$ 148,329	\$ 357,807	\$ -	\$ -	\$ 148,329	\$ 357,807
Capital grants and contributions	\$ 329,874	\$ -	\$ 146,006	\$ 340,836	\$ 475,880	\$ 340,836
General Revenues:						
Taxes	\$ 2,573,042	\$ 2,225,716	\$ -	\$ -	\$ 2,573,042	\$ 2,225,716
Grants and contributions not restricted to specific programs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other	\$ 1,996,911	\$ 1,420,061	\$ 183,842	\$ 70,432	\$ 2,180,753	\$ 1,490,493
<b>Total revenues</b>	<b>\$ 7,518,900</b>	<b>\$ 6,496,130</b>	<b>\$ 20,325,584</b>	<b>\$ 19,307,928</b>	<b>\$ 27,844,484</b>	<b>\$ 25,804,058</b>
<b>Expenses:</b>						
General government	\$ 1,030,011	\$ 1,005,597	\$ -	\$ -	\$ 1,030,011	\$ 1,005,597
Public safety	\$ 3,474,702	\$ 3,293,811	\$ -	\$ -	\$ 3,474,702	\$ 3,293,811
Public Works	\$ 1,377,159	\$ 1,281,033	\$ -	\$ -	\$ 1,377,159	\$ 1,281,033
Recreation	\$ 509,442	\$ 504,492	\$ -	\$ -	\$ 509,442	\$ 504,492
Community development	\$ 188,088	\$ 121,262	\$ -	\$ -	\$ 188,088	\$ 121,262
Community promotions and projects	\$ 249,642	\$ 230,180	\$ -	\$ -	\$ 249,642	\$ 230,180
Interest on long-term debt	\$ 129,897	\$ 109,050	\$ -	\$ -	\$ 129,897	\$ 109,050
Combined electric, water, and sewer utilities	\$ -	\$ -	\$ 18,420,267	\$ 17,887,156	\$ 18,420,267	\$ 17,887,156
<b>Total expenses</b>	<b>\$ 6,958,941</b>	<b>\$ 6,545,425</b>	<b>\$ 18,420,267</b>	<b>\$ 17,887,156</b>	<b>\$ 25,379,208</b>	<b>\$ 24,432,581</b>
<b>Increase(decrease) in net assets before transfers</b>	<b>\$ 559,959</b>	<b>\$ (49,295)</b>	<b>\$ 1,905,317</b>	<b>\$ 1,420,772</b>	<b>\$ 2,465,276</b>	<b>\$ 1,371,477</b>
<b>Transfers</b>	<b>\$ 905,131</b>	<b>\$ 961,231</b>	<b>\$ (905,131)</b>	<b>\$ (961,231)</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Increase in net assets</b>	<b>\$ 1,465,090</b>	<b>\$ 911,936</b>	<b>\$ 1,000,186</b>	<b>\$ 459,541</b>	<b>\$ 2,465,276</b>	<b>\$ 1,371,477</b>
<b>Net assets, July 1</b>	<b>\$ 8,133,723</b>	<b>\$ 7,221,787</b>	<b>\$ 25,149,080</b>	<b>\$ 24,689,539</b>	<b>\$ 33,282,803</b>	<b>\$ 31,911,326</b>
<b>Net assets, June 30</b>	<b>\$ 9,598,813</b>	<b>\$ 8,133,723</b>	<b>\$ 26,149,266</b>	<b>\$ 25,149,080</b>	<b>\$ 35,748,079</b>	<b>\$ 33,282,803</b>

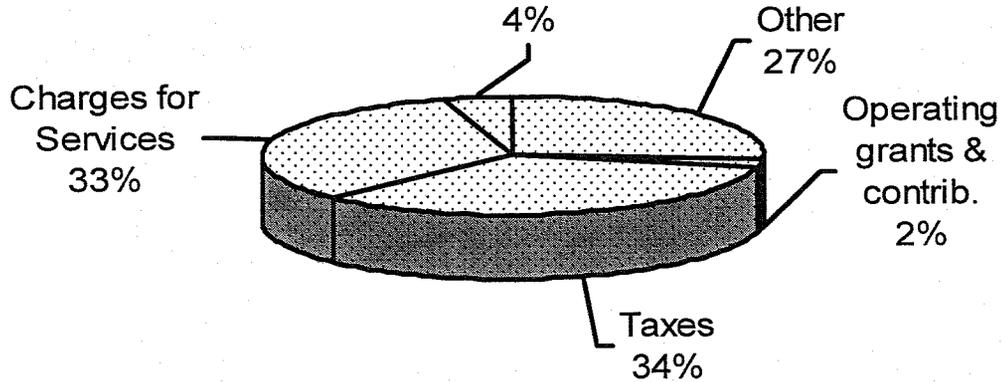
**Governmental activities.** Governmental activities increased the City's net assets by \$1,465,090. Compared to governmental activity expenses (\$6,958,941), tax-related revenues (\$2,573,042) covered approximately 37.0 percent, and program revenues (\$2,948,947) covered approximately 42.4 percent. Public Safety accounted for approximately 50.0 percent of all expenses in governmental activities.

The graphs on the following page show a breakdown by percentage of governmental revenues and expenses.

## Governmental Revenues Fiscal Year

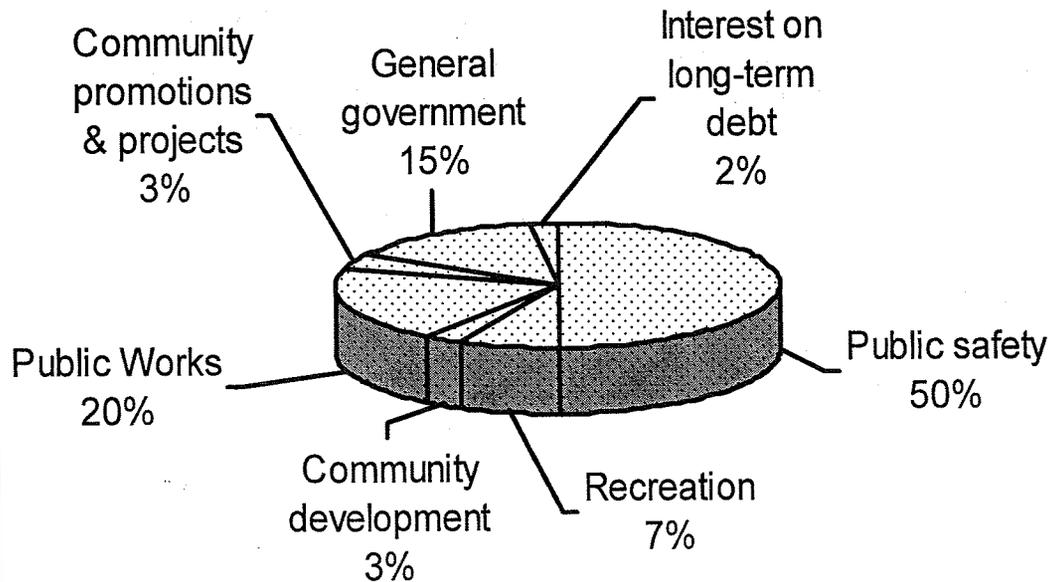
2006

Capital grants & contrib.



## Governmental Expenses Fiscal Year

2006



**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 interest revenue at \$20,325,584 exceeded the total expenses and outgoing transfers of \$19,325,398, yielding a positive change in net assets of \$1,000,186 for fiscal year 2006. Of note is the purchase of electricity line item at \$12,051,244, which translates to 65.4 percent of all business-type expenses of \$18,420,267. The size of the purchase of electricity line item can be further appreciated by noting that this single line item is 47.5 percent of total primary government expenses.

- A major factor in the \$1,000,186 increase in net assets was the overall 2.39 percent electric rate increase through changes to the wholesale power cost adjustment, 3.50 percent water rate increase, and the 4.32 percent sewer rate increase, all effective on the July 1, 2005 billing. The City's primary electric supplier, Piedmont Municipal Power Agency, had implemented a rate increase to the City of 2.12 percent, effective May 1, 2005.
- Investment earnings more than doubled, from \$70,432 to \$183,842, primarily due to a rising interest rate climate.
- Increases in fiscal year 2006 units sold over fiscal year 2005 units sold were reflected in both electric kilowatt-hours (up 3.96 percent) and treated sewer cubic feet (up 7.27 percent). A decrease of water cubic feet sold of 2.90 percent was noted during the same time period. The primary factor was the reflection of an entire twelve months of reduced sales to the Newberry County Water and Sewer Authority, historically one of the City's major customers, which began water production at its own treatment plant in September 2004.

### **Financial Analysis of the Government's Funds**

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

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balance of \$5,515,429. The City's general fund, with an ending fund balance of \$3,680,919, amounts to 66.7 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 2006, the unreserved, undesignated fund balance of the general fund was \$2,713,074. As a measure of the general fund's liquidity, it may be useful to compare both unreserved, undesignated fund balance and total fund balance to total fund expenditures. Unreserved, undesignated fund balance represents 42.5 percent of total general fund expenditures, while total fund balance (\$3,680,919) represents 57.7 percent of total general fund expenditures.

The unreserved, undesignated fund balance of the City's general fund increased by \$438,317 during fiscal year 2006. The City had anticipated actual use of fund balance in the amount of \$290,236 during its mid-year budget review. However, general fund revenues and other financing sources came in at 3.2 percent over budget while general fund expenditures and other financing uses ended the fiscal year at 8.5 percent under budget. Major revenue sources exceeding budgetary projections were vehicle property taxes (\$89,284 over budget) and business licenses (\$82,177 over budget). The increase in vehicle property taxes was notable growth since all South Carolina local governments are still in the process of phasing in a .75 percent per year drop in the assessment ratio from the 10.5 percent ratio in effect for December 2001 to the 6.0 percent ratio mandated for January 2007. On the expenditure side, actual costs in the public works street department came in \$145,182 under budget, largely due to scheduled paving projects that did not materialize during fiscal year 2006. Also notable was the \$144,143 under budget condition in the community promotions and projects department, primarily due to a later than anticipated start on a consulting contract to revise the City of Newberry's Comprehensive Plan. State assessments related to court fines were the primary contributor to the \$14,870 over-budget condition in the justice and law department.

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

Unrestricted net assets of the combined public utility system (electric, water, and sewer operations) at the end of the fiscal year amounted to \$6,483,586, or 24.8 percent of total proprietary fund net assets in the amount of \$26,149,266. The City's largest component of proprietary fund net assets is our investment in capital assets, net of related debt, at \$18,614,512, or 71.2 percent of total net assets. Other factors concerning the finances of this fund have already been addressed in the discussion of the City of Newberry's business-type activities.

### **General Fund Budgetary Highlights**

The City's original expenditure budget increased by \$189,171 during fiscal year 2006 to reach the final expenditure budget of \$6,948,583. On the expenditure side, the largest increase by department was the community promotions and projects department. The largest addition within this department at mid-year was

a contribution to Newberry College for upgrades to the public access cable channel equipment. On the revenue side, the largest line item change was an increase of \$72,000 in other miscellaneous revenue, primarily due to a \$40,000 contribution from the City's cable franchisee to be used to upgrade public access cable equipment. During the fiscal year, revenues exceeded budgetary estimates and expenditures were less than budgetary estimates, thus adding \$490,710 to fund balance instead of using \$290,236 from existing fund balance as had been originally 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 fixed 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 Fixed Asset Capitalization Threshold. The new definition increased the monetary threshold on non-infrastructure fixed 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 2006, the City had a combined total of capital assets of \$29,089,787 (net of accumulated depreciation), an increase of \$261,282 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**

\$1,168,598 for construction in progress on the Firehouse Conference Center

#### **Business-type Activities**

\$162,862 for an 8" sewer line in the Mollohon community

\$155,715 for an electric line truck

\$127,218 for an electric bucket truck

The following table shows a recap of the City's capital assets, net of accumulated depreciation, for fiscal year 2006, with comparative data for fiscal year 2005.

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

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Land and improvements	\$ 992,419	\$ 1,060,046	\$ 320,296	\$ 323,537	\$ 1,312,715	\$ 1,383,583
Buildings, improvements and fixtures	\$ 4,038,741	\$ 4,149,868	\$ 1,833,740	\$ 1,932,785	\$ 5,872,481	\$ 6,082,653
Streets, sidewalks and bridges	\$ 367,252	\$ 371,057	\$ -	\$ -	\$ 367,252	\$ 371,057
Motor vehicles and equipment	\$ 1,292,106	\$ 1,454,329	\$ 380,838	\$ 193,656	\$ 1,672,944	\$ 1,647,985
Office furniture and equipment	\$ 5,881	\$ 9,706	\$ 100,567	\$ 22,502	\$ 106,448	\$ 32,208
Other equipment	\$ 173,517	\$ 189,956	\$ 8,636	\$ 6,501	\$ 182,153	\$ 196,457
Traffic controls and fire alarm system	\$ -	\$ -	\$ 46,952	\$ 56,342	\$ 46,952	\$ 56,342
Street Lighting	\$ -	\$ -	\$ 3,298	\$ 15,812	\$ 3,298	\$ 15,812
Electric distribution system	\$ -	\$ -	\$ 3,297,936	\$ 3,042,641	\$ 3,297,936	\$ 3,042,641
Water distribution system	\$ -	\$ -	\$ 7,724,154	\$ 8,056,657	\$ 7,724,154	\$ 8,056,657
Sewer collection system	\$ -	\$ -	\$ 7,283,753	\$ 7,448,041	\$ 7,283,753	\$ 7,448,041
Construction in progress	\$ 1,168,598	\$ -	\$ 51,103	\$ 495,069	\$ 1,219,701	\$ 495,069
Total	\$ 8,038,514	\$ 7,234,962	\$ 21,051,273	\$ 21,593,543	\$ 29,089,787	\$ 28,828,505

Additional information on the City's capital assets can be found in note 5 beginning on page 45 of this report.

**Debt Administration.** At the end of the current fiscal year, the City of Newberry had total debt outstanding (bonds, notes, capital leases) of \$6,696,760. 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 2006, with comparative data for fiscal year 2005:

City of Newberry's Outstanding Debt

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Tax increment financing bonds	\$ 2,020,000	\$ 2,220,000	\$ -	\$ -	\$ 2,020,000	\$ 2,220,000
Revenue bonds	\$ -	\$ -	\$ 2,562,741	\$ 3,092,978	\$ 2,562,741	\$ 3,092,978
Capital leases	\$ 2,114,019	\$ 892,292	\$ -	\$ -	\$ 2,114,019	\$ 892,292
Total	\$ 4,134,019	\$ 3,112,292	\$ 2,562,741	\$ 3,092,978	\$ 6,696,760	\$ 6,205,270

The City's total debt increased by \$491,490 (7.9 percent) during fiscal year 2006. Newly issued were a capital lease in the amount of \$1,300,000 toward the renovation of the City's former fire station into the Firehouse Conference

Center and a capital lease in the amount of \$132,229 for the purchase of an A-boom mower and a compact wheel loader in the public works department.

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

State statutes limit the amount of general obligation debt a governmental entity may issue, without a referendum, to 8 percent of its total assessed valuation. For fiscal year 2006, the debt limitation for the City is \$1,620,690, of which none is presently obligated.

Additional information on the City of Newberry's long-term debt as reported for fiscal year 2006 can be found in note 7 beginning on page 47 of this report.

### **Economic Factors and Next Year's Budgets and Rates**

At June 30, 2006, unemployment for Newberry County stood at 7.3 percent versus 6.5 percent at June 30, 2005. In comparison, the state's unemployment rate at June 30, 2006 was 6.7 percent and the national rate was 4.6 percent. Using data from the City of Newberry hospitality and accommodations fund, hospitality gross sales increased from \$20.0 million for the year ended June 30, 2005, to \$21.6 million for the year ended June 30, 2006. Accommodations gross sales increased from \$2.2 million for the year ended June 30, 2005, to \$2.3 million for the year ended June 30, 2006. All of these factors were considered in preparing the City's budget for the 2007 fiscal year.

At June 30, 2006, unreserved and undesignated fund balance in the general fund was \$2,713,074. The City of Newberry has appropriated \$314,510 of this fund balance for spending in the FY 2007 original budget. This use of fund balance is being carefully monitored by city administration to prevent dependency on one-time revenues to financially support recurring expenditures. Several major projects which were funded but not accomplished during fiscal year 2006, including paving projects and the completion of the revisions to the City's Comprehensive Plan, were budgeted again for fiscal year 2007.

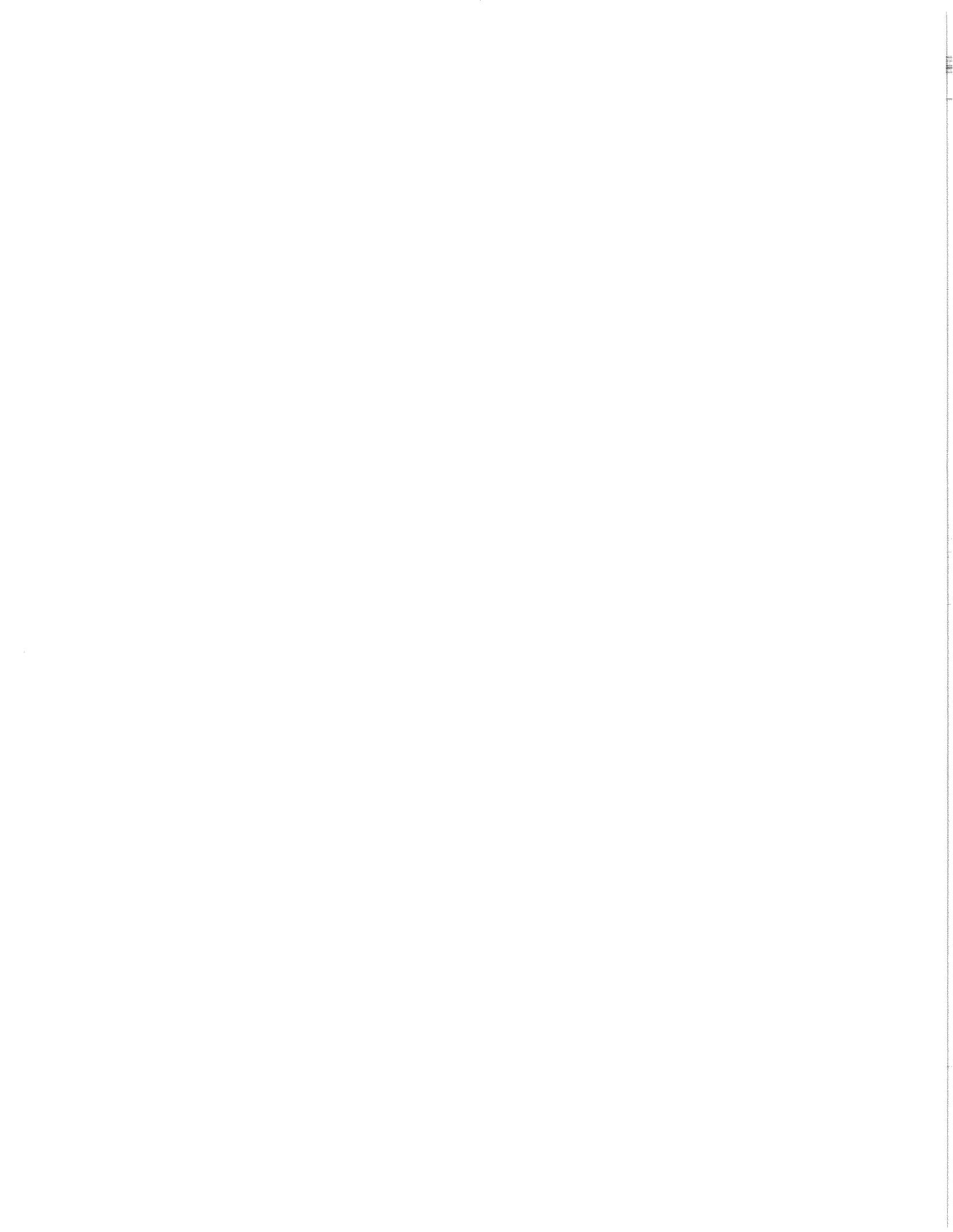
In the City's utility enterprise fund, City Council increased overall electric rates by 1.80%, overall water rates by 3.30%, and overall sewer rates by 4.50%, effective

on the July 1, 2006 billing. The electric rate change was necessary primarily to offset a projected 1.81% wholesale electric cost increase to the City. The water rate increase was necessary to offset general cost increases and to partially offset revenue losses caused by reduced sales to the Newberry County Water and Sewer Authority, one of the City's major customers, which brought online its own water treatment plant during fiscal year 2005. The sewer rate change was necessary to offset general cost increases and to begin preparations for the future expansion of the City's wastewater treatment plant. The rate increases also continued the City's goal of having each service type (electric, water, and sewer) function in a self-supporting manner.

### **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, 2006**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>Assets</b>			
Cash and cash equivalents	\$ 5,479,236	\$ 4,010,492	\$ 9,489,728
Receivables (net of allowances for uncollectibles)			
Taxes	128,086	-	128,086
Accounts	-	2,516,571	2,516,571
Intergovernmental	373,784	91,602	465,386
Other	71,178	15,858	87,036
Internal receivables (payable)	(10,713)	10,713	-
Inventories	38,838	1,026,436	1,065,274
Notes receivable	355,000	-	355,000
Restricted assets			
Cash and cash equivalents	-	1,048,803	1,048,803
Interest receivable	-	2,365	2,365
Note receivable - Newberry Opera House Foundation	-	137,787	137,787
Capital assets			
Land and construction in progress	1,854,218	281,447	2,135,665
Other capital assets, net of accumulated depreciation	6,184,296	20,769,826	26,954,122
Bond issuance cost (net of accumulated amortization)	-	125,980	125,980
Loan cost (net of accumulated amortization)	16,419	-	16,419
<b>Total Assets</b>	<u>14,490,342</u>	<u>30,037,880</u>	<u>44,528,222</u>
<b>Liabilities</b>			
Accounts payable	154,961	1,170,047	1,325,008
Retainage payable	100,686	-	100,686
Due to other government agencies	26,673	-	26,673
Accrued salaries and payroll liabilities	184,955	34,896	219,851
Accrued interest payable	32,992	16,828	49,820
Long-term liabilities			
Due within one year	661,167	648,176	1,309,343
Due in more than one year	3,730,095	2,018,667	5,748,762
<b>Total Liabilities</b>	<u>4,891,529</u>	<u>3,888,614</u>	<u>8,780,143</u>
<b>Net Assets</b>			
Investment in capital assets, net of related debt	3,920,914	18,614,512	22,535,426
Restricted for			
Expendable			
Debt service	-	446,114	446,114
Maintenance	-	605,054	605,054
Nonexpendable			
Permanent Fund	10,000	-	10,000
Unrestricted	5,667,899	6,483,586	12,151,485
<b>Total Net Assets</b>	<u>\$ 9,598,813</u>	<u>\$ 26,149,266</u>	<u>\$ 35,748,079</u>

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

**CITY OF NEWBERRY  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2006**

Activities	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		Total
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
<b>Governmental Activities</b>						
General Government	\$ 1,030,011	\$ 1,301,029	\$ 137,179	\$ 23,624	\$ 431,821	\$ 431,821
Public safety	3,474,702	557,813	-	-	(2,916,889)	(2,916,889)
Public works	1,377,159	575,977	-	-	(801,182)	(801,182)
Recreation	509,442	35,925	-	-	(473,517)	(473,517)
Community development	188,088	-	-	306,250	118,162	118,162
Community promotion and projects	249,642	-	11,150	-	(238,492)	(238,492)
Interest on long-term debt	129,897	-	-	-	(129,897)	(129,897)
<b>Total Governmental Activities</b>	<b>6,958,941</b>	<b>2,470,744</b>	<b>148,329</b>	<b>329,874</b>	<b>(4,009,994)</b>	<b>(4,009,994)</b>
<b>Business-Type Activities</b>						
Utility system	18,420,267	19,995,736	-	146,006	-	1,721,475
<b>Total Primary Government</b>	<b>\$ 25,379,208</b>	<b>\$ 22,466,480</b>	<b>\$ 148,329</b>	<b>\$ 475,880</b>	<b>(4,009,994)</b>	<b>1,721,475</b>
<b>General Revenues</b>						
Taxes						
Property taxes, levied for general purposes					1,839,255	1,839,255
Property taxes, levied for debt service					251,978	251,978
Local hospitality and accommodations fee					481,809	481,809
Intergovernmental revenue - unrestricted					1,308,424	1,308,424
Intergovernmental revenue - restricted					400,000	400,000
Interest revenue					160,413	183,842
Miscellaneous					128,074	128,074
Transfers					905,131	(905,131)
<b>Total General Revenues and Transfers</b>					<b>5,475,084</b>	<b>(721,289)</b>
<b>Change in Net Assets</b>					<b>1,465,090</b>	<b>1,000,186</b>
<b>Net Assets, beginning</b>					<b>8,133,723</b>	<b>25,149,080</b>
<b>Net Assets, ending</b>					<b>\$ 9,598,813</b>	<b>\$ 26,149,266</b>
						<b>\$ 35,748,079</b>

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

**CITY OF NEWBERRY**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2006**

	General	Other Governmental	Totals June 30, 2006
<b>Assets</b>			
Cash and cash equivalents	\$ 3,725,291	\$ 1,753,945	\$ 5,479,236
Receivables (net of allowance for uncollectibles)			
Taxes	121,143	6,943	128,086
Intergovernmental	102,318	271,466	373,784
Interest and other	25,654	45,524	71,178
Notes receivable	-	355,000	355,000
Due from other funds	34,307	5,138	39,445
Inventories	38,838	-	38,838
<b>Total Assets</b>	<b>\$ 4,047,551</b>	<b>\$ 2,438,016</b>	<b>\$ 6,485,567</b>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ 15,052	\$ 139,909	\$ 154,961
Retainage payable	-	100,686	100,686
Intergovernmental	26,673	-	26,673
Accrued salaries and payroll liabilities	184,955	-	184,955
Due to other funds	48,659	1,499	50,158
Deferred revenue	91,293	361,412	452,705
<b>Total Liabilities</b>	366,632	603,506	970,138
<b>Fund Balances</b>			
Reserved for Japanese Gardens			
Maintenance	-	10,000	10,000
Unreserved, reported in			
General fund	3,680,919	-	3,680,919
Special revenue funds	-	1,787,283	1,787,283
Debt service fund	-	34,444	34,444
Permanent fund	-	2,783	2,783
<b>Total Fund Balances</b>	3,680,919	1,834,510	5,515,429
<b>Total Liabilities and Fund Balances</b>	<b>\$ 4,047,551</b>	<b>\$ 2,438,016</b>	<b>\$ 6,485,567</b>

*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, 2006**

**Fund Balance - Governmental Funds** \$ 5,515,429

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	13,569,325	
Accumulated depreciation is	<u>(5,530,811)</u>	8,038,514

Loan costs incurred in governmental activities are not current financial resources and are therefore not reported in the governmental funds.		16,419
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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	(32,992)	
Compensated absences payable	(257,243)	
Capital lease obligations	(2,114,019)	
Revenue bonds payable	<u>(2,020,000)</u>	(4,424,254)

Deferred revenue is not a liability in governmental activities		<u>452,705</u>
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<b>Total Net Assets - Governmental Activities</b>		<b><u><u>\$ 9,598,813</u></u></b>
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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, 2006**

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds June 30, 2006</u>
<b>Revenues</b>			
Taxes	\$ 1,879,017	\$ 251,978	\$ 2,130,995
Licenses, permits and franchise fees	1,301,779	-	1,301,779
Fines, forfeitures and penalties	542,968	54,571	597,539
Charges for services	611,902	483,704	1,095,606
Intergovernmental	1,152,448	1,031,754	2,184,202
Miscellaneous	230,105	66,037	296,142
<b>Total Revenues</b>	<u>5,718,219</u>	<u>1,888,044</u>	<u>7,606,263</u>
<b>Expenditures</b>			
General government	663,899	-	663,899
Public safety	2,492,873	97,574	2,590,447
Public works	1,156,509	-	1,156,509
Recreation	392,754	-	392,754
Community development	-	1,189,674	1,189,674
Non-departmental	1,675,264	183,431	1,858,695
Debt service			
Principal	-	237,616	237,616
Interest	-	133,165	133,165
<b>Total Expenditures</b>	<u>6,381,299</u>	<u>1,841,460</u>	<u>8,222,759</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(663,080)</u>	<u>46,584</u>	<u>(616,496)</u>
<b>Other Financing Sources (Uses)</b>			
Lease purchase proceeds	132,229	1,300,000	1,432,229
Transfers in (out)			
Permanent fund	(3,150)	4,450	1,300
Special revenue funds	120,880	(246,729)	(125,849)
Utility system fund	903,831	-	903,831
Debt service fund	-	125,849	125,849
<b>Total Other Financing Sources (Uses)</b>	<u>1,153,790</u>	<u>1,183,570</u>	<u>2,337,360</u>
<b>Net Change in Fund Balances</b>	490,710	1,230,154	1,720,864
<b>Fund Balances, beginning</b>	<u>3,190,209</u>	<u>604,356</u>	<u>3,794,565</u>
<b>Fund Balances, ending</b>	<u>\$ 3,680,919</u>	<u>\$ 1,834,510</u>	<u>\$ 5,515,429</u>

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

**CITY OF NEWBERRY  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL  
FUNDS TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2006**

<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$</b>	<b>1,720,864</b>
<p>Amounts reported for Governmental Activities in the Statement of Activities are different because (see Note 1, also)</p>		
<p>Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the Statement of Net Assets and allocated over the estimated useful lives as annual depreciation expense in the Statement of Activities. This is the amount by which depreciation exceeded capital outlays in the period.</p>		
Depreciation expense	\$ (588,318)	
Capital outlay	1,450,870	
Effect of sales of capital assets	<u>(59,000)</u>	803,552
<p>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.</p>		
		210,502
<p>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.</p>		
		(17,524)
<p>Repayment of bond principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Assets and does not affect the Statement of Activities.</p>		
		200,000
<p>Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as interest accrues, regardless of when due. Interest on bonds decreased by:</p>		
		3,268
<p>Lease purchase proceeds are reported as other financing sources in the governmental funds and thus contribute to the change in fund balance. In the Statement of Net Assets, however, issuing debt increases long-term liabilities and does not affect the Statement of Activities. Also, governmental funds report the effect of issuance costs when the debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.</p>		
Lease purchase proceeds	(1,432,229)	
Effect of loan costs	<u>16,419</u>	(1,415,810)
<p>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:</p>		
		<u>(39,762)</u>
<b>Change in Net Assets of Governmental Activities</b>	<b>\$</b>	<b><u>1,465,090</u></b>

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

**CITY OF NEWBERRY  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2006**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 1,699,900	\$ 1,760,502	\$ 1,879,017	\$ 118,515
Licenses, permits and franchise fees	1,129,300	1,179,750	1,301,779	122,029
Fines and forfeitures	525,000	500,000	542,968	42,968
Charges for services	626,130	618,765	611,902	(6,863)
Intergovernmental	1,257,735	1,259,806	1,152,448	(107,358)
Miscellaneous	23,000	155,000	230,105	75,105
<b>Total Revenues</b>	<u>5,261,065</u>	<u>5,473,823</u>	<u>5,718,219</u>	<u>244,396</u>
<b>Expenditures</b>				
General government				
City council	68,039	69,233	61,024	8,209
City manager	181,056	184,074	181,969	2,105
Personnel	80,192	80,233	79,340	893
Finance	203,466	202,957	189,555	13,402
City hall	35,560	33,915	23,641	10,274
Building	156,475	155,282	128,370	26,912
Public safety				
Police department	1,346,659	1,396,921	1,305,455	91,466
Justice and Law	329,641	354,010	368,880	(14,870)
Fire department	882,517	824,237	818,538	5,699
Public works				
Public works administration	122,287	123,443	116,003	7,440
Streets	661,552	709,280	564,098	145,182
Sanitation	325,232	323,711	306,137	17,574
Building maintenance	60,429	62,353	52,637	9,716
Garage	124,640	125,395	117,634	7,761
Recreation				
Recreation	421,312	412,006	392,754	19,252
Non-departmental				
General insurance	87,000	97,485	95,395	2,090
Employee benefits	1,210,605	1,196,028	1,126,395	69,633
Community promotions and projects	253,685	393,785	249,642	144,143
Capitalized lease payments	209,065	204,235	203,832	403
<b>Total Expenditures</b>	<u>6,759,412</u>	<u>6,948,583</u>	<u>6,381,299</u>	<u>567,284</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(1,498,347)</u>	<u>(1,474,760)</u>	<u>(663,080)</u>	<u>811,680</u>
<b>Other Financing Sources (Uses)</b>				
Lease purchase proceeds	101,732	132,229	132,229	-
Transfers in (out)				
Japanese Gardens fund	(500)	(3,150)	(3,150)	-
State accommodations tax fund	26,350	26,650	26,785	135
Local hospitality/accommodations fund	205,000	205,000	155,000	(50,000)
Utility system	955,700	884,700	903,831	19,131
Firehouse Conference Center	-	(60,905)	(60,905)	-
<b>Total Other Financing Sources (Uses)</b>	<u>1,288,282</u>	<u>1,184,524</u>	<u>1,153,790</u>	<u>(30,734)</u>
<b>Net Change in Fund Balances</b>	(210,065)	(290,236)	490,710	780,946
<b>Fund Balances, beginning</b>	<u>3,190,209</u>	<u>3,190,209</u>	<u>3,190,209</u>	<u>-</u>
<b>Fund Balances, ending</b>	<u>\$ 2,980,144</u>	<u>\$ 2,899,973</u>	<u>\$ 3,680,919</u>	<u>\$ 780,946</u>

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

**CITY OF NEWBERRY  
 PROPRIETARY FUND  
 STATEMENT OF NET ASSETS  
 JUNE 30, 2006**

**Assets**

**Current Assets**

Cash and cash investments	\$	4,010,492
Receivables (net of allowances for uncollectibles)		
Accounts		2,516,571
Intergovernmental		91,602
Interest receivable		15,591
Other		267
Due from other funds		10,713
Inventory		1,026,436
Restricted assets		
Cash and cash investments		560,849
Interest receivable		2,365

**Total Current Assets**

8,234,886

**Noncurrent Assets**

Capital Assets

Land and land improvements		341,228
Buildings and fixtures		3,263,272
Office furniture and equipment		201,571
Traffic controls and fire alarm system		185,112
Street Lighting		268,169
Other equipment		228,555
Motor vehicles and equipment		1,802,319
Electric distribution system		9,094,212
Water distribution system		15,003,551
Sewer collection system		18,419,896
Construction in progress		51,103

**Totals**

48,858,988

Less accumulated depreciation

(27,807,715)

**Total Capital Assets**

21,051,273

Bond Issuance Cost

125,980

Restricted Assets

Cash and cash investments		487,954
Note receivable - Newberry Opera House Foundation		137,787

**Total Noncurrent Assets**

21,802,994

**Total Assets**

30,037,880

(Continued)

**CITY OF NEWBERRY  
 PROPRIETARY FUND  
 STATEMENT OF NET ASSETS (CONTINUED)  
 JUNE 30, 2006**

**Liabilities**

**Current Liabilities**

Accounts payable	\$	1,170,047
Accrued salaries payable		34,896
Compensated absences payable		101,790
Accrued interest payable		16,828
Revenue bonds payable		546,386

**Total Current Liabilities** 1,869,947

**Noncurrent Liabilities**

Revenue bonds payable		2,016,355
Compensated absences payable		2,312

**Total Noncurrent Liabilities** 2,018,667

**Total Liabilities** 3,888,614

**Net Assets**

Invested in Capital Assets, Net of Related Debt		18,614,512
Restricted for		
Debt service		446,114
Maintenance		605,054
Unrestricted		6,483,586
<b>Total Net Assets</b>	<b>\$</b>	<b><u>26,149,266</u></b>

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, 2006**

	<b>Business - Type Activities</b>
	<b>Electric, Water, and Sewer</b>
<b>Operating Revenues</b>	
Charges for sales and services	\$ 19,923,426
Miscellaneous	72,310
<b>Total Operating Revenues</b>	19,995,736
<b>Operating Expenses</b>	
Costs of sales and services	16,208,768
Administration	438,537
Depreciation	1,661,592
<b>Total Operating Expenses</b>	18,308,897
<b>Operating Income</b>	1,686,839
<b>Nonoperating Revenues (Expenses)</b>	
Interest revenue	183,842
Interest expense, bank management fees and amortization	(103,178)
Gain (loss) on disposition of assets	(8,192)
<b>Total Nonoperating Revenues (Expenses)</b>	72,472
<b>Income Before Capital Contributions and Transfers</b>	1,759,311
Capital Contributions	146,006
<b>Transfers In (Out)</b>	
Permanent fund	(1,300)
General fund	(903,831)
<b>Change in Net Assets</b>	1,000,186
<b>Net Assets, Beginning</b>	25,149,080
<b>Net Assets, Ending</b>	\$ 26,149,266

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

**CITY OF NEWBERRY  
 PROPRIETARY FUND  
 STATEMENT OF CASH FLOWS  
 YEAR ENDED JUNE 30, 2006**

<b>Cash Flows from Operating Activities</b>	
Receipts from customers	\$ 19,960,700
Purchase of electricity	(12,051,244)
Payments to suppliers	(3,025,564)
Payments to employees	(1,646,910)
	<hr/>
<b>Net Cash Provided by Operating Activities</b>	<u>3,236,982</u>
<b>Cash Flows from Noncapital Financing Activities</b>	
Transfers in (out)	(905,131)
	<hr/>
<b>Net Cash Used in Noncapital Financing Activities</b>	<u>(905,131)</u>
<b>Cash Flows from Capital and Related Financing Activities</b>	
Capital expenses	(1,136,561)
Capital contributions	146,006
Proceeds from sale of capital assets	9,047
Principal payments on bonds and notes payable	(530,237)
Interest paid	(83,139)
	<hr/>
<b>Net Cash Used in Capital and Related Financing Activities</b>	<u>(1,594,884)</u>
<b>Cash Flows from Investing Activities</b>	
Interest on investments	174,059
	<hr/>
<b>Net Cash Provided by Investing Activities</b>	<u>174,059</u>
<b>Net Increase in Cash</b>	911,026
<b>Cash and Cash Investments, Beginning</b>	<u>4,148,269</u>
<b>Cash and Cash Investments, Ending</b>	<u>\$ 5,059,295</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>	
Operating income	\$ 1,686,839
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation expense	1,661,592
Changes in assets and liabilities	
Receivables, net	(35,036)
Inventories	(42,772)
Accounts payable	88,083
Accrued expenses	(121,724)
	<hr/>
<b>Net Cash Provided by Operating Activities</b>	<u>\$ 3,236,982</u>
<b>NONCASH CAPITAL ACTIVITIES:</b>	
Contributions of capital assets	<u>\$ 70,038</u>

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

## CITY OF NEWBERRY

### NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2006

#### Note 1 – Summary of Significant Accounting Policies

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

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

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

#### Financial Reporting Entity

The City's combined financial statements include the accounts of all City operations. The criteria for including organizations as component units within the City's reporting entity are set forth in Government Accounting Standards Board Statement No. 14. The criteria include whether: the City is able to impose its will on the organization, the organization has the potential to impose a financial benefit/burden on the City and there is fiscal dependency by the organization on the City. Based in these criteria, the City of Newberry has no component units.

#### Government-wide and Fund Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function, segment or program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program 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.

## **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.

## 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.

### 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 year-end. Budget amounts reflected in the accompanying financial statements represent the adopted budget and any revisions approved by Council during the fiscal year.

#### Excess of Expenditures Over Appropriations

For the fiscal year ended June 30, 2006, the following General Fund departments had expenditures which exceeded appropriations at the level of legal control by the following amounts:

General Fund	
Justice and Law	<u>\$ 14,870</u>

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

### Note 3 – Deposits and Investments

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

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

As of June 30, 2006, the City had deposits and investments as follows:

Deposits with financial institutions	\$ 9,237,879
Investments with S.C. Local Government Investment Pool	<u>1,299,902</u>
	<u>\$ 10,537,781</u>

*Interest rate risk.* 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, 2006, the City's investment with the S.C. Local Government Investment Pool is 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, 2006, 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. The City's investment in the state investment pool is not subject to custodial credit risk.

#### Note 4 – Receivables

Current receivables at June 30, 2006, consist of the following:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Receivables		
Property taxes	\$ 173,170	\$ -
Accounts	-	1,595,220
Unbilled accounts	-	1,214,474
Intergovernmental	373,784	91,602
Interest and other	71,178	18,223
	<u>618,132</u>	<u>2,919,519</u>
Gross		
Receivables	618,132	2,919,519
Less		
Allowance for uncollectibles	(45,084)	(293,123)
	<u>(45,084)</u>	<u>(293,123)</u>
<b>Net Receivables</b>	<u>\$ 573,048</u>	<u>\$ 2,626,396</u>

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, 2006, 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, 2006, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Governmental Activities</b>				
Capital assets not being depreciated:				
Land	\$ 744,620	\$ -	\$ (59,000)	\$ 685,620
Construction in progress	-	1,168,598	-	1,168,598
<b>Total Capital Assets Not Being Depreciated</b>	<b>744,620</b>	<b>1,168,598</b>	<b>(59,000)</b>	<b>1,854,218</b>
Capital assets being depreciated:				
Land improvements	615,799	12,101	-	627,900
Buildings	5,205,430	-	-	5,205,430
Motor vehicles and equipment	3,742,295	239,871	(108,912)	3,873,254
Office furniture and equipment	171,157	-	-	171,157
Other equipment	497,611	16,500	-	514,111
Streets, sidewalks and bridges	1,309,455	13,800	-	1,323,255
<b>Total Capital Assets Being Depreciated</b>	<b>11,541,747</b>	<b>282,272</b>	<b>(108,912)</b>	<b>11,715,107</b>
Less accumulated depreciation				
Land improvements	300,373	20,728	-	321,101
Buildings	1,055,562	111,127	-	1,166,689
Motor vehicles and equipment	2,287,966	402,094	(108,912)	2,581,148
Office furniture and equipment	161,451	3,825	-	165,276
Other equipment	307,655	32,939	-	340,594
Streets, sidewalks and bridges	938,398	17,605	-	956,003
<b>Total Accumulated Depreciation</b>	<b>5,051,405</b>	<b>588,318</b>	<b>(108,912)</b>	<b>5,530,811</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>6,490,342</b>	<b>(306,046)</b>	<b>-</b>	<b>6,184,296</b>
<b>Governmental Activity Capital Assets, Net</b>	<b>\$ 7,234,962</b>	<b>\$ 862,552</b>	<b>\$ (59,000)</b>	<b>\$ 8,038,514</b>

**Note 5 – Capital Assets (Continued)**

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Business - Type Activities</b>				
Utility Proprietary Fund				
Capital assets not being depreciated				
Land	\$ 230,344	\$ -	\$ -	\$ 230,344
Construction in progress	495,069	24,973	(468,939)	51,103
<b>Total Capital Assets Not Being Depreciated</b>	<b>725,413</b>	<b>24,973</b>	<b>(468,939)</b>	<b>281,447</b>
Capital assets being depreciated				
Land improvements	110,884	-	-	110,884
Buildings	3,266,272	-	(3,000)	3,263,272
Motor vehicles and equipment	1,663,820	357,693	(219,194)	1,802,319
Office furniture and equipment	119,880	81,691	-	201,571 *
Traffic Controls	185,112	-	-	185,112
Street Lighting	273,862	1,620	(7,313)	268,169
Other equipment	223,407	5,148	-	228,555
Electric distribution system	8,567,651	548,956	(22,395)	9,094,212
Water distribution system	14,919,393	84,158	-	15,003,551
Sewer collection system	17,963,873	501,261	(45,238)	18,419,896
<b>Total Capital Assets Being Depreciated</b>	<b>47,294,154</b>	<b>1,580,527</b>	<b>(297,140)</b>	<b>48,577,541 *</b>
Less accumulated depreciation				
Land improvements	17,691	3,241	-	20,932
Buildings	1,333,487	97,306	(1,261)	1,429,532
Motor vehicles and equipment	1,470,164	170,511	(219,194)	1,421,481
Office furniture and equipment	97,378	3,626	-	101,004
Traffic Controls	128,770	9,390	-	138,160
Street Lighting	258,050	14,133	(7,312)	264,871
Other equipment	216,906	3,013	-	219,919
Electric distribution system	5,525,010	280,342	(9,076)	5,796,276
Water distribution system	6,862,736	416,661	-	7,279,397
Sewer collection system	10,515,832	663,369	(43,058)	11,136,143
<b>Total Accumulated Depreciation</b>	<b>26,426,024</b>	<b>1,661,592</b>	<b>(279,901)</b>	<b>27,807,715</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>20,868,130</b>	<b>(81,065)</b>	<b>(17,239)</b>	<b>20,769,826</b>
<b>Business-Type Activities Capital Assets, Net</b>	<b>\$ 21,593,543</b>	<b>\$ (56,092)</b>	<b>\$ (486,178)</b>	<b>\$ 21,051,273</b>

Depreciation expense was charged to functions as follows:

General Government	\$	120,827
Public Safety		252,034
Public Works		169,455
Recreation		46,002
<b>Total</b>	<b>\$</b>	<b>588,318</b>

Depreciation of general infrastructure assets (streets, sidewalks and bridges) in the amount of \$65,800 was included in the public works function.

At June 30, 2006, the City had outstanding construction commitments. The business-type activity commitment was \$154,980 for utility construction. The general government activity commitment was \$854,800 for construction of the Firehouse Conference Center.

## **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, 2006, the balance of the note receivable is \$137,787.

## **Note 7 – Long-Term Debt**

### **General Obligation Bonds**

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

General obligation bonds are direct obligations and pledge the full faith and credit of the City. The City had no outstanding general obligation bonds at June 30, 2006.

## 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.

## 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.

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, 2006, the City did not have any excess arbitrage earning to be included in accounts payable of the Proprietary Fund.

## Capital Lease Obligations

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

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

Motor Vehicles and Equipment	\$ 1,218,043
Less Accumulated Depreciation	<u>(302,926)</u>
	<u>\$ 915,117</u>

The future minimum lease obligations for equipment as of June 30, 2006, were as follows:

Year Ending June 30,	
2007	\$ 219,617
2008	178,724
2009	108,922
2010	100,003
2011	73,244
Thereafter	<u>285,780</u>
Total Minimum Lease Obligation	966,290
Less Amount Representing Interest	<u>(114,655)</u>
Present Value of Minimum Lease Payments	<u>\$ 851,635</u>

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

Year ending June 30,	Governmental Activities
2007	\$ 114,689
2008	114,689
2009	114,689
2010	114,689
2011	114,689
Thereafter	1,070,431
Total minimum lease payments	1,643,876
Less amount representing interest	(381,492)
Present value of future minimum lease payments	<u>\$ 1,262,384</u>

### Special Assessment Debt

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

At June 30, 2006, the City had available \$-0- to defray the special assessment debt obligation. The full faith, credit, and taxing powers of the City were not pledged for the repayment of these bonds.

During the year ended June 30, 2001, the City began assessing an additional 2% fee on meals and lodging within the City in order to help repay the TIF bonds issued in 1998. For the year ended June 30, 2006, \$481,809 in fees were collected.

At June 30, 2006, 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, 2006, are as follows:

	<u>July 1, 2005</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2006</u>	<u>Due Within One Year</u>
<b>Governmental Activities</b>					
Compensated Absences	\$ 239,719	\$ 212,068	\$ (194,544)	\$ 257,243	\$ 194,544
Capital Lease Obligations	892,292	1,432,229	(210,502)	2,114,019	256,623
Special Assessment Debt	2,220,000	-	(200,000)	2,020,000	210,000
<b>Total</b>	<b>\$ 3,352,011</b>	<b>\$ 1,644,297</b>	<b>\$ (605,046)</b>	<b>\$ 4,391,262</b>	<b>\$ 661,167</b>
<b>Business-Type Activities</b>					
Compensated Absences	\$ 114,149	\$ 113,733	\$ (123,780)	\$ 104,102	\$ 101,790
Refunding Revenue Bonds, Series 2003	3,092,978	-	(530,237)	2,562,741	546,386
<b>Total</b>	<b>\$ 3,207,127</b>	<b>\$ 113,733</b>	<b>\$ (654,017)</b>	<b>\$ 2,666,843</b>	<b>\$ 648,176</b>

The following schedules reflect future principal and interest requirements of the City's outstanding bonds at June 30, 2006.

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

Fiscal Year	Tax Increment Revenue Bonds, Series 1998		
	Fiscal Year Principal Due	Fiscal Year Interest Due	Total Principal and Interest Due
2007	\$ 210,000	\$ 93,835	\$ 303,835
2008	225,000	83,177	308,177
2009	235,000	71,907	306,907
2010	245,000	60,148	305,148
2011	255,000	47,898	302,898
2012	270,000	35,035	305,035
2013	285,000	21,437	306,437
2014	295,000	7,227	302,227
<b>Total</b>	<b>\$ 2,020,000</b>	<b>\$ 420,664</b>	<b>\$ 2,440,664</b>

**Note 1:** All principal payments are due September 1 of each year, with the aggregate interest payments stated above divided between September 1 and March 1 payment date.  
Original Principal: \$3,250,000 (Dated 9-1-98)

**CITY OF NEWBERRY**  
**Total Principal and Interest Requirement**  
**of All Outstanding Revenue Bonds**

Fiscal Year	Refunding Revenue Bond, Series 2003 (1)		
	Fiscal Year Principal Due	Fiscal Year Interest Due	Total Principal and Interest Due
2007	\$ 546,386	\$ 67,312	\$ 613,698
2008	561,894	51,021	612,915
2009	581,659	34,211	615,870
2010	600,561	16,832	617,393
2011	217,969	4,800	222,769
2012	54,272	798	55,070
<b>Total</b>	<b>\$ 2,562,741</b>	<b>\$ 174,974</b>	<b>\$ 2,737,715</b>

**Note 1:** These bonds are the responsibility of the Utility Enterprise Fund.  
All principal payments are due October 1, of each year, with the aggregate interest payments stated above divided between October 1 and April 1 payment date.  
Original Principal: \$3,585,100 (Dated 8-11-03)

## Note 8 – Due To/From Other Funds

At June 30, 2006, 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	\$ 34,307	\$ 48,659
Special Revenue Funds		
Victim's Rights	5,138	-
Accommodations Fee	-	1,499
Proprietary Fund - Unrestricted	<u>10,713</u>	<u>-</u>
<b>Total</b>	<u><u>\$ 50,158</u></u>	<u><u>\$ 50,158</u></u>

## 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 2006, the cost of power purchased amounted to \$12,051,244. Because of the nature of the agreement, the aggregate commitments over future years cannot be determined.

## Note 10 – Deferred Compensation Plan

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

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

## **Note 11 – Post-Employment Health Care Benefits**

The City allows retired employees to participate in its health and life insurance programs. The monthly cost of this participation is paid entirely by the retiree.

## **Note 12 – Employee Retirement Systems**

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

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

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

The employees of the City of Newberry are members of either the SCRS or the PORS.

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

Both the SCRS and PORS offer retirement and disability benefits, group life insurance benefits and survivor benefits. Group life benefits are also available to active State ORP participants. A guaranteed 1% cost of living adjustment is funded under SCRS, and all other cost of living adjustments are granted on an ad hoc basis, subject to approval by the State Budget and Control Board. The Plans' provisions are established under Title 9 of the SC Code of Laws which requires both employees and employers to contribute to the Plans.

The SCRS plan members are required to contribute 6.25% of their earnable compensation to the plan. The City is required to contribute 7.55%. The City's contributions to the SCRS for the years ended June 30, 2006, 2005, and 2004, were \$249,132, \$210,100, and \$204,870, respectively. Contributions made were equal to 100% of the required contributions for each year.

The PORS plan members are required to contribute 6.5% of their earnable compensation to the plan. The City is required to contribute 10.3%. The City's contributions to the PORS for the years ended June 30, 2006, 2005, and 2004, were \$176,642, \$167,206, and \$165,603, respectively. Contributions made were equal to 100% of the required contributions for each year.

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](http://www.retirement.sc.gov), or a copy may be obtained by submitting a request to the South Carolina Retirement Systems, P.O. Box 11960, Columbia, SC 29211-1960.

### **Note 13 – Risk Management and Retention**

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

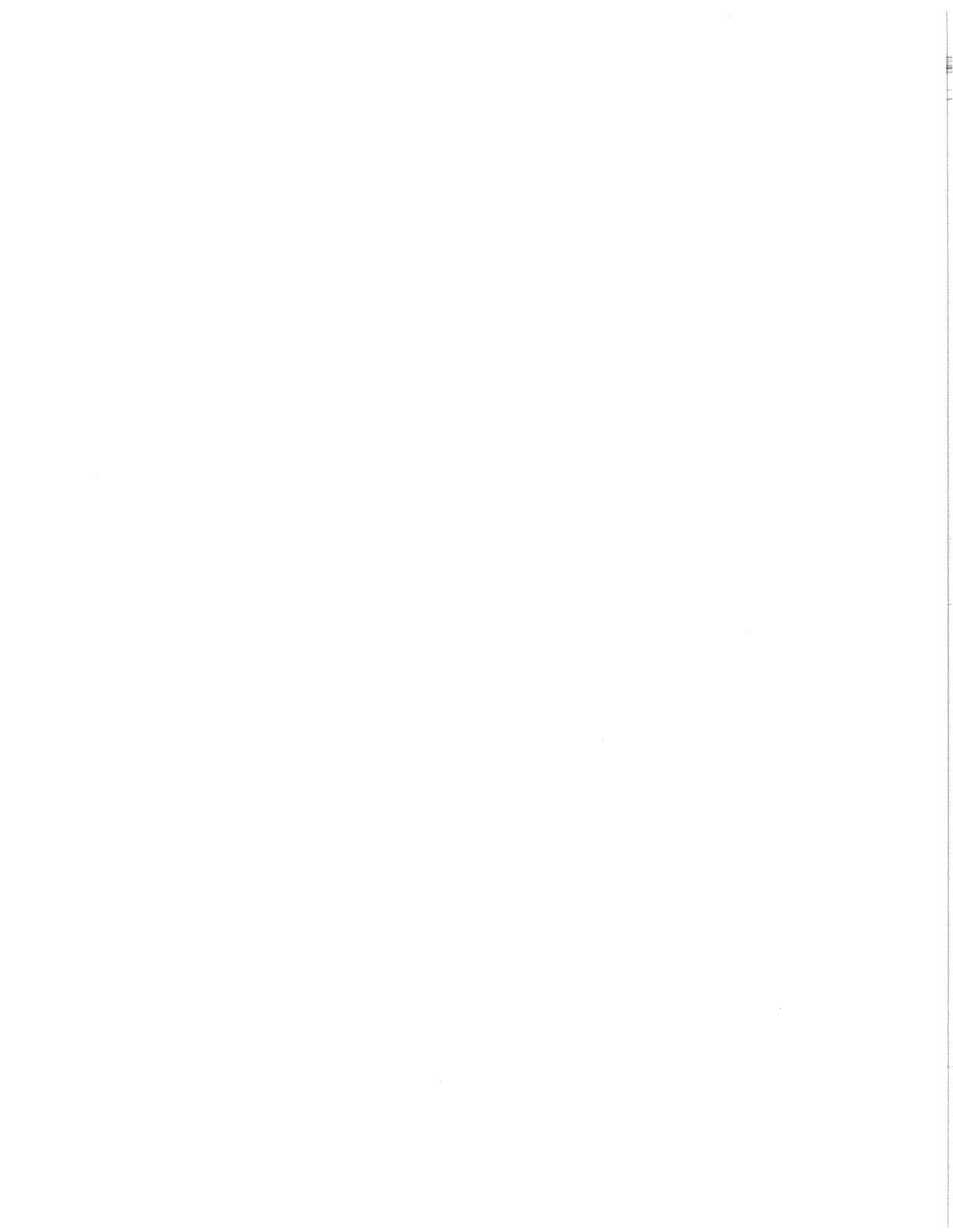
The City participates in the health insurance plan provided by the State of South Carolina to its employees. The City is responsible for collecting/paying premiums set by the State to the State for this insurance coverage. There is no other potential financial liability for the City.

There have been no significant reductions in insurance coverage during the fiscal year ended June 30, 2006.

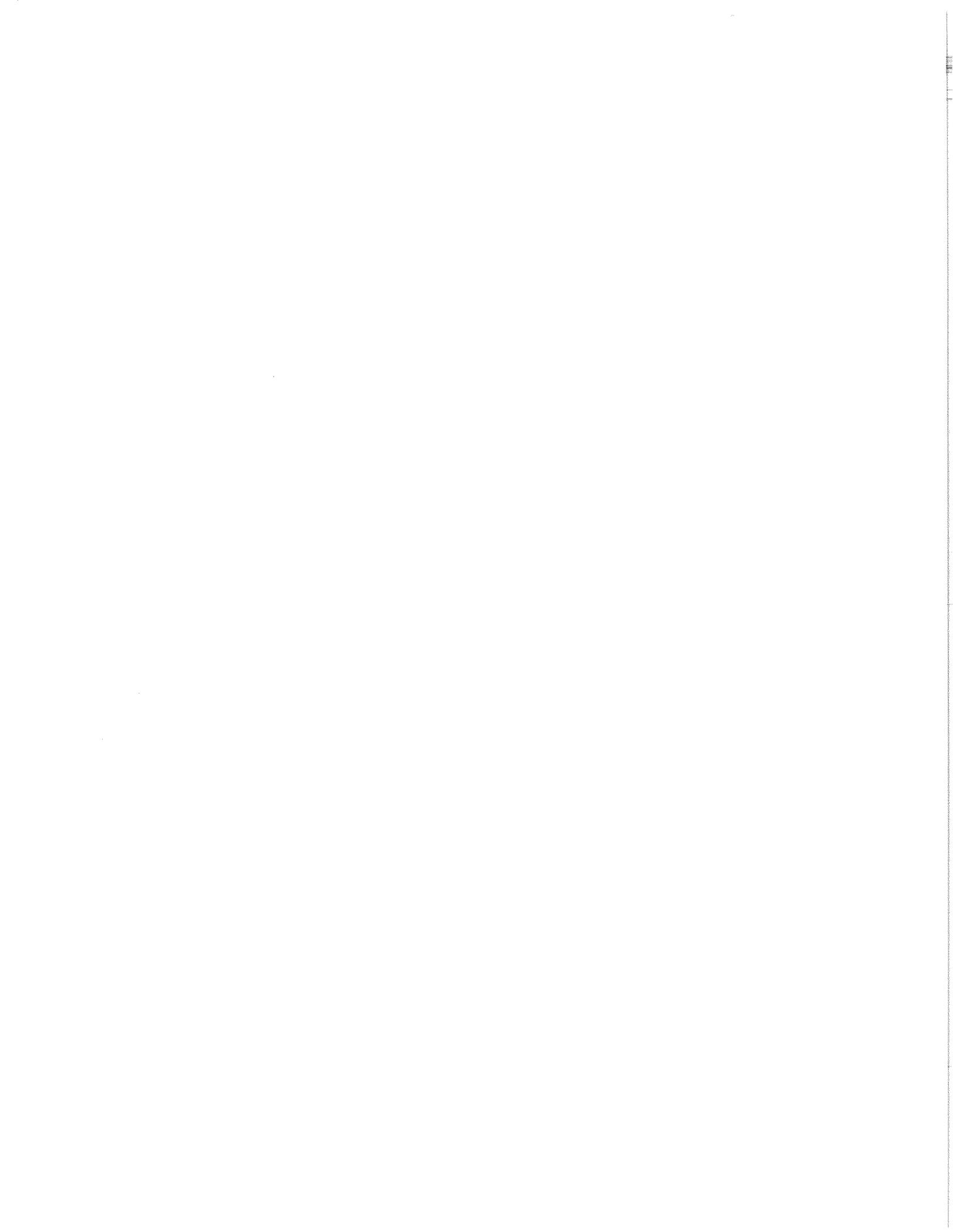
### **Note 14 – Payment of Court Order**

During 2003, the City was a defendant in a matter in the Court of Common Pleas for Newberry County, Styled Newberry Electric Cooperative, Inc. v. City of Newberry, in which the plaintiff was seeking the compulsory acquisition of electrical facilities and properties under S.C. law, Section 58-27-1360. A panel of arbiters rendered a decision and award dated September 16, 2003, which required the City to acquire certain electric facilities and properties from the Newberry Electric Cooperative, Inc. (the Cooperative) and pay the Cooperative "just compensation" in the amount of \$3,853,639. The City paid the award during the fiscal year ended June 30, 2004, under protest. The City filed an appeal with the South Carolina Court of Appeals which was unsuccessful. On February 21, 2006, the City petitioned the South Carolina Supreme Court for a writ of certiorari to review the decision of the Court of Appeals. The matter remains pending.

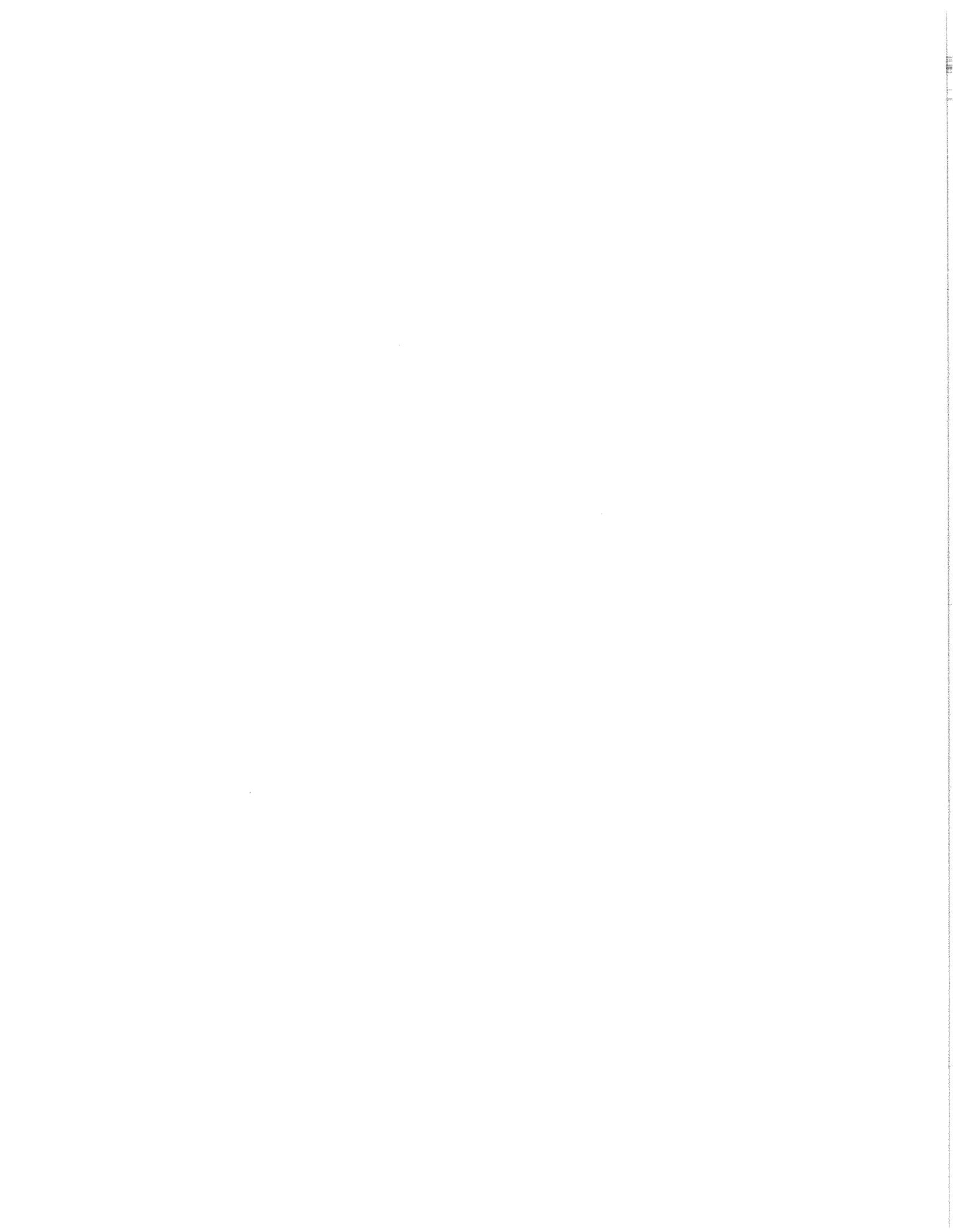
**SUPPLEMENTARY INFORMATION**



**COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES**



**NONMAJOR GOVERNMENTAL FUNDS**



**CITY OF NEWBERRY  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2006**

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2005)

	Special Revenue	Debt Service	Permanent	Total June 30, 2006	Total June 30, 2005
<b>Assets</b>					
Cash and investments	\$ 1,707,305	\$ 33,913	\$ 12,727	\$ 1,753,945	\$ 549,867
Property taxes receivable, net	-	6,943	-	6,943	68,840
Fees receivable	42,090	-	-	42,090	36,780
Notes receivable	355,000	-	-	355,000	355,000
Due from other governments	271,466	-	-	271,466	29,022
Interest and other	3,378	-	56	3,434	1,324
Due from other funds	5,138	-	-	5,138	48,805
<b>Total Assets</b>	<b>\$ 2,384,377</b>	<b>\$ 40,856</b>	<b>\$ 12,783</b>	<b>\$ 2,438,016</b>	<b>\$ 1,089,638</b>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities</b>					
Accounts payable	\$ 139,909	\$ -	\$ -	\$ 139,909	\$ 17,640
Retainage payable	100,686	-	-	100,686	-
Deferred revenue	355,000	6,412	-	361,412	423,191
Due to other funds	1,499	-	-	1,499	44,451
<b>Total Liabilities</b>	<b>597,094</b>	<b>6,412</b>	<b>-</b>	<b>603,506</b>	<b>485,282</b>
<b>Fund Balances</b>					
Reserved for					
Japanese Gardens maintenance	-	-	10,000	10,000	10,000
Unreserved					
Undesignated	-	34,444	2,783	37,227	(37,826)
Designated for future expenditures	1,787,283	-	-	1,787,283	632,182
<b>Total Fund Balances</b>	<b>1,787,283</b>	<b>34,444</b>	<b>12,783</b>	<b>1,834,510</b>	<b>604,356</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 2,384,377</b>	<b>\$ 40,856</b>	<b>\$ 12,783</b>	<b>\$ 2,438,016</b>	<b>\$ 1,089,638</b>

**CITY OF NEWBERRY**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2006**  
**(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2005)**

	Special Revenue	Debt Service	Permanent	Total June 30, 2006	Total June 30, 2005
<b>Revenues</b>					
Property taxes	\$ -	\$ 251,978	\$ -	\$ 251,978	\$ 171,701
Charges for services	483,704	-	-	483,704	442,297
Intergovernmental	1,031,754	-	-	1,031,754	431,882
Fines, forfeitures and penalties	54,571	-	-	54,571	64,543
Donations	11,150	-	-	11,150	10,665
Interest	54,257	292	338	54,887	8,496
<b>Total Revenues</b>	<b>1,635,436</b>	<b>252,270</b>	<b>338</b>	<b>1,888,044</b>	<b>1,129,584</b>
<b>Expenditures</b>					
Public safety	97,574	-	-	97,574	76,496
Community development	1,185,700	-	3,974	1,189,674	435,301
Non-departmental	183,431	-	-	183,431	106,211
Debt service					
Principal	37,616	200,000	-	237,616	195,000
Interest	29,285	103,880	-	133,165	113,558
<b>Total Expenditures</b>	<b>1,533,606</b>	<b>303,880</b>	<b>3,974</b>	<b>1,841,460</b>	<b>926,566</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>101,830</b>	<b>(51,610)</b>	<b>(3,636)</b>	<b>46,584</b>	<b>203,018</b>
<b>Other Financing Sources (Uses)</b>					
Lease purchase proceeds	1,300,000	-	-	1,300,000	-
Transfers in (out)	(246,729)	125,849	4,450	(116,430)	(150,941)
<b>Total Other Financing Sources</b>	<b>1,053,271</b>	<b>125,849</b>	<b>4,450</b>	<b>1,183,570</b>	<b>(150,941)</b>
<b>Net Change in Fund Balances</b>	<b>1,155,101</b>	<b>74,239</b>	<b>814</b>	<b>1,230,154</b>	<b>52,077</b>
<b>Fund Balances, beginning</b>	<b>632,182</b>	<b>(39,795)</b>	<b>11,969</b>	<b>604,356</b>	<b>552,279</b>
<b>Fund Balances, ending</b>	<b>\$ 1,787,283</b>	<b>\$ 34,444</b>	<b>\$ 12,783</b>	<b>\$ 1,834,510</b>	<b>\$ 604,356</b>

## **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, 2006 AND 2005**

	2006	2005
<b>Assets</b>		
Cash and investments	\$ 3,725,291	\$ 3,262,852
Receivables (net of allowances for uncollectibles)		
Taxes	121,143	102,396
Intergovernmental	102,318	83,365
Interest receivable	8,614	3,703
Other	17,040	18,773
Due from other funds	34,307	37,476
Inventories	38,838	29,825
	<b>\$ 4,047,551</b>	<b>\$ 3,538,390</b>
<b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Accounts payable	\$ 15,052	\$ 23,306
Intergovernmental	26,673	30,974
Accrued salaries and payroll liabilities	184,955	218,820
Due to other funds	48,659	5,805
Deferred revenue	91,293	69,276
	<b>366,632</b>	<b>348,181</b>
<b>Fund Balances</b>		
Unreserved		
Undesignated	2,713,074	2,274,757
Designated for general government		
Depreciation fund	954,348	915,452
Fire department capital	13,497	-
	<b>3,680,919</b>	<b>3,190,209</b>
<b>Total Fund Balances</b>	<b>\$ 4,047,551</b>	<b>\$ 3,538,390</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 4,047,551</b>	<b>\$ 3,538,390</b>

**CITY OF NEWBERRY  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2006  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2005)**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget	Year Ended
	Original	Final			June 30, 2005
					Actual
<b>Revenues</b>					
Taxes	\$ 1,699,900	\$ 1,760,502	\$ 1,879,017	\$ 118,515	\$ 1,678,379
Licenses, permits and franchise fees	1,129,300	1,179,750	1,301,779	122,029	1,200,276
Fines and forfeitures	525,000	500,000	542,968	42,968	601,054
Charges for services	626,130	618,765	611,902	(6,863)	626,673
Intergovernmental	1,257,735	1,259,806	1,152,448	(107,358)	1,105,735
Miscellaneous	23,000	155,000	230,105	75,105	229,706
<b>Total Revenues</b>	<b>5,261,065</b>	<b>5,473,823</b>	<b>5,718,219</b>	<b>244,396</b>	<b>5,441,823</b>
<b>Expenditures</b>					
General government					
City council	68,039	69,233	61,024	8,209	61,060
City manager	181,056	184,074	181,969	2,105	170,287
Personnel	80,192	80,233	79,340	893	86,514
Finance	203,466	202,957	189,555	13,402	182,616
City hall	35,560	33,915	23,641	10,274	23,044
Building	156,475	155,282	128,370	26,912	121,973
Public safety					
Police department	1,346,659	1,396,921	1,305,455	91,466	1,282,090
Justice and Law	329,641	354,010	368,880	(14,870)	403,589
Fire department	882,517	824,237	818,538	5,699	1,549,211
Public works					
Public works administration	122,287	123,443	116,003	7,440	106,148
Streets	661,552	709,280	564,098	145,182	491,385
Sanitation	325,232	323,711	306,137	17,574	351,421
Building maintenance	60,429	62,353	52,637	9,716	56,800
Garage	124,640	125,395	117,634	7,761	116,088
Recreation					
Recreation	421,312	412,006	392,754	19,252	439,768
Non-departmental					
General insurance	87,000	97,485	95,395	2,090	78,994
Employee benefits	1,210,605	1,196,028	1,126,395	69,633	1,097,918
Community promotions and projects	253,685	393,785	249,642	144,143	230,180
Capitalized lease payments	209,065	204,235	203,832	403	148,035
<b>Total Expenditures</b>	<b>6,759,412</b>	<b>6,948,583</b>	<b>6,381,299</b>	<b>567,284</b>	<b>6,997,121</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(1,498,347)</b>	<b>(1,474,760)</b>	<b>(663,080)</b>	<b>811,680</b>	<b>(1,555,298)</b>

(Continued)

CITY OF NEWBERRY  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2006  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2005)

	Budgeted Amounts		Actual Amounts	Variance With Final Budget	Year Ended
	Original	Final			June 30, 2005
					Actual
<b>Other Financing Sources (Uses)</b>					
Lease purchase proceeds	\$ 101,732	\$ 132,229	\$ 132,229	\$ -	\$ 753,747
Transfers in (out)					
Japanese Gardens fund	(500)	(3,150)	(3,150)	-	(500)
State accomodations tax fund	26,350	26,650	26,785	135	26,672
Local hospitality/accomodations fund	205,000	205,000	155,000	(50,000)	130,000
Utility system	955,700	884,700	903,831	19,131	956,000
Firehouse Conference Center	-	(60,905)	(60,905)	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>1,288,282</b>	<b>1,184,524</b>	<b>1,153,790</b>	<b>(30,734)</b>	<b>1,865,919</b>
<b>Excess (Deficiency) of Revenues and Other Financing Sources (Uses) Over Expenditures</b>	<b>(210,065)</b>	<b>(290,236)</b>	<b>490,710</b>	<b>780,946</b>	<b>310,621</b>
<b>Fund Balances, beginning</b>	<b>3,190,209</b>	<b>3,190,209</b>	<b>3,190,209</b>	<b>-</b>	<b>2,879,588</b>
<b>Fund Balances, ending</b>	<b>\$ 2,980,144</b>	<b>\$ 2,899,973</b>	<b>\$ 3,680,919</b>	<b>\$ 780,946</b>	<b>\$ 3,190,209</b>

**CITY OF NEWBERRY  
GENERAL FUND  
SCHEDULE OF REVENUES - BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2006  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2005)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Year Ended June 30, 2005
	Original	Final			
<b>Taxes</b>					
Vehicle property taxes	\$ 272,000	\$ 315,000	\$ 404,284	\$ 89,284	\$ 287,125
Other current property taxes	1,380,000	1,390,000	1,390,861	861	1,322,445
Delinquent property tax	32,500	40,102	67,851	27,749	51,796
Tax penalties	13,000	13,000	13,379	379	14,568
Fees in lieu of taxes	2,400	2,400	2,642	242	2,445
<b>Totals</b>	<b>1,699,900</b>	<b>1,760,502</b>	<b>1,879,017</b>	<b>118,515</b>	<b>1,678,379</b>
<b>Licenses, Permits and Franchise Fees</b>					
Business licenses	986,000	1,030,000	1,112,177	82,177	1,044,718
Business license penalties	4,000	5,000	4,505	(495)	5,713
Building/sign permits	40,000	55,000	78,975	23,975	44,257
Inspections, lot clearing, zoning	30,500	28,500	39,273	10,773	36,279
Cable TV	68,500	60,000	66,099	6,099	68,809
Newberry Electric Coop	300	1,250	750	(500)	500
<b>Totals</b>	<b>1,129,300</b>	<b>1,179,750</b>	<b>1,301,779</b>	<b>122,029</b>	<b>1,200,276</b>
<b>Fines and Forfeitures</b>					
Court fines and forfeitures	525,000	500,000	542,968	42,968	601,054
<b>Totals</b>	<b>525,000</b>	<b>500,000</b>	<b>542,968</b>	<b>42,968</b>	<b>601,054</b>
<b>Charges for Services</b>					
Recreation revenues	41,130	36,765	35,925	(840)	34,972
Public works charges	585,000	582,000	575,977	(6,023)	591,701
<b>Totals</b>	<b>626,130</b>	<b>618,765</b>	<b>611,902</b>	<b>(6,863)</b>	<b>626,673</b>
<b>Intergovernmental</b>					
Federal government					
Other federal receipts	63,000	10,972	8,689	(2,283)	27,000
State of South Carolina					
Merchants' inventory tax	58,392	58,392	58,392	-	58,392
Local government fund	288,143	288,143	289,986	1,843	282,248
Other receipts	197,200	241,299	146,468	(94,831)	96,034
Newberry County and county schools					
Recreation fee	20,000	20,000	22,140	2,140	25,171
County fire contribution	131,000	143,000	128,741	(14,259)	117,441
Clinton Newberry natural gas authority	500,000	498,000	498,032	32	499,449
<b>Totals</b>	<b>1,257,735</b>	<b>1,259,806</b>	<b>1,152,448</b>	<b>(107,358)</b>	<b>1,105,735</b>
<b>Miscellaneous Revenues</b>					
Sale of unserviceable equipment	2,000	37,000	8,051	(28,949)	19,625
Other	8,000	80,000	116,528	36,528	167,038
Interest earned	13,000	38,000	105,526	67,526	43,043
<b>Totals</b>	<b>23,000</b>	<b>155,000</b>	<b>230,105</b>	<b>75,105</b>	<b>229,706</b>
<b>Total Revenues</b>	<b>\$ 5,261,065</b>	<b>\$ 5,473,823</b>	<b>\$ 5,718,219</b>	<b>\$ 244,396</b>	<b>\$ 5,441,823</b>

CITY OF NEWBERRY  
GENERAL FUND  
SCHEDULE OF EXPENDITURES  
BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2006  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2005)

	Budgeted Amounts		Actual Amounts	Variance With Final Budget	Year Ended June 30, 2005
	Original	Final			
<b>General Government</b>					
<b>City Council</b>					
Salaries and wages	\$ 40,603	\$ 40,000	\$ 39,361	\$ 639	\$ 40,888
Overtime	100	100	-	100	-
Printing	1,800	2,000	1,315	685	944
Office supplies	1,850	1,850	957	893	1,049
Postage	500	500	307	193	291
Membership	317	317	335	(18)	-
Travel	14,049	13,116	10,442	2,674	11,932
Vehicle fuel	300	365	272	93	148
Vehicle repair	500	500	178	322	29
Tires and tubes	100	100	-	100	-
Telephone	2,520	1,714	1,106	608	1,256
Advertising	500	728	811	(83)	518
Rental/lease of equipment	1,400	1,243	1,342	(99)	1,245
Employee training	500	500	70	430	210
Municipal election	-	3,200	2,035	1,165	-
Codification	3,000	3,000	2,493	507	2,550
<b>Totals</b>	<b>68,039</b>	<b>69,233</b>	<b>61,024</b>	<b>8,209</b>	<b>61,060</b>
<b>City Manager</b>					
Salaries and wages	157,037	161,000	160,332	668	151,133
Overtime	100	100	-	100	-
Printing	200	300	266	34	112
Office supplies	1,000	800	829	(29)	615
Postage	625	500	203	297	351
Membership, dues and subscriptions	2,219	2,407	1,961	446	2,027
Travel	7,175	6,417	6,170	247	5,294
Car allowance	8,000	8,000	7,906	94	7,220
Telephone	1,250	1,250	1,402	(152)	1,025
Advertising	200	200	-	200	101
Rental/lease of equipment	2,650	2,500	2,610	(110)	2,409
Employee training	600	600	290	310	-
<b>Totals</b>	<b>181,056</b>	<b>184,074</b>	<b>181,969</b>	<b>2,105</b>	<b>170,287</b>

(Continued)

CITY OF NEWBERRY  
GENERAL FUND  
SCHEDULE OF EXPENDITURES  
BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2006  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2005)

	Budgeted Amounts		Actual Amounts	Variance With Final Budget	Year Ended June 30, 2005
	Original	Final			
<b>General Government (Continued)</b>					
<b>Personnel</b>					
Salaries and wages	\$ 72,732	\$ 72,974	\$ 73,064	\$ (90)	\$ 79,933
Overtime	100	100	-	100	-
Printing	250	553	721	(168)	162
Office supplies	1,400	1,063	553	510	1,270
Postage	430	384	217	167	218
Membership, dues and subscriptions	420	420	420	-	470
Travel	2,240	2,240	2,074	166	2,182
Telephone	720	720	642	78	637
Safety training/hygiene	100	100	-	100	-
Advertising	100	100	-	100	-
Rental/lease of equipment	1,400	1,281	1,291	(10)	1,394
Employee training	300	298	358	(60)	248
<b>Totals</b>	<b>80,192</b>	<b>80,233</b>	<b>79,340</b> ✓	<b>893</b>	<b>86,514</b>
<b>Finance</b>					
Salaries and wages	153,296	154,102	150,712	3,390	137,558
Overtime	200	200	-	200	13
Printing	1,875	1,875	487	1,388	502
Office supplies	4,500	4,500	3,349	1,151	4,085
Postage	2,650	2,500	2,635	(135)	2,519
Membership, dues and subscriptions	770	770	630	140	649
Travel	1,820	687	320	367	62
Telephone	1,225	1,125	1,082	43	1,020
Maintenance contracts	8,995	9,155	8,213	942	7,773
Equipment repair	500	500	-	500	-
Small equipment purchases	1,235	1,235	558	677	196
Advertising	250	250	179	71	179
Rental/lease of equipment	5,395	5,500	4,250	1,250	3,566
Employee training	175	175	230	(55)	155
Auditor	10,000	9,958	9,958	-	11,208
Refunds	1,000	1,000	132	868	2,299
Preparation of taxes	7,155	7,000	6,762	238	6,263
Computer programming	2,425	2,425	58	2,367	4,569
<b>Totals</b>	<b>203,466</b>	<b>202,957</b>	<b>189,555</b> ✓	<b>13,402</b>	<b>182,616</b>

(Continued)

CITY OF NEWBERRY  
GENERAL FUND  
SCHEDULE OF EXPENDITURES  
BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2006  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2005)

	Budgeted Amounts		Actual Amounts	Variance With Final Budget	Year Ended June 30, 2005
	Original	Final			
<b>General Government (Continued)</b>					
<b>City Hall</b>					
Telephone	\$ 225	\$ 200	\$ 171	\$ 29	\$ 186
Service contracts	24,985	29,590	20,009	9,581	22,858
Small equipment purchases	10,350	4,125	3,461	664	-
<b>Totals</b>	<b>35,560</b>	<b>33,915</b>	<b>23,641</b>	<b>10,274</b>	<b>23,044</b>
<b>Building and Zoning</b>					
Salaries and wages	101,670	92,896	87,500	5,396	84,155
Overtime	1,000	750	-	750	-
Printing	400	400	308	92	-
Office supplies	1,000	1,000	906	94	883
Postage	2,100	2,100	1,597	503	884
Membership, dues and subscriptions	575	918	828	90	550
Travel	2,690	2,690	2,400	290	1,820
Vehicle fuel	1,800	2,843	1,616	1,227	1,543
Vehicle repair	500	500	655	(155)	269
Tires and tubes	240	240	153	87	77
Telephone	1,800	1,800	990	810	1,311
Small hand tools	250	250	183	67	248
Small equipment purchases	800	800	668	132	538
Uniforms	700	700	687	13	707
Safety supplies	100	100	-	100	7
Advertising	550	1,295	1,220	75	507
Rental/lease of equipment	1,250	1,250	1,218	32	1,031
Employee training	1,100	1,100	75	1,025	198
Boards and commissions	1,650	1,650	1,199	451	1,152
Refunds	500	500	30	470	175
Code enforcements	35,000	35,000	20,538	14,462	25,118
Computer programming	800	6,500	5,599	901	800
<b>Totals</b>	<b>156,475</b>	<b>155,282</b>	<b>128,370</b>	<b>26,912</b>	<b>121,973</b>
<b>Public Safety</b>					
<b>Police Department</b>					
Salaries and wages	1,074,178	1,061,646	996,890	64,756	1,011,192
Holiday pay	36,419	36,419	30,066	6,353	32,961
Training pay	5,500	5,500	2,880	2,620	5,044
Court pay	500	500	156	344	237
Overtime	3,500	3,500	2,417	1,083	1,990

(Continued)

CITY OF NEWBERRY  
GENERAL FUND  
SCHEDULE OF EXPENDITURES  
BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2006  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2005)

	Budgeted Amounts		Actual Amounts	Variance With Final Budget	Year Ended June 30, 2005
	Original	Final			
<b>Public Safety (Continued)</b>					
<b>Police Department (Continued)</b>					
Callbacks	\$ 8,500	\$ 8,500	\$ 8,583	\$ (83)	\$ 7,032
Printing	3,000	3,000	1,549	1,451	650
Office supplies	2,800	2,800	2,706	94	2,921
Crime prevention	1,300	1,300	125	1,175	191
Postage	450	450	460	(10)	500
Membership, dues and subscriptions	2,194	2,194	2,012	182	1,137
Travel	2,925	2,925	1,635	1,290	1,225
Vehicle fuel	51,000	62,000	62,882	(882)	53,021
Vehicle repair	13,000	13,000	14,086	(1,086)	13,682
Tires and tubes	5,000	5,000	3,991	1,009	5,563
Utilities	10,000	12,000	11,047	953	10,048
Telephone	6,000	6,000	3,767	2,233	3,958
Maintenance contracts	8,283	8,283	7,261	1,022	8,735
Equipment repair	3,000	3,000	2,859	141	769
Building and fixture repairs	700	700	730	(30)	561
Small hand tools	600	600	544	56	280
Small equipment purchases	8,095	57,617	54,683	2,934	9,355
Uniforms	14,000	14,000	12,775	1,225	11,135
Safety training/hygiene	3,500	3,500	1,227	2,273	3,298
Dry cleaning and laundry	2,000	2,000	867	1,133	982
Janitorial services	2,000	2,000	2,085	(85)	2,010
Medical and lab services	300	572	372	200	3
Prisoner care	2,000	2,000	1,068	932	1,163
Advertising	600	600	716	(116)	401
Rental/lease of equipment	6,807	6,807	6,805	2	5,514
Employee training	1,500	1,500	1,995	(495)	1,588
Photo supplies	800	800	599	201	808
Special investigation	700	700	376	324	591
Automotive equipment	65,508	65,508	65,241	267	83,545
<b>Totals</b>	<b>1,346,659</b>	<b>1,396,921</b>	<b>1,305,455</b>	<b>91,466</b>	<b>1,282,090</b>
<b>Justice and Law</b>					
Salaries and wages	58,659	58,082	53,138	4,944	51,447
Overtime	300	300	-	300	-
State assessments	241,500	264,000	288,993	(24,993)	317,185
Printing	500	600	753	(153)	950
Office supplies	1,150	800	99	701	1,069
Postage	832	832	633	199	805
Refund of fines	7,500	12,000	14,283	(2,283)	15,134

(Continued)

CITY OF NEWBERRY  
GENERAL FUND  
SCHEDULE OF EXPENDITURES  
BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2006  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2005)

	Budgeted Amounts		Actual Amounts	Variance With Final Budget	Year Ended June 30, 2005
	Original	Final			
<b>Public Safety (Continued)</b>					
<b>Justice and Law (Continued)</b>					
Travel	\$ 1,000	\$ 1,000	\$ 519	\$ 481	\$ 201
Jury fees	1,000	1,000	1,000	-	630
Maintenance contracts	1,800	1,800	1,800	-	1,800
Rental/lease of equipment	-	1,142	1,370	(228)	1,331
Employee training	400	200	-	200	-
Legal services	15,000	12,254	6,292	5,962	13,037
<b>Totals</b>	<b>329,641</b>	<b>354,010</b>	<b>368,880</b>	<b>(14,870)</b>	<b>403,589</b>
<b>Fire Department</b>					
Salaries and wages	629,937	630,356	631,530	(1,174)	599,537
Training pay	4,000	5,686	7,172	(1,486)	4,368
Volunteer pay	7,000	9,344	12,478	(3,134)	5,370
Overtime	1,000	1,000	174	826	369
Callbacks	18,000	15,067	12,234	2,833	9,714
Printing	1,000	1,000	935	65	825
Office supplies	2,000	2,000	1,889	111	2,124
Postage	600	600	513	87	599
Membership, dues and subscriptions	775	775	752	23	689
Travel	5,090	5,090	5,013	77	4,201
Vehicle fuel	7,000	12,797	12,823	(26)	7,156
Vehicle repair	10,000	10,000	8,896	1,104	15,202
Tires and tubes	2,500	2,500	2,245	255	1,582
Utilities	29,000	32,365	30,479	1,886	29,271
Telephone	4,500	4,500	3,447	1,053	4,228
Maintenance contracts	8,315	8,315	7,991	324	6,495
Equipment repair	5,000	5,149	7,110	(1,961)	4,730
Fire extinguishers	600	653	553	100	406
Building and fixture repairs	7,500	7,939	7,368	571	31,440
Small hand tools	2,000	2,000	1,635	365	2,640
Small equipment purchases	5,500	5,500	5,007	493	8,110
Radio supplies and maintenance	7,000	7,308	7,092	216	7,740
Uniforms	7,000	7,000	6,593	407	8,545
Safety equipment	7,500	7,500	7,470	30	11,072
Safety training/hygiene	1,500	1,500	793	707	1,173
Dry cleaning and laundry	600	600	309	291	346
Cleaning and sanitation supplies	2,000	2,000	1,979	21	1,382
Janitorial services	300	300	232	68	-
Medical and lab services	400	400	217	183	331
Advertising	500	500	497	3	569
Rental/lease of equipment	5,900	5,900	5,836	64	5,196

(Continued)

CITY OF NEWBERRY  
GENERAL FUND  
SCHEDULE OF EXPENDITURES  
BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2006  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2005)

	Budgeted Amounts		Actual Amounts	Variance With Final Budget	Year Ended June 30, 2005
	Original	Final			
<b>Public Safety (Continued)</b>					
<b>Fire Department (Continued)</b>					
Employee training	\$ 3,500	\$ 3,500	\$ 3,456	\$ 44	\$ 4,412
Physical exams	2,200	2,293	2,645	(352)	7,716
Fire hose supplies	11,400	11,400	10,518	882	2,008
Boarding supplies	3,000	3,000	2,710	290	2,799
Photo supplies	300	300	107	193	250
Fire investigation unit	400	400	284	116	297
Fire prevention	6,000	6,000	5,977	23	4,474
Volunteer firemen	1,500	1,500	1,402	98	1,471
Explorer scout post	200	200	177	23	104
Automotive equipment	-	-	-	-	717,183
Machines and equipment	70,000	-	-	-	33,087
<b>Totals</b>	<b>882,517</b>	<b>824,237</b>	<b>818,538</b>	<b>5,699</b>	<b>1,549,211</b>
<b>Public Works</b>					
<b>Public Works Administration</b>					
Salaries and wages	88,939	87,895	87,530	365	84,704
Overtime	50	75	38	37	16
Office supplies	1,000	1,000	953	47	665
Postage	100	100	27	73	22
Membership, dues and subscriptions	260	260	85	175	-
Travel	475	475	18	457	129
Vehicle fuel	1,300	1,468	1,556	(88)	1,239
Vehicle repair	100	100	85	15	27
Tires and tubes	250	250	239	11	142
Utilities	14,850	16,657	12,990	3,667	12,649
Telephone	2,200	2,200	1,592	608	1,917
Maintenance contracts	2,776	2,776	1,962	814	1,694
Equipment repair	200	200	69	131	-
Radio maintenance	100	100	-	100	-
Safety equipment	780	780	607	173	593
Safety training and hygiene	92	92	-	92	46
Cleaning and sanitation	300	300	128	172	139
Advertising	900	1,100	1,648	(548)	944
Rental/lease of equipment	1,515	1,515	1,236	279	1,040
Employee training	500	500	140	360	-
Computer programming	200	200	-	200	182
Machines and equipment	5,400	5,400	5,100	300	-
<b>Totals</b>	<b>122,287</b>	<b>123,443</b>	<b>116,003</b>	<b>7,440</b>	<b>106,148</b>

(Continued)

CITY OF NEWBERRY  
GENERAL FUND  
SCHEDULE OF EXPENDITURES  
BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2006  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2005)

	Budgeted Amounts		Actual Amounts	Variance With Final Budget	Year Ended June 30, 2005
	Original	Final			
<b>Streets</b>					
Salaries and wages	\$ 236,231	\$ 225,000	\$ 217,358	\$ 7,642	\$ 247,129
Holiday pay	100	100	-	100	65
Overtime	7,200	7,200	2,753	4,447	6,096
Travel	150	150	-	150	14
Vehicle fuel	14,000	14,872	16,319	(1,447)	13,723
Vehicle repair	4,000	4,000	2,420	1,580	3,539
Tires and tubes	4,300	4,300	2,454	1,846	2,308
Maintenance contracts	260	260	-	260	3,887
High school contract	5,061	5,061	3,781	1,280	4,561
Equipment repair	12,000	12,000	14,159	(2,159)	13,808
Small hand tools	650	650	287	363	256
Small equipment purchases	3,150	4,860	4,860	-	5,145
Cement and masonry	1,000	1,000	160	840	155
Sidewalk repair	10,000	10,000	10,205	(205)	19,898
Storm drain and pipe	1,500	1,500	265	1,235	-
Asphalt supplies and gravel	3,000	3,000	3,409	(409)	1,916
Radio maintenance	300	300	-	300	107
Uniforms	1,018	1,018	425	593	636
Safety equipment	1,000	1,000	1,107	(107)	715
Safety training/hygiene	1,400	1,400	93	1,307	1,386
Chemicals	8,000	8,000	4,079	3,921	5,337
Signs	4,000	4,000	2,687	1,313	1,924
Employee training	300	300	100	200	200
General supplies	2,000	2,000	1,087	913	1,503
Rights of way	35,000	56,000	32,240	23,760	24,175
Street paving/resurfacing	100,000	100,000	97,200	2,800	56,362
Parking lot improvements	33,200	33,200	-	33,200	-
Sidewalk construction	64,000	64,000	-	64,000	-
Automotive equipment	101,732	132,229	132,229	-	58,433
Machines and equipment	7,000	11,880	14,421	(2,541)	18,107
<b>Totals</b>	<b>661,552</b>	<b>709,280</b>	<b>564,098</b>	<b>145,182</b>	<b>491,385</b>
<b>Sanitation</b>					
Salaries and wages	181,569	171,000	168,912	2,088	150,443
Holiday	500	500	618	(118)	497
Overtime	10,000	10,000	8,817	1,183	5,388
Vehicle fuel	37,315	47,141	46,182	959	33,179
Vehicle repair	16,000	16,000	4,617	11,383	13,293
Tires and tubes	12,600	12,600	15,544	(2,944)	11,047
Maintenance contracts	2,841	2,841	-	2,841	-
Equipment repair	27,500	27,500	25,652	1,848	22,055
Small hand tools	150	150	62	88	91
Small equipment purchases	23,095	23,095	24,979	(1,884)	6,543

(Continued)

CITY OF NEWBERRY  
GENERAL FUND  
SCHEDULE OF EXPENDITURES  
BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2006  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2005)

	Budgeted Amounts		Actual Amounts	Variance With Final Budget	Year Ended June 30, 2005
	Original	Final			
<b>Public Works (Continued)</b>					
<b>Sanitation (Continued)</b>					
Radio maintenance	\$ 150	\$ 150	\$ 44	\$ 106	\$ 115
Uniforms	680	680	472	208	95
Safety equipment	400	400	439	(39)	321
Safety training/hygiene	532	532	231	301	46
Chemicals	300	300	208	92	183
Employee training	100	100	-	100	21
General supplies	1,500	1,500	461	1,039	1,058
Automotive equipment	-	-	-	-	107,046
Machines and equipment	10,000	9,222	8,899	323	-
<b>Totals</b>	<b>325,232</b>	<b>323,711</b>	<b>306,137</b> ✓	<b>17,574</b>	<b>351,421</b>
<b>Building Maintenance</b>					
Salaries and wages	54,704	54,982	48,354	6,628	52,241
Overtime	300	300	20	280	86
Vehicle fuel	1,725	2,561	2,210	351	1,585
Vehicle repair	350	350	171	179	119
Tires and tubes	250	250	390	(140)	155
Equipment repairs	100	100	83	17	-
Building and fixture repairs	2,000	2,000	561	1,439	1,411
Small hand tools	300	300	476	(176)	188
Small equipment purchases	-	560	-	560	402
Radio maintenance	50	50	-	50	-
Uniforms	-	250	-	250	207
Safety equipment	100	100	53	47	61
General supplies	550	550	319	231	345
<b>Totals</b>	<b>60,429</b>	<b>62,353</b>	<b>52,637</b> ✓	<b>9,716</b>	<b>56,800</b>
<b>Garage</b>					
Salaries and wages	99,160	99,000	97,950	1,050	91,654
Holiday pay	-	200	33	167	-
Overtime	1,000	1,300	1,018	282	625
Membership, dues and subscriptions	25	25	25	-	25
Travel	250	250	11	239	-
Vehicle fuel	1,370	1,883	1,598	285	1,428
Vehicle repair	300	300	199	101	247
Tires and tubes	350	350	142	208	308
Grease and oil	4,620	5,300	4,907	393	3,751
Disposal	1,300	1,300	824	476	1,006
Equipment repair	5,000	4,000	826	3,174	1,645
Building and fixture repairs	500	700	337	363	139

(Continued)

CITY OF NEWBERRY  
GENERAL FUND  
SCHEDULE OF EXPENDITURES  
BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2006  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2005)

	Budgeted Amounts		Actual Amounts	Variance With Final Budget	Year Ended June 30, 2005
	Original	Final			
<b>Public Works (Continued)</b>					
<b>Garage (Continued)</b>					
Small hand tools	\$ 500	\$ 650	\$ 791	\$ (141)	\$ 682
Small equipment purchases	2,105	1,605	1,225	380	1,786
Radio maintenance	150	150	-	150	60
Uniforms	150	344	344	-	94
Safety equipment	200	200	124	76	197
Safety training/hygiene	200	200	-	200	-
Chemicals	1,000	1,000	1,009	(9)	900
Rental/lease of equipment	760	760	609	151	516
Employee training	200	200	150	50	60
General supplies	5,500	5,678	5,512	166	5,973
Machines and equipment	-	-	-	-	4,992
<b>Totals</b>	<b>124,640</b>	<b>125,395</b>	<b>117,634</b>	<b>7,761</b>	<b>116,088</b>
<b>Recreation</b>					
Salaries and wages	268,437	259,042	251,188	7,854	216,432
Overtime	4,000	4,000	1,203	2,797	1,111
Printing	1,500	1,500	1,243	257	1,267
Office supplies	1,750	1,750	1,677	73	1,697
Postage	850	850	592	258	583
Membership, dues and subscriptions	710	710	636	74	691
Travel	1,165	1,165	1,161	4	673
Vehicle fuel	7,500	9,325	9,240	85	6,793
Vehicle repair	2,000	2,000	1,099	901	1,408
Tires and tubes	700	700	1,008	(308)	506
Utilities	22,000	22,000	23,128	(1,128)	21,408
Telephone	2,500	2,000	1,565	435	1,599
Maintenance contracts	3,000	3,000	500	2,500	31,870
Equipment repair	3,500	3,500	3,746	(246)	3,136
Building and fixture repairs	20,000	20,000	18,649	1,351	35,030
Landscape repair	3,000	3,000	2,900	100	2,984
Small hand tools	1,000	1,000	988	12	835
Small equipment purchases	2,500	6,500	6,405	95	13,929
Storm drain/pipe	1,000	1,000	560	440	-
Asphalt supplies/gravel	2,000	2,000	977	1,023	1,697
Radio maintenance	800	800	49	751	615
Uniforms	1,500	1,500	1,282	218	1,274
Safety training/hygiene	1,500	1,500	1,469	31	968
Cleaning and sanitation supplies	750	750	717	33	730
Chemicals	3,000	3,000	2,988	12	2,240
Advertising	1,500	1,500	1,192	308	1,224
Rental/lease of equipment	4,000	4,000	3,915	85	3,305

(Continued)

CITY OF NEWBERRY  
GENERAL FUND  
SCHEDULE OF EXPENDITURES  
BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2006  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2005)

	Budgeted Amounts		Actual Amounts	Variance With Final Budget	Year Ended June 30, 2005
	Original	Final			
<b>Recreation (Continued)</b>					
Rental/lease of facilities	\$ -	\$ -	\$ -	\$ -	\$ 5,000
Employee training	650	650	260	390	328
Photography	-	-	-	-	175
Football	6,000	6,000	6,000	-	6,047
Baseball	11,000	9,100	9,012	88	8,324
Softball	2,000	2,000	2,016	(16)	1,663
Basketball	2,000	2,000	1,999	1	1,620
Senior adult programs	2,500	2,500	2,435	65	2,432
Other events	10,000	7,900	7,203	697	9,935
Automobile equipment	-	-	-	-	21,559
Machines and equipment	10,000	8,764	8,764	-	15,880
Buildings/resurface courts	15,000	15,000	14,988	12	12,800
<b>Totals</b>	<b>421,312</b>	<b>412,006</b>	<b>392,754</b>	<b>19,252</b>	<b>439,768</b>
<b>Non-Departmental</b>					
<b>General Insurance</b>					
Claims reimbursement	3,000	1,500	-	1,500	-
SCMIRF	84,000	95,985	95,395	590	78,994
<b>Totals</b>	<b>87,000</b>	<b>97,485</b>	<b>95,395</b>	<b>2,090</b>	<b>78,994</b>
<b>Employee Benefits</b>					
SC retirement	118,425	115,592	114,974	618	98,990
SC police retirement	191,373	190,194	174,217	15,977	171,019
Social security	254,479	250,822	229,247	21,575	222,820
City's share of employee insurance	504,043	480,790	459,765	21,025	483,243
Workers' compensation	101,200	101,200	98,366	2,834	87,365
Workers' comp. deductibles	10,385	30,000	28,871	1,129	17,498
Unemployment	9,000	5,500	3,643	1,857	5,407
Employer/employee relations	18,500	18,500	13,296	5,204	10,185
Physical exams	2,000	2,200	3,056	(856)	911
Wellness program	1,200	1,230	960	270	480
<b>Totals</b>	<b>1,210,605</b>	<b>1,196,028</b>	<b>1,126,395</b>	<b>69,633</b>	<b>1,097,918</b>

(Continued)

GENERAL FUND  
SCHEDULE OF EXPENDITURES  
BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2006  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2005)

	Budgeted Amounts		Actual Amounts	Variance With Final Budget	Year Ended June 30, 2005
	Original	Final			
<b>Non-departmental (Continued)</b>					
<b>Community Promotions and Projects</b>					
MASC dues	\$ 5,285	\$ 5,285	\$ 5,285	\$ -	\$ 5,285
Council on aging	4,000	4,000	4,000	-	4,000
Access Channel	-	40,000	40,000	-	-
Contribution to Newberry Opera House	-	25,000	25,000	-	-
City newsletter	3,000	3,000	-	3,000	-
Newberry Co. LEOA	1,500	1,500	1,500	-	1,500
Community enhancement	25,000	24,000	19,162	4,838	19,945
Economic Development contribution	-	-	-	-	74,000
City match-CDBG downtown study	-	-	-	-	2,000
Contribution to County Fire Aerial	-	35,000	-	35,000	-
Development incentive reimbursement	6,000	21,100	22,079	(979)	4,917
City beautification	75,000	101,000	54,880	46,120	32,524
Visitors center	20,000	20,000	20,000	-	20,000
Parking lot rental	900	900	900	-	900
Advertising	45,000	45,000	43,101	1,899	40,554
Regional planning	8,000	8,000	7,935	65	7,935
Consulting	60,000	60,000	5,800	54,200	16,620
<b>Totals</b>	<b>253,685</b>	<b>393,785</b>	<b>249,642</b>	<b>144,143</b>	<b>230,180</b>
Capital lease principal and Interest payments	209,065	204,235	203,832	403	148,035
<b>Totals</b>	<b>209,065</b>	<b>204,235</b>	<b>203,832</b>	<b>403</b>	<b>148,035</b>
<b>Grand Totals</b>	<b>\$ 6,759,412</b>	<b>\$ 6,948,583</b>	<b>\$ 6,381,299</b>	<b>\$ 567,284</b>	<b>\$ 6,997,121</b>

## **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.

Firehouse Conference Center – This fund is used to account for the renovations and operations of the conference center.

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

State Accommodations Tax Fund – This fund is used to account for money received from the state from the accommodations fee charged.

Community Housing/Development Fund – This fund is used to account for the expenditures of Community Development Block Grants and other funding sources made available for the purpose of housing rehabilitation and community development. No activity occurred in this fund during the fiscal year ended June 30, 2006.

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

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

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

CITY OF NEWBERRY  
SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2006

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2005)

	NANU	Federal Equitable Sharing	Firehouse Conference Center	Oktoberfest	State Accommodations Tax Fund
<b>Assets</b>					
Cash and cash investments	\$ 42,561	\$ 12,132	\$ 1,212,693	\$ 11,538	\$ 5,660
Fees receivable	-	-	-	-	-
Notes receivable	-	-	-	-	-
Due from other governments	-	-	241,493	-	29,973
Other	149	34	1,290	30	91
Due from other funds	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 42,710</b>	<b>\$ 12,166</b>	<b>\$ 1,455,476</b>	<b>\$ 11,568</b>	<b>\$ 35,724</b>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities</b>					
Accounts payable	\$ -	\$ -	\$ 130,866	\$ -	\$ 8,992
Retainage payable	-	-	100,686	-	-
Deferred revenue	-	-	-	-	-
Due to other funds	-	-	-	-	1,499
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>231,552</b>	<b>-</b>	<b>10,491</b>
<b>Fund Balances</b>					
<b>Unreserved</b>					
Designated for future expenditures	42,710	12,166	1,223,924	11,568	25,233
<b>Total Liabilities and Fund Balances</b>	<b>\$ 42,710</b>	<b>\$ 12,166</b>	<b>\$ 1,455,476</b>	<b>\$ 11,568</b>	<b>\$ 35,724</b>

<u>Community Housing/ Development</u>	<u>Local Hospitality Fee Fund</u>	<u>Volunteer Fire</u>	<u>Victim's Rights Fund</u>	<u>Totals June 30,2006</u>	<u>Totals June 30,2005</u>
\$ -	\$ 342,372	\$ 15,499	\$ 64,850	\$ 1,707,305	\$ 535,367
-	42,090	-	-	42,090	36,780
355,000	-	-	-	355,000	355,000
-	-	-	-	271,466	29,022
-	1,483	-	301	3,378	1,299
-	-	-	5,138	5,138	48,805
<u>\$ 355,000</u>	<u>\$ 385,945</u>	<u>\$ 15,499</u>	<u>\$ 70,289</u>	<u>\$ 2,384,377</u>	<u>\$ 1,006,273</u>
\$ -	\$ -	\$ -	\$ 51	\$ 139,909	\$ 17,640
-	-	-	-	100,686	-
355,000	-	-	-	355,000	355,000
-	-	-	-	1,499	1,451
<u>355,000</u>	<u>-</u>	<u>-</u>	<u>51</u>	<u>597,094</u>	<u>374,091</u>
-	385,945	15,499	70,238	1,787,283	632,182
<u>\$ 355,000</u>	<u>\$ 385,945</u>	<u>\$ 15,499</u>	<u>\$ 70,289</u>	<u>\$ 2,384,377</u>	<u>\$ 1,006,273</u>

CITY OF NEWBERRY  
SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
YEAR ENDED JUNE 30, 2006  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2005)

	NANU	Federal Equitable Sharing	Firehouse Conference Center	Oktoberfest	State Accommodations Tax Fund
<b>Revenues</b>					
Fees					
Hospitality	\$ -	\$ -	\$ -	\$ -	\$ -
Accommodations	-	-	-	-	-
Penalties	-	-	-	-	-
Intergovernmental					
Public safety	-	-	-	-	-
Community development					
Grants	-	-	306,250	-	-
CNNGA	-	-	250,076	-	-
Contribution from County - Sales Tax	-	-	400,000	-	-
Accommodations tax	-	-	-	-	60,703
Local					
City	-	-	-	-	-
Other	-	-	-	1,895	-
Drug seizure	120	-	-	-	-
Donations	-	-	-	11,150	-
Interest Income	1,631	321	35,801	188	1,077
<b>Total Revenues</b>	<b>1,751</b>	<b>321</b>	<b>992,127</b>	<b>13,233</b>	<b>61,780</b>
<b>Expenditures</b>					
Grants					
Operating expenditures	-	-	-	-	-
Capital expenditures	-	-	306,250	-	-
Other					
Operating expenditures	11,581	-	17,101	15,220	28,211
Capital expenditures	-	-	862,349	-	-
Tourism contribution/NOHF	-	-	-	-	-
Debt service					
Principal	-	-	37,616	-	-
Interest	-	-	29,285	-	-
<b>Total Expenditures</b>	<b>11,581</b>	<b>-</b>	<b>1,252,601</b>	<b>15,220</b>	<b>28,211</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(9,830)</b>	<b>321</b>	<b>(260,474)</b>	<b>(1,987)</b>	<b>33,569</b>
<b>Other Financing Sources (Uses)</b>					
Proceeds from capital leases	-	-	1,300,000	-	-
Transfers in (out)					
General Fund	-	-	60,905	-	(26,785)
Enterprise Fund	-	-	-	-	-
Debt Service Fund - TIF	-	-	-	-	-
Other Special Revenue Funds	-	-	121,901	3,500	(3,500)
<b>Fund Balances, beginning</b>	<b>52,540</b>	<b>11,845</b>	<b>1,592</b>	<b>10,055</b>	<b>21,949</b>
<b>Fund Balances, ending</b>	<b>\$ 42,710</b>	<b>\$ 12,166</b>	<b>\$ 1,223,924</b>	<b>\$ 11,568</b>	<b>\$ 25,233</b>

Local Hospitality Fee Fund	Volunteer Fire	Victim's Rights Fund	Totals June 30, 2006	Totals June 30, 2005
\$ 435,928	\$ -	\$ -	\$ 435,928	\$ 396,235
- 45,588	-	-	- 45,588	45,147
- 293	-	-	- 293	915
-	14,725	-	14,725	13,625
-	-	-	306,250	357,807
-	-	-	250,076	-
-	-	-	400,000	-
-	-	-	60,703	58,450
-	-	-	-	2,000
-	-	54,451	56,346	61,423
-	-	-	120	3,120
-	-	-	11,150	10,665
11,738	571	2,930	54,257	8,157
<u>493,547</u>	<u>15,296</u>	<u>57,381</u>	<u>1,635,436</u>	<u>957,544</u>
-	-	-	-	406,976
-	-	-	306,250	-
100,000 ✓	17,080 ✓	47,290 ✓	236,483	143,281
-	-	21,623 ✓	883,972	16,250
40,000 ✓	-	-	40,000	50,000
-	-	-	37,616	-
-	-	-	29,285	-
<u>140,000</u>	<u>17,080</u>	<u>68,913</u>	<u>1,533,606</u>	<u>616,507</u>
353,547	(1,784)	(11,532)	101,830	341,037
-	-	-	1,300,000	-
(155,000)	-	-	(120,880)	(156,672)
-	-	-	-	5,231
(125,849)	-	-	(125,849)	(127,358)
(121,901)	-	-	-	-
435,148	17,283	81,770	632,182	569,944
<u>\$ 385,945</u>	<u>\$ 15,499</u>	<u>\$ 70,238</u>	<u>\$ 1,787,283</u>	<u>\$ 632,182</u>

**CITY OF NEWBERRY**  
**SPECIAL REVENUE FUNDS - NEWBERRY ALLIED NARCOTICS UNIT**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**YEAR ENDED JUNE 30, 2006**  
**(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2005)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>	<u>Year Ended June 30, 2005</u>
	<u>Original</u>	<u>Final</u>			
<b>Revenues</b>					
Drug seizure	\$ 5,000	\$ 2,000	\$ 120	\$ (1,880)	\$ 3,120
Interest income	500	1,000	1,631	631	831
<b>Total Revenues</b>	<u>5,500</u>	<u>3,000</u>	<u>1,751</u>	<u>(1,249)</u>	<u>3,951</u>
<b>Expenditures</b>					
Drug seizure					
Operating expenditures	16,750	19,750	11,581	8,169	11,354
Capital expenditures	-	-	-	-	10,000
<b>Total Expenditures</b>	<u>16,750</u>	<u>19,750</u>	<u>11,581</u>	<u>8,169</u>	<u>21,354</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(11,250)	(16,750)	(9,830)	6,920	(17,403)
<b>Fund Balances, beginning</b>	<u>52,540</u>	<u>52,540</u>	<u>52,540</u>	<u>-</u>	<u>69,943</u>
<b>Fund Balances, ending</b>	<u>\$ 41,290</u>	<u>\$ 35,790</u>	<u>\$ 42,710</u>	<u>\$ 6,920</u>	<u>\$ 52,540</u>

CITY OF NEWBERRY  
SPECIAL REVENUE FUNDS - FIREHOUSE CONFERENCE CENTER  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2006  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2005)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Year Ended June 30, 2005
	Original	Final			
<b>Revenues</b>					
<b>Intergovernmental</b>					
Community development grant	\$ 250,000	\$ 310,000	\$ 306,250	\$ (3,750)	\$ -
Clinton Newberry Natural Gas Authority	-	242,430	250,076	7,646	-
Contribution from County - Sales Tax	320,000	400,000	400,000	-	-
Interest income	-	2,254	35,801	33,547	251
<b>Total Revenues</b>	<b>570,000</b>	<b>954,684</b>	<b>992,127</b>	<b>37,443</b>	<b>251</b>
<b>Expenditures</b>					
<b>Grants</b>					
Operating expenditures	-	-	-	-	53,659
Capital expenditures	-	-	306,250	(306,250)	-
<b>Other</b>					
Operating expenditures	-	17,085	17,101	(16)	-
Capital expenditures	1,236,200	1,562,350	862,349	700,001	-
<b>Debt service</b>					
Principal	-	37,616	37,616	-	-
Interest	-	29,286	29,285	1	-
<b>Total Expenditures</b>	<b>1,236,200</b>	<b>1,646,337</b>	<b>1,252,601</b>	<b>393,736</b>	<b>53,659</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(666,200)</b>	<b>(691,653)</b>	<b>(260,474)</b>	<b>431,179</b>	<b>(53,408)</b>
<b>Other Financing Sources (Uses)</b>					
Proceeds from capital leases	1,000,000	1,300,000	1,300,000	-	-
<b>Transfers in</b>					
General fund	-	60,905	60,905	-	-
Other special revenue funds	44,500	122,000	121,901	(99)	55,000
<b>Fund Balances, beginning</b>	<b>1,592</b>	<b>1,592</b>	<b>1,592</b>	<b>-</b>	<b>-</b>
<b>Fund Balances, ending</b>	<b>\$ 379,892</b>	<b>\$ 792,844</b>	<b>\$ 1,223,924</b>	<b>\$ 431,080</b>	<b>\$ 1,592</b>

**CITY OF NEWBERRY**  
**SPECIAL REVENUE FUNDS - OKTOBERFEST**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL**  
**YEAR ENDED JUNE 30, 2006**  
**(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2005)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Year Ended June 30, 2005
	Original	Final			
<b>Revenues</b>					
Local - other	\$ 1,750	\$ 2,090	\$ 1,895	\$ (195)	\$ -
Donations	-	17,250	11,150	(6,100)	10,665
Interest income	16,000	62	188	126	16
<b>Total Revenues</b>	<b>17,750</b>	<b>19,402</b>	<b>13,233</b>	<b>(6,169)</b>	<b>10,681</b>
<b>Expenditures</b>					
Drug seizure/other					
Operating expenditures	18,400	17,825	15,220	2,605	3,126
<b>Total Expenditures</b>	<b>18,400</b>	<b>17,825</b>	<b>15,220</b>	<b>2,605</b>	<b>3,126</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(650)</b>	<b>1,577</b>	<b>(1,987)</b>	<b>(3,564)</b>	<b>7,555</b>
<b>Other Financing Sources</b>					
Transfer from					
Other special revenue funds	3,000	3,000	3,500	500	2,500
<b>Fund Balances, beginning</b>	<b>10,055</b>	<b>10,055</b>	<b>10,055</b>	<b>-</b>	<b>-</b>
<b>Fund Balances, ending</b>	<b>\$ 12,405</b>	<b>\$ 14,632</b>	<b>\$ 11,568</b>	<b>\$ (3,064)</b>	<b>\$ 10,055</b>

CITY OF NEWBERRY  
SPECIAL REVENUE FUNDS - STATE ACCOMMODATIONS TAX FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2006  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2005)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Year Ended June 30, 2005
	Original	Final			
<b>Revenues</b>					
Intergovernmental					
Accommodations tax	\$ 52,000	\$ 58,000	\$ 60,703	\$ 2,703	\$ 58,450
Interest income	75	500	1,077	577	126
<b>Total Revenues</b>	<u>52,075</u>	<u>58,500</u>	<u>61,780</u>	<u>3,280</u>	<u>58,576</u>
<b>Expenditures</b>					
Other					
Operating expenditures	25,725	30,900	28,211	2,689	26,835
<b>Total Expenditures</b>	<u>25,725</u>	<u>30,900</u>	<u>28,211</u>	<u>2,689</u>	<u>26,835</u>
<b>Excess of Revenues Over Expenditures</b>	26,350	27,600	33,569	5,969	31,741
<b>Other Financing Sources (Uses)</b>					
Transfer to					
General Fund	(26,350)	(26,650)	(26,785)	(135)	(26,672)
Other special revenue funds	-	-	(3,500)	(3,500)	(2,500)
<b>Fund Balances, beginning</b>	<u>21,949</u>	<u>21,949</u>	<u>21,949</u>	<u>-</u>	<u>19,380</u>
<b>Fund Balances, ending</b>	<u>\$ 21,949</u>	<u>\$ 22,899</u>	<u>\$ 25,233</u>	<u>\$ 2,334</u>	<u>\$ 21,949</u>

**CITY OF NEWBERRY**  
**SPECIAL REVENUE FUNDS - LOCAL HOSPITALITY/ACCOMMODATIONS FEE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL**  
**YEAR ENDED JUNE 30, 2006**  
**(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2005)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Year Ended June 30, 2005
	Original	Final			
<b>Revenues</b>					
Fees					
Hospitality	\$ 384,875	\$ 425,000	\$ 435,928	\$ 10,928	\$ 396,235
Accommodations	41,600	46,000	45,588	(412)	45,147
Penalties	1,025	440	293	(147)	915
Interest income	2,500	5,000	11,738	6,738	5,556
<b>Total Revenues</b>	<b>430,000</b>	<b>476,440</b>	<b>493,547</b>	<b>17,107</b>	<b>447,853</b>
<b>Expenditures</b>					
Drug seizure/other					
Operating expenditures	100,000	100,000	100,000	-	20,000
Tourism contribution/NOHF	40,000	40,000	40,000	-	50,000
<b>Total Expenditures</b>	<b>140,000</b>	<b>140,000</b>	<b>140,000</b>	<b>-</b>	<b>70,000</b>
<b>Excess of Revenues Over Expenditures</b>	<b>290,000</b>	<b>336,440</b>	<b>353,547</b>	<b>17,107</b>	<b>377,853</b>
<b>Other Financing Sources (Uses)</b>					
Transfer to					
Debt service fund - TIF	(72,730)	(125,849)	(125,849)	-	(127,358)
General fund	(205,000)	(205,000)	(155,000)	50,000	(130,000)
Other special revenue funds	(44,500)	(122,000)	(121,901)	99	(55,000)
<b>Fund Balances, beginning</b>	<b>435,148</b>	<b>435,148</b>	<b>435,148</b>	<b>-</b>	<b>369,653</b>
<b>Fund Balances, ending</b>	<b>\$ 402,918</b>	<b>\$ 318,739</b>	<b>\$ 385,945</b>	<b>\$ 67,206</b>	<b>\$ 435,148</b>

**CITY OF NEWBERRY**  
**SPECIAL REVENUE FUNDS - VICTIM'S RIGHTS FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL**  
**YEAR ENDED JUNE 30, 2006**  
**(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2005)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>	<u>Year Ended June 30, 2005</u>
	<u>Original</u>	<u>Final</u>			
<b>Revenues</b>					
Court fines and assessments	\$ 51,000	\$ 51,000	\$ 54,451	\$ 3,451	\$ 61,423
Interest income	400	1,500	2,930	1,430	965
<b>Total Revenues</b>	<u>51,400</u>	<u>52,500</u>	<u>57,381</u>	<u>4,881</u>	<u>62,388</u>
<b>Expenditures</b>					
Drug seizure/other					
Operating expenditures	49,078	49,373	47,290	2,083	41,772
Capital expenditures	21,922	21,922	21,623	299	-
<b>Total Expenditures</b>	<u>71,000</u>	<u>71,295</u>	<u>68,913</u>	<u>2,382</u>	<u>41,772</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(19,600)	(18,795)	(11,532)	7,263	20,616
<b>Fund Balances, beginning</b>	<u>81,770</u>	<u>81,770</u>	<u>81,770</u>	<u>-</u>	<u>61,154</u>
<b>Fund Balances, ending</b>	<u>\$ 62,170</u>	<u>\$ 62,975</u>	<u>\$ 70,238</u>	<u>\$ 7,263</u>	<u>\$ 81,770</u>

**CITY OF NEWBERRY**  
**SCHEDULE OF FINES, ASSESSMENTS AND SURCHARGES**  
**VICTIM'S RIGHTS FUND**  
**YEAR ENDED JUNE 30, 2006**

**Municipal Court Revenue to City of Newberry**

Court revenue booked in General Fund, excluding Victim's Rights money	\$	542,968
Court assessments and surcharges to State of South Carolina		<u>(288,992)</u>
Net Court Revenue to City of Newberry	\$	<u><u>253,976</u></u>

**Municipal Court Revenue to State of South Carolina**

Court assessments to the State Treasurer	\$	208,178
DUI assessments to the State Treasurer		540
DUI Spinal Cord Research surcharges to the State Treasurer		4,500
DUI DPS pullouts to the State Treasurer		4,500
DUS pullouts to the State Treasurer		5,400
Drug surcharges to the State Treasurer		4,100
Law enforcement surcharges to State Treasurer		<u>61,775</u>
Total Court Revenue to State Treasurer	\$	<u><u>288,993</u></u>

**Victim Services**

Court assessments allocated to Victim Services	\$	26,151
Court surcharges allocated to Victim Services		28,300
Investment income		<u>2,930</u>
Funds allocated to Victim Services	\$	57,381
Victim Services expenditures		<u>(68,913)</u>

**Excess (Deficiency) of Revenues Over Expenditures** (11,532)

**Fund Balances, beginning** 81,770

**Fund Balances, ending** \$ 70,238

### **DEBT SERVICE FUND**

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

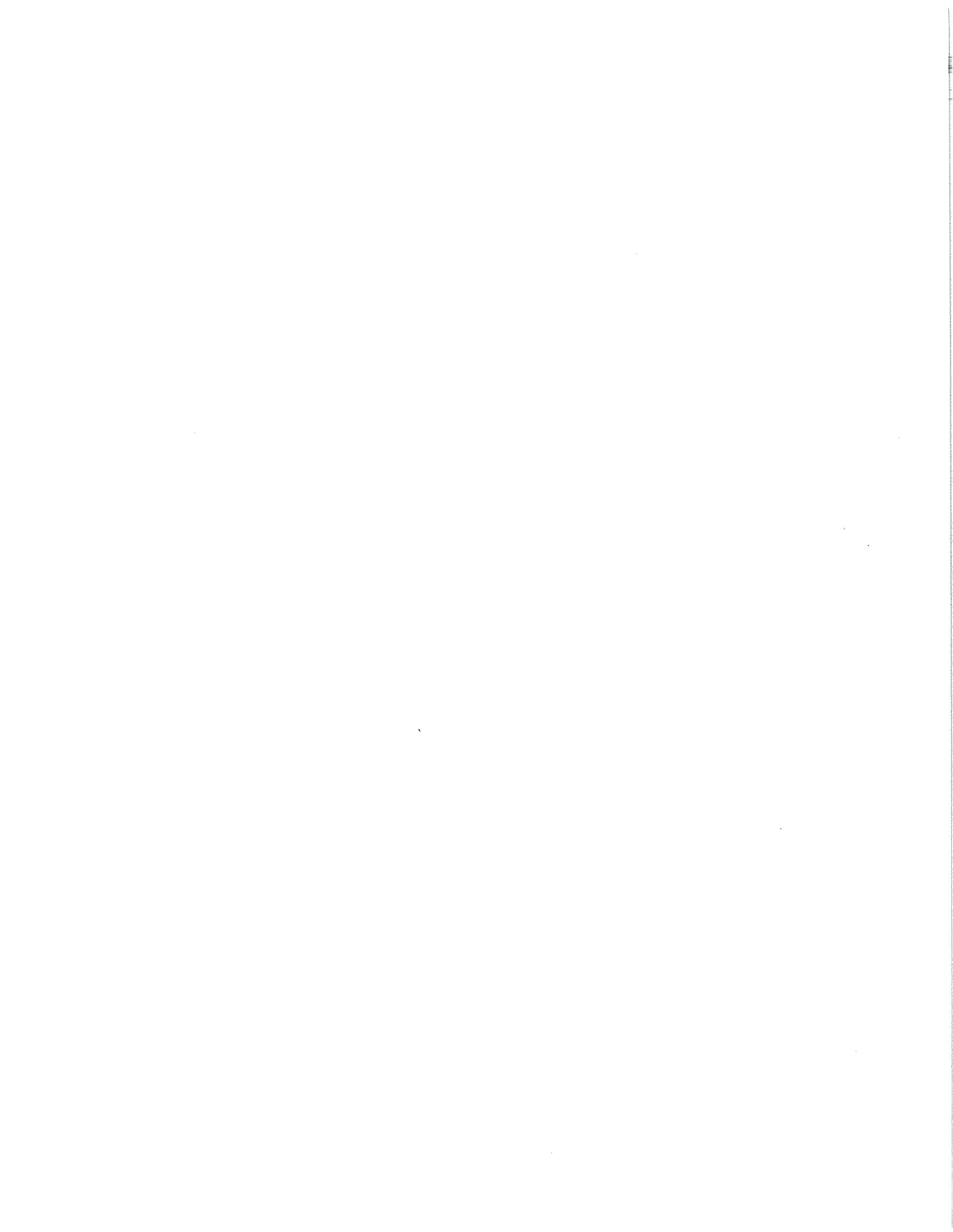
Series 1998 Tax Increment Revenue (TIF) Bond - This fund is used to account for the activities related to the special assessment bond issue which paid off the Newberry Opera House construction loan and costs of issuance and made certain utility improvements.

**CITY OF NEWBERRY  
DEBT SERVICE FUND - TIF  
COMPARATIVE BALANCE SHEETS  
JUNE 30, 2006 AND 2005**

	<u>2006</u>	<u>2005</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 33,913	\$ 2,556
Property taxes receivable (net of allowance for uncollectibles)	<u>6,943</u>	<u>68,840</u>
<b>Total Assets</b>	<u>\$ 40,856</u>	<u>\$ 71,396</u>
<b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Deferred revenue	\$ 6,412	\$ 68,191
Due to other funds	<u>-</u>	<u>43,000</u>
<b>Total Liabilities</b>	6,412	111,191
<b>Fund Balances</b>		
Unreserved, undesignated	<u>34,444</u>	<u>(39,795)</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 40,856</u>	<u>\$ 71,396</u>

**CITY OF NEWBERRY**  
**DEBT SERVICE FUND - TIF**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**YEAR ENDED JUNE 30, 2006**  
**(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2005)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>	<u>Year Ended June 30, 2005</u>
	<u>Original</u>	<u>Final</u>			
<b>Revenues</b>					
Property taxes - current	\$ 150,000	\$ 100,000	\$ 174,230	\$ 74,230	\$ 101,165
Property taxes - delinquent	15,000	77,881	77,748	(133)	70,536
Interest	150	150	292	142	190
<b>Total Revenues</b>	<u>165,150</u>	<u>178,031</u>	<u>252,270</u>	<u>74,239</u>	<u>171,891</u>
<b>Expenditures</b>					
Debt service					
Principal	200,000	200,000	200,000	-	195,000
Interest	103,880	103,880	103,880	-	113,558
<b>Total Expenditures</b>	<u>303,880</u>	<u>303,880</u>	<u>303,880</u>	<u>-</u>	<u>308,558</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(138,730)	(125,849)	(51,610)	74,239	(136,667)
<b>Other Financing Sources</b>					
Transfer from Special Revenue Fund	72,730	125,849	125,849	-	127,358
<b>Fund Balances, beginning</b>	<u>(39,795)</u>	<u>(39,795)</u>	<u>(39,795)</u>	<u>-</u>	<u>(30,486)</u>
<b>Fund Balances, ending</b>	<u>\$ (105,795)</u>	<u>\$ (39,795)</u>	<u>\$ 34,444</u>	<u>\$ 74,239</u>	<u>\$ (39,795)</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, 2006 AND 2005**

	<b>2006</b>	<b>2005</b>
<b>Assets</b>		
Cash and investments	\$ 12,727	\$ 11,944
Interest receivable	56	25
<b>Total Assets</b>	<b>\$ 12,783</b>	<b>\$ 11,969</b>
<b>Liabilities and Fund Balances</b>		
<b>Fund Balances</b>		
Reserved for Japanese Gardens maintenance	\$ 10,000	\$ 10,000
Unreserved, undesignated	2,783	1,969
<b>Total Liabilities and Fund Balances</b>	<b>\$ 12,783</b>	<b>\$ 11,969</b>

**CITY OF NEWBERRY**  
**JAPANESE GARDENS PERMANENT FUND**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**YEAR ENDED JUNE 30, 2006**  
**(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2005)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Year Ended June 30, 2005
	Original	Final			
<b>Operating Revenue</b>					
Grants	\$ -	\$ 3,750	\$ -	\$ (3,750)	\$ -
Interest revenue	125	275	338	63	149
<b>Operating Expenses</b>					
Maintenance of Japanese Gardens	(1,975)	(9,450)	(3,974)	5,476	1,501
<b>Operating Loss</b>	(1,850)	(5,425)	(3,636)	1,789	(1,352)
<b>Transfer In</b>					
General Fund	500	3,150	3,150	-	500
Enterprise Fund	-	1,300	1,300	-	-
<b>Net Income (Loss)</b>	(1,350)	(975)	814	1,789	(852)
<b>Fund Balances, beginning</b>	11,969	11,969	11,969	-	12,821
<b>Fund Balances, ending</b>	\$ 10,619	\$ 10,994	\$ 12,783	\$ 1,789	\$ 11,969



## **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, 2006 AND 2005**

	2006	2005
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash investments	\$ 4,010,492	\$ 3,180,361
Receivables (net of allowances for uncollectibles)		
Accounts	2,516,571	2,455,668
Intergovernmental	91,602	74,637
Interest receivable	15,591	6,590
Other	267	3,099
Due from other funds	10,713	
Inventory	1,026,436	983,664
Restricted Assets		
Cash and cash investments	560,849	549,439
Interest receivable	2,365	1,583
<b>Total Current Assets</b>	<b>8,234,886</b>	<b>7,255,041</b>
<b>Noncurrent Assets</b>		
Capital Assets		
Land and land improvements	341,228	341,228
Buildings and fixtures	3,263,272	3,266,272
Office furniture and equipment	201,571	119,880
Traffic controls and fire alarm system	185,112	185,112
Street lighting	268,169	273,862
Other equipment	228,555	223,407
Motor vehicles and equipment	1,802,319	1,663,820
Electric distribution system	9,094,212	8,567,651
Water distribution system	15,003,551	14,919,393
Sewer collection system	18,419,896	17,963,873
Construction in progress	51,103	495,069
Totals	48,858,988	48,019,567
Less accumulated depreciation	(27,807,715)	(26,426,024)
Total Capital Assets	21,051,273	21,593,543
Bond issuance cost	125,980	149,974
Restricted assets		
Cash and cash investments	487,954	418,469
Note receivable - Newberry Opera House Foundation	137,787	177,787
<b>Total Noncurrent Assets</b>	<b>21,802,994</b>	<b>22,339,773</b>
<b>Total Assets</b>	<b>30,037,880</b>	<b>29,594,814</b>

(Continued)

**CITY OF NEWBERRY  
ENTERPRISE FUND  
COMPARATIVE BALANCE SHEETS  
JUNE 30, 2006 AND 2005**

	2006	2005
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 1,170,047	\$ 1,081,964
Accrued salaries payable	34,896	99,833
Compensated absences payable	101,790	98,599
Due to other funds	-	36,025
Accrued interest payable	16,828	20,785
Revenue bonds payable	546,386	530,237
<b>Total Current Liabilities</b>	1,869,947	1,867,443
<b>Noncurrent Liabilities</b>		
Revenue bonds payable	2,016,355	2,562,741
Compensated absences payable	2,312	15,550
<b>Total Noncurrent Liabilities</b>	2,018,667	2,578,291
<b>Total Liabilities</b>	3,888,614	4,445,734
<b>Net Assets</b>		
Invested in capital assets, net of related debt	18,614,512	18,650,539
Restricted for:		
Debt service	446,114	425,702
Maintenance of utility system	605,054	543,789
Unrestricted	6,483,586	5,529,050
<b>Total Net Assets</b>	\$ 26,149,266	\$ 25,149,080

**CITY OF NEWBERRY  
ENTERPRISE FUND  
STATEMENTS OF REVENUES, EXPENSES AND  
CHANGES IN NET ASSETS - BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2006  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2005)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Year Ended June 30, 2005
	Original	Final			
<b>Operating Revenues</b>					
Connection and reconnection fees	\$ 77,500	\$ 75,000	\$ 80,099	\$ 5,099	\$ 80,518
Water receipts	2,779,200	2,854,174	2,854,328	154	2,725,743
Electric receipts	13,545,715	13,545,715	14,089,562	543,847	13,293,635
Sewer receipts	2,248,480	2,298,480	2,342,721	44,241	2,195,893
Sales and use tax	302,415	302,415	285,378	(17,037)	270,915
Utility penalty	168,000	168,000	183,611	15,611	176,378
Water taps	30,000	26,000	37,610	11,610	28,200
Sewer taps	11,000	9,000	16,700	7,700	10,600
Temporary electric services	5,000	6,000	8,675	2,675	6,175
Newberry housing authority	1,000	1,000	1,086	86	1,086
Fire flow access fees	23,000	23,000	23,656	656	23,471
Other revenue	35,000	35,000	42,655	7,655	55,951
CATV - pole rental	28,095	28,095	29,655	1,560	28,095
<b>Total Operating Revenues</b>	<b>19,254,405</b>	<b>19,371,879</b>	<b>19,995,736</b>	<b>623,857</b>	<b>18,896,660</b>
<b>Operating Expense</b>					
City Hall	38,500	37,950	26,625	11,325	28,067
Finance	285,803	281,366	268,908	12,458	267,468
Utility administration	176,798	155,523	143,004	12,519	167,452
Warehouse	40,819	41,417	37,807	3,610	37,761
Electric distribution	819,966	902,958	776,871	126,087	788,967
Water and sewer maintenance	581,225	642,582	564,121	78,461	555,276
Water production	1,069,461	1,219,990	959,216	260,774	830,219
Waste treatment	950,897	876,941	776,435	100,506	789,601
General insurance	87,000	97,485	95,395	2,090	79,119
Employee fringe benefits	585,186	595,610	543,791	51,819	535,476
Nondepartmental	11,992,615	11,964,235	12,455,132	(490,897)	11,686,570
Depreciation	1,600,000	1,600,000	1,661,592	(61,592)	1,593,437
<b>Total Operating Expenses</b>	<b>18,228,270</b>	<b>18,416,057</b>	<b>18,308,897</b>	<b>107,160</b>	<b>17,359,413</b>
<b>Operating Income</b>	<b>1,026,135</b>	<b>955,822</b>	<b>1,686,839</b>	<b>731,017</b>	<b>1,537,247</b>

(Continued)

CITY OF NEWBERRY  
ENTERPRISE FUND  
STATEMENTS OF REVENUES, EXPENSES AND  
CHANGES IN NET ASSETS - BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2006  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2005)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Year Ended June 30, 2005
	Original	Final			
<b>Nonoperating Income (Expenses)</b>					
Interest revenue	\$ 42,000	\$ 47,000	\$ 183,842	\$ 136,842	\$ 70,432
Gain on sale of assets	-	-	-	-	6,845
Loss on extinguishment of capital assets	-	-	(8,192)	(8,192)	(416,181)
Interest expense, bank management fees and amortization	(150,600)	(140,600)	(103,178)	37,422	(118,407)
<b>Total Nonoperating Income (Expenses)</b>	<u>(108,600)</u>	<u>(93,600)</u>	<u>72,472</u>	<u>166,072</u>	<u>(457,311)</u>
<b>Income Before Capital Contributions and Transfers</b>	917,535	862,222	1,759,311	897,089	1,079,936
Capital contributions	-	-	146,006	146,006	340,836
<b>Transfer from (to)</b>					
General fund	(955,700)	(884,700)	(903,831)	(19,131)	(956,000)
Permanent fund	-	(1,300)	(1,300)	-	(5,231)
<b>Net Income (Loss)</b>	<u>(38,165)</u>	<u>(23,778)</u>	<u>1,000,186</u>	<u>1,023,964</u>	<u>459,541</u>
<b>Net Assets, beginning</b>	<u>25,149,080</u>	<u>25,149,080</u>	<u>25,149,080</u>	<u>-</u>	<u>24,689,539</u>
<b>Net Assets, ending</b>	<u>\$ 25,110,915</u>	<u>\$ 25,125,302</u>	<u>\$ 26,149,266</u>	<u>\$ 1,023,964</u>	<u>\$ 25,149,080</u>

**CITY OF NEWBERRY  
ENTERPRISE FUND  
SCHEDULE OF EXPENSES - BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2006  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2005)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Year Ended June 30, 2005
	Original	Final			
<b>City Hall</b>					
Utilities	\$ 22,000	\$ 14,500	\$ 13,529	\$ 971	\$ 23,586
Building and fixture repair	15,000	21,950	11,864	10,086	3,075
Cleaning and sanitation Supplies	1,500	1,500	1,232	268	1,406
<b>Totals</b>	<b>38,500</b>	<b>37,950</b>	<b>26,625</b>	<b>11,325</b>	<b>28,067</b>
<b>Finance</b>					
Salaries and wages	196,158	196,459	197,857 ✓	(1,398)	192,152
Overtime	1,000	2,000	512	1,488	709
Printing	250	250	-	250	218
Office supplies	6,900	6,900	6,545	355	6,439
Postage	21,200	20,000	19,731	269	19,208
Membership, dues and subscriptions	100	100	65	35	40
Travel	1,470	935	46	889	56
Vehicle fuel	5,525	5,225	4,970	255	5,097
Vehicle repair	600	700	463	237	818
Tires and tubes	1,050	1,050	801	249	374
Telephone - cellular	450	450	410	40	411
Maintenance contracts	16,620	16,865	15,326	1,539	14,758
Equipment repair	750	750	17	733	75
Small hand tools	500	500	292	208	378
Small equipment purchases	5,895	1,400	324	1,076	4,430
Radio supplies	375	375	-	375	372
Uniforms	2,275	2,275	2,009	266	1,888
Safety equipment	200	200	-	200	-
Safety training/hygiene	250	250	194	56	11
Advertising	500	500	358	142	164
Rent/lease equipment	9,890	10,500	8,651	1,849	6,285
Employee training	1,020	900	380	520	413
Audit	10,000	9,957	9,957	-	11,208
Computer programming	2,825	2,825	-	2,825	1,964
<b>Totals</b>	<b>285,803</b>	<b>281,366</b>	<b>268,908</b> ✓	<b>12,458</b>	<b>267,468</b>

(Continued)

**CITY OF NEWBERRY  
ENTERPRISE FUND  
SCHEDULE OF EXPENSES - BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2006  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2005)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Year Ended June 30, 2005
	Original	Final			
<b>Utility Administration</b>					
Salaries and wages	\$ 141,426	\$ 108,351	\$ 103,047	\$ 5,304	\$ 137,171
Overtime	2,000	500	-	500	31
Printing	500	500	-	500	84
Office supplies	2,500	2,500	1,374	1,126	1,994
Postage	1,000	800	411	389	475
Membership, dues and subscriptions	1,082	1,082	898	184	918
Travel	2,440	2,440	825	1,615	4,116
Vehicle fuel	2,000	2,000	1,321	679	1,046
Vehicle repair	750	750	301	449	151
Tires and tubes	200	200	65	135	192
Telephone	2,000	2,000	1,259	741	1,737
Maintenance contracts	4,000	14,000	15,465	(1,465)	4,592
Small equipment purchases	1,500	1,500	421	1,079	3,235
Advertising	6,000	12,000	11,763	237	5,676
Rent/lease equipment	5,500	5,500	5,479	21	4,941
Employee training	200	200	-	200	75
Extra legal service	2,500	-	-	-	-
Engineering supplies	1,200	1,200	375	825	1,018
<b>Totals</b>	<b>176,798</b>	<b>155,523</b>	<b>143,004</b>	<b>12,519</b>	<b>167,452</b>
<b>Warehouse</b>					
Salaries and wages	29,669	29,762	29,825	(63)	28,615
Overtime	200	200	-	200	-
Office supplies	1,000	1,000	851	149	961
Postage	15	15	2	13	6
Membership, dues and subscriptions	30	30	30	-	30
Travel	140	40	-	40	-
Vehicle fuel (forklift)	80	70	48	22	50
Utilities	3,200	3,850	3,749	101	3,197
Telephone	275	275	228	47	236
Maintenance contracts	575	440	405	35	606
Equipment repair	50	50	-	50	-
Building and fixture repairs	785	785	615	170	397
Small equipment purchases	500	700	638	62	-
Safety equipment	50	50	-	50	-
Dry cleaning/laundry	25	25	-	25	-
Rental/lease of equipment	695	695	609	86	516

(Continued)

**CITY OF NEWBERRY**  
**ENTERPRISE FUND**  
**SCHEDULE OF EXPENSES - BUDGET AND ACTUAL**  
**YEAR ENDED JUNE 30, 2006**  
**(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2005)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Year Ended June 30, 2005
	Original	Final			
<b>Warehouse (Continued)</b>					
Employee training	\$ 100	\$ -	\$ -	\$ -	\$ 20
Freight and shipping	30	30	-	30	6
Cost of sales	400	400	331	69	309
Inventory loss	3,000	3,000	476	2,524	2,812
<b>Totals</b>	<b>40,819</b>	<b>41,417</b>	<b>37,807</b> ✓	<b>3,610</b>	<b>37,761</b>
<b>Electric Distribution</b>					
Salaries and wages	471,350	475,000	446,669	28,331	436,945
Overtime and holiday pay	20,316	18,316	15,215	3,101	14,903
Office supplies	400	400	351	49	234
Membership, dues and subscriptions	2,680	2,680	1,390	1,290	1,860
Travel	520	1,033	1,401	(368)	23
Vehicle fuel	19,250	26,000	24,994	1,006	18,679
Vehicle repair	23,000	18,000	11,936	6,064	15,160
Tires and tubes	3,200	3,200	2,723	477	3,706
Utilities	10,200	12,000	9,769	2,231	10,968
Telephone	1,500	1,500	1,019	481	1,454
Maintenance contracts	2,250	2,250	3,882	(1,632)	2,222
Contracts - elec. Rates/needs	7,500	7,500	8,581	(1,081)	26,249
Contracts - PCB testing	250	250	-	250	-
Meter testing	9,000	4,000	-	4,000	7,904
Equipment repair	10,500	10,500	7,130	3,370	9,824
Substation repairs	10,000	10,000	855	9,145	2,781
Building and fixture repairs	4,000	4,000	125	3,875	888
Small hand tools	10,000	10,000	9,013	987	10,301
Small equipment purchases	4,000	4,000	758	3,242	381
Cement and masonry	200	200	-	200	32
Uniforms	11,000	11,000	10,674	326	10,495
Safety equipment	4,000	4,813	3,929	884	7,739
Cleaning and sanitation supplies	1,050	1,050	1,045	5	847
Meters and meter parts	7,000	7,000	5,657	1,343	5,882
Electric materials	70,000	151,466	123,599	27,867	69,315
Advertising	300	300	-	300	18
Rent/lease equipment	2,000	2,000	910	1,090	5,061
Employee training	2,000	2,000	732	1,268	1,627

(Continued)

**CITY OF NEWBERRY**  
**ENTERPRISE FUND**  
**SCHEDULE OF EXPENSES - BUDGET AND ACTUAL**  
**YEAR ENDED JUNE 30, 2006**  
**(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2005)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Year Ended June 30, 2005
	Original	Final			
<b>Electric Distribution</b>					
(Continued)					
Engineering	\$ 7,500	\$ 12,500	\$ 4,131	\$ 8,369	\$ 2,446
Legal Expenses	100,000	95,000	77,426	17,574	118,531
Rights of way	5,000	5,000	2,957	2,043	2,492
<b>Totals</b>	<b>819,966</b>	<b>902,958</b>	<b>776,871</b>	<b>126,087</b>	<b>788,967</b>
<b>Water and Sewer Maintenance</b>					
Salaries and wages	302,925	281,789	252,483	29,306	253,588
Overtime and holiday pay	28,000	28,800	22,873	5,927	19,876
Office supplies	425	425	254	171	202
Postage	150	150	54	96	105
Membership, dues and subscriptions	270	270	255	15	105
Travel	4,185	5,285	3,044	2,241	228
Vehicle fuel	20,500	26,149	24,356	1,793	19,018
Vehicle repair	12,000	12,000	12,788	(788)	13,363
Tires and tubes	3,750	3,750	2,302	1,448	2,958
Utilities	14,000	21,969	22,430	(461)	19,675
Telephone	1,000	1,000	1,124	(124)	971
Maintenance contracts	5,500	5,500	4,357	1,143	5,864
Contract - TV sewer lines	20,000	20,000	2,184	17,816	7,185
Meter testing	3,000	3,000	-	3,000	1,161
Equipment repairs	15,500	57,556	63,490	(5,934)	11,442
Building and fixture repairs	5,000	5,000	448	4,552	1,380
Small hand tools	9,000	9,000	7,120	1,880	5,633
Cement and masonry	18,000	18,000	18,638	(638)	14,760
Uniforms	280	1,199	957	242	955
Safety equipment	8,600	8,600	3,711	4,889	12,149
Cleaning and sanitation supplies	2,000	2,000	1,603	397	1,958
Chemicals	2,500	2,500	1,667	833	462
Meters and meter parts	12,240	12,240	4,685	7,555	16,202
Pipes, fittings and hydrants	57,000	81,000	91,927	(10,927)	124,370
Advertising	1,000	1,000	866	134	415
Rental/lease equipment	2,000	2,000	954	1,046	783
Employee training	2,400	2,400	2,275	125	1,429
Engineering	5,000	5,000	1,595	3,405	-
Rights of way	25,000	25,000	15,681	9,319	19,039
<b>Totals</b>	<b>581,225</b>	<b>642,582</b>	<b>564,121</b>	<b>78,461</b>	<b>555,276</b>

(Continued)

**CITY OF NEWBERRY  
ENTERPRISE FUND  
SCHEDULE OF EXPENSES - BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2006  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2005)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Year Ended June 30, 2005
	Original	Final			
<b>Water Production</b>					
Salaries and wages	\$ 303,471	\$ 308,400	\$ 286,269	\$ 22,131	\$ 291,560
Overtime and holiday pay	8,400	8,000	5,612	2,388	7,708
Office supplies	2,150	2,150	1,782	368	1,746
Postage	1,600	2,000	2,324	(324)	1,460
Membership, dues and subscriptions	1,040	1,040	889	151	620
Travel	1,750	1,750	35	1,715	835
Vehicle fuel	6,500	6,500	5,811	689	6,347
Vehicle repair	500	500	285	215	312
Tires and tubes	250	250	-	250	385
Utilities	300,000	290,000	285,920	4,080	277,464
Telephone	2,000	2,000	1,716	284	1,059
Maintenance contracts	87,700	67,700	37,136	30,564	27,121
Rate study	4,500	4,500	9,498	(4,998)	5,043
Sludge handling contract	14,000	14,000	11,750	2,250	11,900
Equipment repairs	58,000	278,600	114,973	163,627	43,042
Building and fixture repairs	110,000	15,000	12,306	2,694	5,498
Small hand tools	1,000	1,000	767	233	464
Small equipment purchases	-	-	424	(424)	-
Uniforms	1,000	1,000	128	872	897
Safety equipment	3,100	3,100	1,221	1,879	5,411
Cleaning and sanitation supplies	1,750	1,750	1,228	522	981
Chemicals	120,000	140,000	127,575	12,425	108,547
Medical and lab supplies	2,900	2,900	2,291	609	4,487
Pipes, fittings and hydrants	1,500	1,500	580	920	1,142
Electrical materials	1,000	1,000	707	293	681
Advertising	3,000	3,000	2,239	761	1,124
Rental/lease equipment	9,500	9,500	7,104	2,396	7,125
Employee training	2,850	2,850	1,282	1,568	1,967
Engineering	20,000	30,000	22,741	7,259	15,293
Extra legal	-	20,000	14,623	5,377	-
<b>Totals</b>	<b>1,069,461</b>	<b>1,219,990</b>	<b>959,216</b>	<b>260,774</b>	<b>830,219</b>

(Continued)

CITY OF NEWBERRY  
ENTERPRISE FUND  
SCHEDULE OF EXPENSES - BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2006  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2005)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Year Ended June 30, 2005
	Original	Final			
<b>Waste Treatment</b>					
Salaries and wages	\$ 196,948	\$ 195,293	\$ 196,597	\$ (1,304)	\$ 176,586
Overtime and holiday pay	12,220	11,707	14,967	(3,260)	10,646
Office supplies	2,000	2,000	1,647	353	1,079
Postage	500	500	490	10	-
Membership, dues and subscriptions	2,854	2,854	2,940	(86)	2,830
Travel	6,125	6,125	1,426	4,699	1,338
Vehicle fuel	4,750	4,750	3,891	859	3,033
Vehicle repair	500	2,173	1,757	416	286
Tires and tubes	1,000	1,000	5	995	606
Utilities	220,000	215,000	237,947	(22,947)	211,336
Telephone	1,800	1,800	1,926	(126)	1,509
Maintenance contracts	18,000	18,000	13,454	4,546	13,848
Rate study	3,500	3,500	5,919	(2,419)	5,043
Sludge handling contract	245,000	169,500	143,028	26,472	187,025
Outside lab testing	35,000	35,000	20,840	14,160	19,372
Equipment repairs	100,000	100,000	35,394	64,606	83,791
Building and fixture repairs	3,000	3,000	2,152	848	2,401
Small hand tools	1,500	1,500	933	567	602
Small equipment purchases	-	1,039	1,039	-	-
Uniforms	900	900	500	400	40
Safety equipment	2,000	2,000	2,291	(291)	7,000
Safety training/hygiene	500	500	-	500	-
Cleaning and sanitation supplies	1,000	1,000	971	29	984
Chemicals	70,000	70,000	54,699	15,301	38,737
Medical and lab supplies	6,000	7,000	8,709	(1,709)	5,543
Pipes, fittings and hydrants	1,500	1,500	702	798	2,257
Electrical materials	1,000	1,000	1,060	(60)	507
Advertising	300	300	38	262	239
Rental/lease equipment	2,000	2,000	2,481	(481)	1,606
Employee training	500	500	922	(422)	790
Engineering	10,000	15,000	13,510	1,490	10,567
Extra legal	500	500	4,200	(3,700)	-
<b>Totals</b>	<b>950,897</b>	<b>876,941</b>	<b>776,435</b> ✓	<b>100,506</b>	<b>789,601</b>

(Continued)

**CITY OF NEWBERRY  
ENTERPRISE FUND  
SCHEDULE OF EXPENSES - BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2006  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2005)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Year Ended June 30, 2005
	Original	Final			
<b>General Insurance</b>					
Claims reimbursement	\$ 3,000	\$ 1,500	\$ -	\$ 1,500	\$ 125
SCMIRF	84,000	95,985	95,395	590	78,994
<b>Totals</b>	<b>87,000</b>	<b>97,485</b>	<b>95,395</b> ✓	<b>2,090</b>	<b>79,119</b>
<b>Employee Fringe and Benefits</b>					
SC retirement	131,960	130,059	123,586	6,473	110,259
Social security	131,103	129,214	117,187	12,027	117,231
City's share of employee insurance	248,283	245,812	230,523	15,289	240,288
Workers' compensation	50,050	50,050	48,619	1,431	43,285
Workers' compensation deductibles	5,115	14,750	14,248	502	8,619
Unemployment claims	1,250	8,300	7,072	1,228	110
Employer/employee relations	14,075	14,075	9,604	4,471	6,241
Physical examinations	2,500	2,500	2,083	417	2,078
Wellness program	850	850	915	(65)	345
Compensated absences	-	-	(10,046)	10,046	7,020
<b>Totals</b>	<b>585,186</b>	<b>595,610</b>	<b>543,791</b> ✓	<b>51,819</b>	<b>535,476</b>
<b>Nondepartmental</b>					
Sales and use tax	302,415	302,415	280,911 ✓	21,504	268,089
Purchase of electricity	11,610,000	11,610,000	12,051,244 ✓	(441,244)	11,281,202
SCE&G water contract	12,000	12,000	11,588 ✓	412	10,774
Refunds	13,000	10,000	8,231 ✓	1,769	6,064
Newberry Opera House	25,000	-	-	-	25,000
Community enhancement	25,000	16,700	9,234 ✓	7,466	15,526
Web site maintenance	3,000	10,500	1,513 ✓	8,987	781
Utility bad debt expense	-	-	89,595 ✓	(89,595)	76,934
Lease - Lindsay Drivethru	2,200	2,620	2,816 ✓	(196)	2,200
<b>Totals</b>	<b>11,992,615</b>	<b>11,964,235</b>	<b>12,455,132</b>	<b>(490,897)</b>	<b>11,686,570</b>
<b>Depreciation</b>	<b>1,600,000</b>	<b>1,600,000</b>	<b>1,661,592</b>	<b>(61,592)</b>	<b>1,593,437</b>
<b>Grand Totals</b>	<b>\$ 18,228,270</b>	<b>\$ 18,416,057</b>	<b>\$ 18,308,897</b>	<b>\$ 107,160</b>	<b>\$ 17,359,413</b>

**CITY OF NEWBERRY  
ENTERPRISE FUND  
COMPARATIVE STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2006 AND 2005**

	<b>2006</b>	<b>2005</b>
<b>Cash Flows from Operating Activities</b>		
Receipts from customers	\$ 19,960,700	\$ 19,319,716
Purchase of electricity	(12,051,244)	(11,281,202)
Payments to suppliers	(3,025,564)	(3,035,847)
Payments to employees	(1,646,910)	(1,570,939)
	<b>3,236,982</b>	<b>3,431,728</b>
<b>Net Cash Provided by Operating Activities</b>		
<b>Cash Flows from Noncapital Financing Activities</b>		
Transfers in (out)	(905,131)	(961,231)
	<b>(905,131)</b>	<b>(961,231)</b>
<b>Net Cash Used in Noncapital Financing Activities</b>		
<b>Cash Flows from Capital and Related Financing Activities</b>		
Capital expenses	(1,136,561)	(1,551,436)
Capital contributions	146,006	340,836
Proceeds from sale of capital assets	9,047	6,845
Principal payments on bonds and notes payable	(530,237)	(492,122)
Interest paid	(83,139)	(98,167)
	<b>(1,594,884)</b>	<b>(1,794,044)</b>
<b>Net Cash Used in Capital and Related Financing Activities</b>		
<b>Cash Flows from Investing Activities</b>		
Interest on investments	174,059	64,643
	<b>174,059</b>	<b>64,643</b>
<b>Net Cash Provided by Investing Activities</b>		
<b>Net Increase in Cash</b>	911,026	741,096
<b>Cash and Cash Investments, Beginning</b>	4,148,269	3,407,173
<b>Cash and Cash Investments, Ending</b>	\$ 5,059,295	\$ 4,148,269

(Continued)

**CITY OF NEWBERRY  
ENTERPRISE FUND  
COMPARATIVE STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2006 AND 2005**

	2006	2005
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>		
Operating Income	\$ 1,686,839	\$ 1,537,247
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation	1,661,592	1,593,437
Decrease (increase) in accounts receivable	(60,903)	86,595
Decrease (increase) in inventories	(42,772)	(37,406)
Decrease (increase) in other receivables	(14,133)	287,500
Decrease (increase) in restricted receivables	40,000	48,961
Increase (decrease) in accounts payable	88,083	(77,267)
Increase (decrease) in compensated absences	(10,047)	7,021
Increase (decrease) in accrued salaries	(64,939)	(7,470)
Increase (decrease) in due to other funds	(46,738)	(6,890)
	<b>\$ 3,236,982</b>	<b>\$ 3,431,728</b>
<b>Net Cash Provided by Operating Activities</b>		
	<b>\$ 3,236,982</b>	<b>\$ 3,431,728</b>
<b>Noncash Capital Activities:</b>		
Contributions of capital assets	\$ 70,038	\$ -
	<b>\$ 70,038</b>	<b>\$ -</b>

## **CAPITAL ASSETS - GOVERNMENTAL FUNDS**

The Capital Assets - Governmental Funds provide accountability for the City's general fixed assets. A fixed 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, 2006 AND 2005**

	<u>2006</u>	<u>2005</u>
<b>Capital Assets</b>		
Land and improvements	\$ 1,313,520	\$ 1,360,419
Buildings, improvements and fixtures	5,205,430	5,205,430
Streets, sidewalks and bridges	1,323,255	1,309,455
Motor vehicles and equipment	3,873,254	3,742,295
Office furniture and equipment	171,157	171,157
Other equipment	514,111	497,611
Construction progress	1,168,598	-
<b>Total Capital Assets</b>	<u>\$ 13,569,325</u>	<u>\$ 12,286,367</u>
<b>Investment in Capital Assets by Source</b>		
General Fund	\$ 6,183,390	\$ 6,102,052
Special Revenue Funds	1,512,564	322,343
Capital Projects Funds	983,603	983,603
Donations	4,117,289	4,105,890
Parking Enterprise Funds	374,186	374,186
Contribution by Utility Enterprise Fund	398,293	398,293
<b>Total Investment in General Fixed Assets</b>	<u>\$ 13,569,325</u>	<u>\$ 12,286,367</u>

**CITY OF NEWBERRY**  
**SCHEDULE OF CAPITAL ASSETS USED IN THE OPERATION OF**  
**GOVERNMENTAL FUNDS - BY FUNCTION AND ACTIVITY**  
**YEAR ENDED JUNE 30, 2006**

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
<b>General Government</b>								
Council	\$ 914,901	\$ 5,171,562	\$ -	\$ -	\$ -	\$ -	\$ 1,168,598	\$ 7,255,061
Finance	-	-	-	-	17,291	-	-	17,291
City Hall	-	-	-	-	22,989	8,850	-	31,839
Building and zoning	-	-	-	37,682	-	-	-	37,682
<b>Total General Government</b>	<b>914,901</b>	<b>5,171,562</b>	<b>-</b>	<b>37,682</b>	<b>40,280</b>	<b>8,850</b>	<b>1,168,598</b>	<b>7,341,873</b>
<b>Public Safety</b>								
Police	-	3,401	-	717,299	130,877	161,727	-	1,013,304
Fire	-	30,467	-	1,465,810	-	99,913	-	1,596,190
<b>Total Public Safety</b>	<b>-</b>	<b>33,868</b>	<b>-</b>	<b>2,183,109</b>	<b>130,877</b>	<b>261,640</b>	<b>-</b>	<b>2,609,494</b>
<b>Public Works</b>								
Administration	-	-	-	20,425	-	23,069	-	43,494
Streets and drainage	-	-	1,323,255	632,621	-	18,107	-	1,973,983
Sanitation and streets	-	-	-	812,030	-	-	-	812,030
Building maintenance	-	-	-	19,955	-	-	-	19,955
Garage	-	-	-	26,215	-	44,792	-	71,007
<b>Total Public Works</b>	<b>-</b>	<b>-</b>	<b>1,323,255</b>	<b>1,511,246</b>	<b>-</b>	<b>85,968</b>	<b>-</b>	<b>2,920,469</b>
<b>Recreation</b>	<b>398,619</b>	<b>-</b>	<b>-</b>	<b>141,217</b>	<b>-</b>	<b>157,653</b>	<b>-</b>	<b>697,489</b>
<b>Total General Fixed Assets</b>	<b>\$ 1,313,520</b>	<b>\$ 5,205,430</b>	<b>\$ 1,323,255</b>	<b>\$ 3,873,254</b>	<b>\$ 171,157</b>	<b>\$ 514,111</b>	<b>\$ 1,168,598</b>	<b>\$ 13,569,325</b>

**CITY OF NEWBERRY**  
**SCHEDULE OF CHANGES IN CAPITAL ASSETS USED IN THE OPERATION**  
**OF GOVERNMENTAL FUNDS - BY FUNCTION AND ACTIVITY**  
**YEAR ENDED JUNE 30, 2006**

Function and Activity	Capital Assets June 30, 2005	Additions	Deductions	Capital Assets June 30, 2006
<b>General Government</b>				
Council	\$ 6,165,396	\$ 1,168,598	\$ 78,933	\$ 7,255,061
Finance	17,291	-	-	17,291
City Hall	31,839	-	-	31,839
Building and zoning	37,682	-	-	37,682
<b>Total General Government</b>	<u>6,252,208</u>	<u>1,168,598</u>	<u>78,933</u>	<u>7,341,873</u>
<b>Public Safety</b>				
Police	968,404	98,263	53,363	1,013,304
Fire	1,596,190	-	-	1,596,190
<b>Total Public Safety</b>	<u>2,564,594</u>	<u>98,263</u>	<u>53,363</u>	<u>2,609,494</u>
<b>Public Works</b>				
Administration	38,394	5,100	-	43,494
Streets and drainage	1,836,268	157,909	20,194	1,973,983
Sanitation and streets	810,109	8,899	6,978	812,030
Building maintenance	19,955	-	-	19,955
Garage	71,007	-	-	71,007
<b>Total Public Works</b>	<u>2,775,733</u>	<u>171,908</u>	<u>27,172</u>	<u>2,920,469</u>
<b>Recreation</b>	<u>693,832</u>	<u>12,101</u>	<u>8,444</u>	<u>697,489</u>
<b>Total Capital Assets</b>	<u>\$ 12,286,367</u>	<u>\$ 1,450,870</u>	<u>\$ 167,912</u>	<u>\$ 13,569,325</u>

# 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.

	<b>Page</b>
<b>Contents</b>	
Financial Trends	104 - 109
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	110 - 119
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	120 - 125
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	126 - 127
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	128 - 130
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 Four Fiscal Years (1)**  
**(accrual basis of accounting)**

	2003 \$	2004 \$	2005 \$	2006 \$
<b>Governmental activities</b>				
Invested in capital assets, net of related debt	\$ 3,776,375	\$ 3,858,984	\$ 4,122,670	\$ 3,920,914
Restricted	69,015	10,000	10,000	10,000
Unrestricted	2,906,765	3,352,803	4,001,053	5,667,899
<b>Total governmental activities net assets</b>	<u>\$ 6,752,155</u>	<u>\$ 7,221,787</u>	<u>\$ 8,133,723</u>	<u>\$ 9,598,813</u>
<b>Business-type activities</b>				
Invested in capital assets, net of related debt	\$ 17,840,464	\$ 18,640,596	\$ 18,650,539	\$ 18,614,512
Restricted	4,567,490	1,500,134	969,491	1,051,168
Unrestricted	5,152,990	4,548,809	5,529,050	6,483,586
<b>Total business-type activities net assets</b>	<u>\$ 27,560,944</u>	<u>\$ 24,689,539</u>	<u>\$ 25,149,080</u>	<u>\$ 26,149,266</u>
<b>Primary government</b>				
Invested in capital assets, net of related debt	\$ 21,616,839	\$ 22,499,580	\$ 22,773,209	\$ 22,535,426
Restricted	4,636,505	1,510,134	979,491	1,061,168
Unrestricted	8,059,755	7,901,612	9,530,103	12,151,485
<b>Total primary government net assets</b>	<u>\$ 34,313,099</u>	<u>\$ 31,911,326</u>	<u>\$ 33,282,803</u>	<u>\$ 35,748,079</u>

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

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

	Fiscal Year			
	2003	2004	2005	2006
	\$	\$	\$	\$
<b>Expenses</b>				
Governmental activities:				
General government	\$ 951,461	\$ 969,006	\$ 1,005,597	\$ 1,030,011
Public safety	2,881,264	3,106,543	3,293,811	3,474,702
Public works	1,237,546	1,331,018	1,281,033	1,377,159
Recreation	461,020	480,602	504,492	509,442
Community development	35,031	108,710	121,262	188,088
Community promotions	151,113	160,230	230,180	249,642
Interest on long-term debt	128,829	119,846	109,050	129,897
Total governmental activities expenses	<u>5,846,264</u>	<u>6,275,955</u>	<u>6,545,425</u>	<u>6,958,941</u>
Business-type activities: Utility system	17,474,698	21,736,601	17,887,156	18,420,267
Total primary government expenses	<u>\$ 23,320,962</u>	<u>\$ 28,012,556</u>	<u>\$ 24,432,581</u>	<u>\$ 25,379,208</u>
<b>Program Revenues</b>				
Governmental activities:				
Charges for services:				
General government	\$ 1,137,848	\$ 1,187,358	\$ 1,200,276	\$ 1,301,029
Public safety	494,673	481,017	665,597	557,813
Public works	305,286	334,424	591,701	575,977
Recreation	38,273	41,782	34,972	35,925
Operating grants and contributions	57,381	96,065	357,807	148,329
Capital grants and contributions	157	-	-	329,874
Total governmental activities program revenues	<u>2,033,618</u>	<u>2,140,646</u>	<u>2,850,353</u>	<u>2,948,947</u>
Business-type activities: Utility system	18,560,750	19,382,534	18,896,660	19,995,736
Charges for services	-	15,536	-	-
Operating grants and contributions	-	367,484	340,836	146,006
Capital grants and contributions	18,560,750	19,765,554	19,237,496	20,141,742
Total business-type activities program revenues	<u>\$ 20,594,368</u>	<u>\$ 21,906,200</u>	<u>\$ 22,087,849</u>	<u>\$ 23,090,689</u>

(Continued)



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

Fiscal Year	Property Tax \$
2003	1,757,023
2004	1,905,091
2005	1,783,419
2006	2,091,233

(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)**

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
General fund										
Reserved	37,804	-	-	-	-	-	-	-	-	-
Unreserved	3,012,742	3,008,551	3,016,749	2,769,499	2,351,315	2,706,407	2,651,022	2,879,588	3,190,209	3,680,919
Total general fund	3,050,546	3,008,551	3,016,749	2,769,499	2,351,315	2,706,407	2,651,022	2,879,588	3,190,209	3,680,919
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	161,544	146,547	131,820	159,359	369,877	359,043	425,061	569,944	632,182	1,787,283
Debt service fund	70,692	96,188	62,174	78,493	5,186	15,904	59,015	(30,486)	(39,795)	34,444
Permanent fund	3,313	4,923	4,738	4,327	4,006	4,546	3,719	2,821	1,969	2,783
Total all other governmental funds	245,549	257,658	208,732	252,179	389,069	389,493	497,795	552,279	604,356	1,834,510
Total all governmental funds	3,296,095	3,266,209	3,225,481	3,021,678	2,740,384	3,095,900	3,148,817	3,431,867	3,794,565	5,515,429

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

	Fiscal									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Revenues</b>										
Taxes	1,393,829	1,260,409	1,229,384	1,317,555	1,345,212	1,681,830	1,756,840	1,791,784	1,850,080	2,130,995
Licenses, permits and franchise fees	708,041	777,264	780,103	953,483	1,017,050	1,031,366	1,137,848	1,187,358	1,200,276	1,301,029
Fines and forfeitures	241,778	255,491	275,128	387,459	429,468	555,394	494,673	481,017	665,597	597,539
Charges for service	150,942	140,433	143,266	144,831	525,981	683,008	711,235	773,132	1,068,970	1,095,606
Intergovernmental	1,565,011	1,462,241	2,815,538	1,795,419	966,709	1,051,967	952,359	1,390,932	1,537,617	2,184,202
Miscellaneous	269,999	254,536	604,240	672,582	319,004	108,458	96,292	55,863	248,867	296,892
<b>Total revenues</b>	<b>4,329,600</b>	<b>4,150,374</b>	<b>5,847,659</b>	<b>5,271,329</b>	<b>4,603,424</b>	<b>5,112,023</b>	<b>5,149,247</b>	<b>5,680,086</b>	<b>6,571,407</b>	<b>7,606,263</b>
<b>Expenditures</b>										
General government	458,694	523,872	516,323	598,538	550,109	579,697	605,682	628,223	645,494	663,899
Public safety	1,943,022	1,944,787	2,100,898	2,286,440	2,196,609	2,307,620	2,374,084	2,529,513	3,311,386	2,590,447
Public works	1,157,724	939,329	935,343	1,213,615	1,171,941	961,146	1,090,185	1,219,816	1,121,842	1,156,509
Recreation	427,884	379,277	335,790	429,828	398,743	361,483	408,817	421,594	439,768	392,754
Community development	292,029	194,147	1,559,070	520,216	120,898	64,111	20,637	99,849	435,301	1,189,674
Nondepartmental	943,209	1,090,195	1,227,758	1,413,944	1,221,985	1,208,368	1,284,058	1,359,417	1,661,338	1,858,695
Debt Service										
Principal	200,000	50,000	50,000	200,000	160,000	165,000	175,000	185,000	195,000	237,616
Interest	20,700	9,700	86,125	158,825	147,980	140,018	131,687	122,868	113,558	133,165
Other charges	1,505	753	27,080	394	-	-	-	-	-	-
<b>Total expenditures, including capital</b>	<b>5,444,767</b>	<b>5,132,060</b>	<b>6,838,387</b>	<b>6,821,800</b>	<b>5,968,265</b>	<b>5,787,443</b>	<b>6,090,150</b>	<b>6,566,280</b>	<b>7,923,687</b>	<b>8,222,759</b>
<b>Total capital expenditures only</b>	<b>716,122</b>	<b>319,461</b>	<b>243,242</b>	<b>746,446</b>	<b>473,629</b>	<b>242,115</b>	<b>383,710</b>	<b>448,644</b>	<b>1,199,977</b>	<b>1,450,870</b>
<b>Excess of revenues over (under) expenditures</b>	<b>(1,115,167)</b>	<b>(981,686)</b>	<b>(990,728)</b>	<b>(1,550,471)</b>	<b>(1,364,841)</b>	<b>(675,420)</b>	<b>(940,903)</b>	<b>(886,194)</b>	<b>(1,352,280)</b>	<b>(616,496)</b>
<b>Other financing sources (uses)</b>										
Transfers in	952,000	951,800	950,000	1,057,000	1,155,519	1,028,847	1,076,850	1,107,967	961,231	1,030,980
Transfers out	(2,000)	(1,800)	-	(205,519)	(205,519)	(78,847)	(126,850)	(155,773)	-	(125,849)
Bond proceeds	-	-	3,250,000	-	-	-	-	-	-	-
Repayment of construction loan/costs	-	-	(3,250,000)	-	-	-	-	-	-	1,432,229
Capital lease proceeds	-	-	-	289,668	133,547	81,510	41,975	217,050	753,747	-
<b>Total other financing sources (uses)</b>	<b>950,000</b>	<b>950,000</b>	<b>950,000</b>	<b>1,346,668</b>	<b>1,083,547</b>	<b>1,031,510</b>	<b>991,975</b>	<b>1,169,244</b>	<b>1,714,978</b>	<b>2,337,360</b>
<b>Net change in fund balances</b>	<b>(165,167)</b>	<b>(31,686)</b>	<b>(40,728)</b>	<b>(203,803)</b>	<b>(281,294)</b>	<b>356,090</b>	<b>51,072</b>	<b>283,050</b>	<b>362,698</b>	<b>1,720,864</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>4.7%</b>	<b>1.3%</b>	<b>2.5%</b>	<b>5.9%</b>	<b>5.6%</b>	<b>5.5%</b>	<b>5.4%</b>	<b>5.0%</b>	<b>4.8%</b>	<b>5.4%</b>

**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
	\$		\$		\$		\$		\$
1997	10,684,840	68.3%	2,725,092	17.4%	1,692,069	10.8%	531,163	3.4%	15,633,165
1998	11,260,352	68.8%	2,778,769	17.0%	1,760,712	10.8%	557,780	3.4%	16,357,614
1999	11,614,599	68.9%	2,729,230	16.2%	1,777,520	10.5%	733,209	4.4%	16,854,559
2000	12,315,369	69.3%	2,911,810	16.4%	1,875,486	10.6%	667,397	3.8%	17,770,063
2001	12,462,561	69.4%	3,028,739	16.9%	1,840,751	10.2%	637,460	3.5%	17,969,512
2002	12,733,045	69.5%	3,074,512	16.8%	1,906,443	10.4%	608,187	3.3%	18,322,188
2003	12,793,345	69.0%	3,074,512	16.6%	1,906,443	10.3%	775,250	4.2%	18,549,551
2004	13,340,502	68.8%	3,073,167	15.9%	2,098,611	10.8%	868,490	4.5%	19,380,770
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

(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)

<u>Fiscal Year</u>	<u>General Fund Property Tax</u> \$	<u>Debt Service Fund Property Tax</u> \$	<u>Total Property Tax</u> \$
1997	1,173,294	220,535	1,393,829
1998	1,175,168	85,241	1,260,409
1999	1,202,380	27,004	1,229,384
2000	1,241,635	75,920	1,317,555
2001	1,270,383	74,829	1,345,212
2002	1,590,513	91,317	1,681,830
2003	1,631,656	125,184	1,756,840
2004	1,686,385	105,399	1,791,784
2005	1,678,379	171,701	1,850,080
2006	1,879,017	251,978	2,130,995

**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
1997	147,025,306	3.36%	189,994,345	15.72%	83,527,920	-0.39%
1998	152,520,359	3.74%	193,808,210	2.01%	86,848,439	3.98%
1999	160,619,718	5.31%	199,479,532	2.93%	88,149,063	1.50%
2000	161,233,514	0.38%	208,576,270	4.56%	90,177,049	2.30%
2001	166,858,465	3.49%	226,731,985	8.70%	96,000,530	6.46%
2002	166,115,159	-0.45%	224,122,787	-1.15%	90,135,106	-6.11%
2003	169,899,221	2.28%	228,748,797	2.06%	89,452,327	-0.76%
2004	169,664,320	-0.14%	220,722,470	-3.51%	87,962,128	-1.67%
2005	172,980,472	1.95%	205,497,473 (1)	-6.90%	88,825,908	0.98%
2006	179,829,708	3.96%	199,542,449 (1)	-2.90%	95,283,833	7.27%

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**  
**Utility Customer Trends - By Service and Category**  
**Last Ten Years**

	June 1997	June 1998	June 1999	June 2000	June 2001	June 2002	June 2003	June 2004	June 2005	June 2006
<b>Electric Customers:</b>										
Residential	3,915	3,926	3,986	3,996	3,965	3,931	3,943	3,992	4,012	4,016
Commercial	802	828	797	790	813	829	833	845	848	861
Industrial	13	13	14	14	14	14	14	13	13	12
<b>Total</b>	<b>4,730</b>	<b>4,767</b>	<b>4,797</b>	<b>4,800</b>	<b>4,792</b>	<b>4,774</b>	<b>4,790</b>	<b>4,850</b>	<b>4,873</b>	<b>4,889</b>
<b>Water Customers:</b>										
Residential	4,065	4,104	3,995	4,129	4,098	4,063	4,046	4,092	4,072	4,088
Commercial	696	687	781	662	667	675	691	703	715	731
Industrial	21	19	23	21	22	21	23	24	24	25
<b>Total</b>	<b>4,782</b>	<b>4,810</b>	<b>4,799</b>	<b>4,812</b>	<b>4,787</b>	<b>4,759</b>	<b>4,760</b>	<b>4,819</b>	<b>4,811</b>	<b>4,844</b>
<b>Sewer Customers:</b>										
Residential	3,551	3,576	3,573	3,589	3,552	3,515	3,510	3,548	3,543	3,552
Commercial	572	574	551	537	529	535	545	555	561	576
Industrial	20	15	16	18	20	20	22	21	21	21
<b>Total</b>	<b>4,143</b>	<b>4,165</b>	<b>4,140</b>	<b>4,144</b>	<b>4,101</b>	<b>4,070</b>	<b>4,077</b>	<b>4,124</b>	<b>4,125</b>	<b>4,149</b>
<b>Total Number Utility Customers (1)</b>	<b>5,691</b>	<b>5,728</b>	<b>5,773</b>	<b>5,784</b>	<b>5,795</b>	<b>5,770</b>	<b>5,771</b>	<b>5,829</b>	<b>5,829</b>	<b>5,865</b>

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

Fiscal Year	Electric \$	Percent Increase %	Water \$	Percent Increase %	Sewer \$	Percent Increase %	TOTAL \$	Percent Increase %
1997	81.02	0.00	18.36	0.00	17.57	0.00	116.95	0.00
1998	83.25	2.75	18.36	0.00	17.57	0.00	119.18	1.91
1999	85.05	2.16	17.27	-5.94	17.57	0.00	119.89	0.60
2000	85.44	0.46	17.27	0.00	17.57	0.00	120.28	0.33
2001	86.86	1.66	17.27	0.00	17.57	0.00	121.70	1.18
2002	86.86	0.00	17.27	0.00	18.52	5.41	122.65	0.78
2003	87.69	0.96	17.27	0.00	19.50	5.29	124.46	1.48
2004	88.14	0.51	17.27	0.00	20.48	5.03	125.89	1.15
2005	89.89	1.99	17.27	0.00	21.51	5.03	128.67	2.21
2006 (2)	89.89	0.00	17.87	3.47	22.46	4.42	130.22	1.20

(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, 2005. An overall increase of 2.39% on electric rates, 3.50% on water rates, and 4.32% on sewer rates became effective on the July 1, 2005 billing.

**City of Newberry**  
**Principal Utility Customers by Total Billed (1)**  
**June 30, 2006**

Customer	Fiscal Year 2006			Fiscal Year 1997		
	Total Billed \$	Rank	Percentage of Total Operating Revenue (2)	Total Billed \$	Rank	Percentage of Total Operating Revenue (3)
Louis Rich	4,280,469	1	21.41%	2,826,332	1	18.04%
Saluda Commission of Public Works	665,880	2	3.33%	435,034	3	2.78%
Newberry College	584,346	3	2.92%	404,633	4	2.58%
Newberry County Memorial Hospital	555,914	4	2.78%	322,231	7	2.06%
ISE	501,884	5	2.50%	378,710	5	2.42%
Shakespeare	385,831	6	1.93%	482,412	2	3.08%
Packing Corp. of America, Inc.	324,630	7	1.62%	282,656	8	1.80%
Newberry Housing Authority Grant Homes	270,575	8	1.35%	191,067	9	1.22%
Newberry High School	203,789	9	1.02%	177,585	10	1.13%
Lowe's Home Center	191,069	10	0.96%			0.00%
Newberry County Water & Sewer				371,313	6	2.37%
<b>Total</b>	<b>7,964,387</b>		<b>39.82%</b>	<b>5,871,973</b>		<b>37.49%</b>

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

(2) Total audited operating revenue for fiscal year 2006 is \$ 19,995,736

(3) Total audited operating revenue for fiscal year 1997 is \$ 15,663,164

**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	Assessed Value as a Percentage of Actual Value
		Residential Property	Commercial Property	Total Real Property	Motor Vehicles	Personal Property Other				
1997	1996	Not Available	Not Available	8,953,770	Not Available	Not Available	14,717,520	98.00	244,521,802	6.02%
1998	1997	Not Available	Not Available	8,999,270	Not Available	Not Available	14,936,200	87.00	247,015,605	6.05%
1999	1998	Not Available	Not Available	9,088,510	Not Available	Not Available	15,199,120	83.00	249,845,701	6.08%
2000 (1)	1999	Not Available	Not Available	11,436,480	Not Available	Not Available	17,429,860	73.80	293,868,636	5.93%
2001	2000	Not Available	Not Available	11,463,170	Not Available	Not Available	18,051,360	73.80	300,690,939	6.00%
2002	2001	Not Available	Not Available	11,417,990	Not Available	Not Available	17,950,760	94.00	301,576,173	5.95%
2003	2002	Not Available	Not Available	11,603,540	Not Available	Not Available	17,877,100	94.00	302,863,007	5.90%
2004	2003	Not Available	Not Available	11,641,550	Not Available	Not Available	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	18,326,140	94.00	313,079,010	5.85%
2006	2005	4949970	7386260	12,336,230	4,112,215	3,419,720	19,868,165	96.50	342,195,769	5.81%

(1) Reassessment.

(2) Source: Newberry County Auditor. \$390,460 in assessed value (\$6,852,667 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 thus 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.

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

Overlapping Rates

Fiscal Year	City of Newberry (1)				Newberry County (2)				Newberry County School District (2)				Total Direct & Overlapping Rates
	Tax Year	Operating Millage	Debt Service Millage	Total City Millage	Operating Millage	Debt Service Millage	Total County Millage	Operating Millage	Debt Service Millage	Total School Millage	Other (2)		
1997	1996	82.3	15.7	98.0	56.8	11.5	68.3	146	56.0	202.0	13.7	382.0	
1998	1997	82.3	4.7	87.0	56.8	14.8	71.6	150	64.0	214.0	14.4	387.0	
1999	1998	82.3	0.7	83.0	68.5	9.2	77.7	154	76	230.0	12.3	403.0	
2000 (3)	1999	73.8	0.0	73.8	65.2	15.2	80.4	144.7	0	144.7	10.9	309.8	
2001	2000	73.8	0.0	73.8	66.5	22.0	88.5	156.7	0	156.7	11.8	330.8	
2002	2001	94.0	0.0	94.0	81.9	8.9	90.8	165.0	54.5	219.5	2.7	407.0	
2003	2002	94.0	0.0	94.0	108.7	7.1	115.8	173.1	53.0	226.1	3.1	439.0	
2004	2003	94.0	0.0	94.0	114.3	1.5	115.8	179.5	50.6	230.1	3.1	443.0	
2005	2004	94.0	0.0	94.0	114.3	4.2	118.5	185.5	41.7	227.2	3.3	443.0	
2006	2005	96.5	0	96.1	114.3	11.0	125.3	192.3	53.0	245.3	3.4	470.5	

(1) City of Newberry general obligation debt issued July 1989 (FY 1990 - 2000) and February 1992 (FY 1993-1997).

(2) Source: Newberry County Auditor.

(3) Reassessment.

**City of Newberry**  
**Principal Property Taxpayers (1)**  
**June 30, 2006**

Taxpayer	Fiscal Year 2006 (Tax Year 2005)			Fiscal Year 1997 (Tax Year 1996)		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value (2)	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value (3)
Bellsouth Tele. Inc.	608,980	1	3.07%	728,170	1	4.95%
ISE Newberry Inc.	542,430	2	2.73%	191,480	3	1.30%
Jemsite Development LLC	306,590	3	1.54%			0.00%
Wal-Mart Real Est.	270,240	4	1.36%			0.00%
Glimcher Properties Ltd.	246,950	5	1.24%			0.00%
Lowe's Home Centers	170,550	6	0.86%	176,970	4	0.00%
Duke Energy Corp.	156,430	7	0.79%	125,870	5	1.20%
Ellett Brothers Inc.	145,190	8	0.73%	94,800	8	0.86%
White Oak Manor Inc.	138,040	9	0.69%	263,320	2	0.01%
Glimcher Properties Lmt. Prtsh.	135,060	10	0.68%	100,020	6	1.79%
Nance Forest Apartments				99,340	7	0.01%
Mark Center LTD Partnership				94,210	9	0.67%
Newberry Federal Savings Bank				90,030	10	0.64%
EWS Scripps Cable						0.61%
<b>Total</b>	<b>2,720,460</b>		<b>10.63%</b>	<b>1,964,210</b>		<b>13.35%</b>

(1) Source: Newberry County Auditor.

(2) Total assessed valuation for tax year 2005 is \$19,868,165

(3) Total assessed valuation for tax year 1995 is \$14,717,520

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

Fiscal Year	Tax Year	Total Tax Levy for Fiscal Year (2)	Collected within the Fiscal Year of the Levy		Collections/ Adjustments in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
1997	1996	\$ 1,379,054	\$ 1,345,221	97.6%	\$ 33,833	\$ 1,379,054	100.0%
1998	1997	1,254,478	1,215,319	96.9%	39,159	1,254,478	100.0%
1999	1998	1,210,072	1,163,220	96.1%	45,956	1,209,176	99.9%
2000	1999	1,248,094	1,205,136	96.6%	41,687	1,246,823	99.9%
2001	2000	1,281,364	1,233,042	96.2%	46,545	1,279,587	99.9%
2002	2001	1,589,256	1,546,855	97.3%	36,834	1,583,689	99.7%
2003	2002	1,615,709	1,567,182	97.0%	44,222	1,611,404	99.7%
2004	2003	1,654,707	1,613,778	97.5%	34,186	1,647,964	99.6%
2005	2004	1,657,919	1,612,015	97.2%	36,096	1,648,111	99.4%
2006	2005	1,862,082	1,795,145	96.4%	-	1,795,145	96.4%

(1) Category includes tax collections for real and personal property, as well as fees in lieu of taxes, as reflected in the general fund and in the general obligation debt service fund for fiscal years 1996 - 1999, for current taxes and delinquent taxes respectively. TIF debt service fund tax collections are excluded.

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

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

Fiscal Year	Governmental Activities			Business-Type Activities			Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds (2)	Special Assessment Bonds (3)	Capital Leases	CPU Bonds (4)	Capital Leases	\$			
1997	150,000	-	150,287	10,644,012	376,193	11,320,492	8.6%	1072	
1998	100,000	-	77,101	9,955,187	308,305	10,440,593	7.7%	988	
1999	50,000	3,250,000	-	8,901,629	236,267	12,437,896	8.8%	1176	
2000	-	3,100,000	229,863	7,734,754	159,824	11,224,441	7.6%	1061	
2001	-	2,940,000	301,802	6,548,264	78,706	9,868,772	6.5%	933	
2002	-	2,775,000	289,219	5,736,959	-	8,801,178	5.6%	832	
2003	-	2,600,000	209,912	4,900,632	-	7,710,544	4.7%	728	
2004	-	2,415,000	277,264	3,585,100	-	6,277,364	3.7%	593	
2005	-	2,220,000	892,292	3,092,978	-	6,205,270	4.0%	586	
2006	-	2,020,000	2,114,018	2,562,741	-	6,696,759	4.0%	632	

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

(2) Composed of 1989 General Obligation Bond (FY 1997-2000) and 1992 General Obligation Bond (FY 1997).

(3) Composed of 1998 Tax Increment Financing Bond (FY 1999-2006).

(4) Composed of Combined Public Utility (CPU) debt as follows: 2003 CPU Bond for fiscal year 2004-2006, 1993A Bonds and SRF Loan for fiscal years 1997-2003 and 1993B Bonds for fiscal years 1997-2001.

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

Fiscal Year	General Obligation Bonds \$	Less: Amounts Available in Debt Service Fund \$	Total \$	Percentage of Estimated Actual Taxable Value of Property	Per Capita \$
1997	150,000	51,090	98,910	0.67%	9
1998	100,000	57,772	42,228	0.28%	4
1999	50,000	-	50,000	0.33%	5
2000	-	-	-	0.00%	-
2001	-	-	-	0.00%	-
2002	-	-	-	0.00%	-
2003	-	-	-	0.00%	-
2004	-	-	-	0.00%	-
2005	-	-	-	0.00%	-
2006	-	-	-	0.00%	-

(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, 2006**

<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)	8,290,000	21.90% (2)	1,815,510
Subtotal, overlapping debt			<u>1,815,510</u>
City of Newberry direct debt repaid with property taxes	-	100%	-
Total direct and overlapping debt			<u><u>1,815,510</u></u>

(1) Source: Newberry County Treasurer

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

1995 County General Obligation Bond	\$ 375,000
2000 County General Obligation Bond	\$ 3,580,000
2003 School General Obligation Bond	\$ 200,000
2004 School General Obligation Bond	\$ 2,400,000
2005B County General Obligation Bond	\$ 1,735,000
	<u><u>\$ 8,290,000</u></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 \$90,680,830. City of Newberry assessed valuation from the table within this statistical section labeled "Assessed Value and Estimated Actual Value of Taxable Property" is \$19,868,165.

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									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Debt Limit - 8 percent of total assessed value	\$ 1,177,402	\$ 1,194,896	\$ 1,215,930	\$ 1,394,389	\$ 1,444,108	\$ 1,456,972	\$ 1,451,596	\$ 1,463,358	\$ 1,497,511	\$ 1,620,690
Total net debt applicable to limit	\$ 150,000	\$ 100,000	\$ 50,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Legal debt margin	\$ 1,027,402	\$ 1,094,896	\$ 1,165,930	\$ 1,394,389	\$ 1,444,108	\$ 1,456,972	\$ 1,451,596	\$ 1,463,358	\$ 1,497,511	\$ 1,620,690
Total net debt applicable to the limit as a percentage of debt limit	12.74%	8.37%	4.11%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

**Legal Debt Margin Calculation for Fiscal Year 2006**

Assessed Value - general	\$ 19,868,165
Assess value - tax increment financing district	\$ 390,460
Total assessed value	<u>\$ 20,258,625</u>
Debt limit (8% of total assessed value)	\$ 1,620,690
Debt applicable to limit:	\$ -
Total general obligation bonds	<u>\$ 1,620,690</u>
Legal debt margin	<u>\$ 1,620,690</u>

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

Fiscal Year	TIF Revenue (1) \$	Contribution from		Debt Issuance Expenditures \$	Amount Available for Debt Service \$	Debt Service Requirements			Coverage (2)
		Local Hospitality/ Accommodations Fund \$	from City			Principal \$	Interest \$	Total \$	
1999	110,656	-	-	26,704	83,952	-	79,625	79,625	1.05
2000	379,741	-	-	-	379,741	150,000	155,575	305,575	1.24
2001	76,048	158,625	-	-	234,673	160,000	147,980	307,980	0.76
2002	91,718	224,018	-	-	315,736	165,000	140,018	305,018	1.04
2003	125,510	224,288	-	-	349,798	175,000	131,687	306,687	1.14
2004	105,699	112,668	-	-	218,367	185,000	122,868	307,868	0.71
2005	171,891	127,358	-	-	299,249	195,000	113,558	308,558	0.97
2006	252,271	125,849	-	-	378,120	200,000	103,880	303,880	1.24

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

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

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

Fiscal Year	System Operating Revenues (1) \$	System Operating Expenses (2) \$	Amount Available for Debt Service \$	Audited Debt Service		Total \$	Coverage (3)
				Principal \$	Interest \$		
1997	15,633,164	12,000,798	3,632,366	933,911	423,802	1,357,713	2.73
1998	16,357,613	13,049,819	3,307,794	1,068,210	444,173	1,512,383	2.17
1999	16,854,558	13,554,063	3,300,495	1,092,451	399,951	1,492,402	2.21
2000	17,770,062	14,605,670	3,164,392	1,166,875	351,421	1,518,296	2.08
2001	17,969,511	15,033,926	2,935,585	1,186,490	301,891	1,488,381	1.97
2002	18,322,187	15,316,639	3,005,548	811,305	260,949	1,072,254	2.80
2003	18,549,550	15,580,108	2,969,442	836,327	227,653	1,063,980	2.79
2004	19,380,770	16,046,641	3,334,129	1,315,532	154,103	1,469,635	2.27
2005	18,896,660	15,765,976	3,130,684	492,122	114,595	606,717	5.16
2006	19,995,736	16,647,305	3,348,431	530,237	99,367	629,604	5.32

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

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

(3) Debt Service Requirements for 2003 Bonds (FY 2004-2006), 1993 A and SRF Loan (FY 1997-2003). Coverage stated is by fiscal year. Bond indentures require coverage of 120% of annual principal and interest. For issuance of additional bonds, bond indentures require coverage of 120% of the maximum annual principal and interest. Using analysis dated June 30, 2006, the maximum annual debt service outstanding occurs in FY 2010 at \$617,394; therefore, additional bonds coverage in accordance with bond indentures is 5.42%.

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

Fiscal Year	(1) Population	(2) Personal Income \$	(3) Per Capita Personal Income \$	(4) Median Household Income \$	(4) Median Age	(5) Education Level In Years of Formal Schooling	(6) School Enrollment	(7) Unemployment Rate %
1997	10,565	130,921,480	12,392	23,864	34.2	11.6	5,840	5.0
1998	10,569	136,244,979	12,891	24,664	34.2	11.6	5,893	4.3
1999	10,572	141,569,652	13,391	25,464	34.2	11.6	5,800	4.7
2000	10,576	146,900,640	13,890	26,264	34.2	11.6	5,718	4.9
2001	10,580	152,235,620	14,389	27,064	33.8	12.6	5,957	6.8
2002	10,584	157,574,592	14,888	27,864	33.8	12.6	5,938	7.7
2003	10,588	162,917,556	15,387	28,664	33.8	12.6	5,657	7.5
2004	10,591	168,259,217	15,887	29,464	33.8	12.6	5,858	6.9
2005	10,595	173,609,670	16,386	30,264	33.8	12.6	5,678	6.5
2006	10,599	178,964,115	16,885	31,065	33.8	12.6	5,743	7.3

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

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

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

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

(5) Sources: Estimates by Newberry County Development Board based on 1990 Census for fiscal years 1996-2000.

(6) Estimates by City of Newberry Economic Development Office based on 2000 Census for fiscal years 2001-2006.

(7) Source: Newberry County School District.

(8) Source: South Carolina Employment Security Commission.

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

EMPLOYER	2006			1997 (Estimated)		
	EMPLOYEES	RANK	PERCENTAGE OF TOTAL COUNTY EMPLOYMENT (3)	EMPLOYEES	RANK	PERCENTAGE OF TOTAL COUNTY EMPLOYMENT (4)
Louis Rich (*)	1,230	1	7.14%	900	1	5.56%
Newberry County School District (**)	840	2	4.87%	700	2	4.32%
Renfro(*)	530	3	3.08%			
Newberry County Memorial Hospital (**)	435	4	2.52%	290	5	1.79%
Georgia Pacific (*)	275	5	1.60%			
Sea Pro Boats (*)	250	6	1.45%			
County of Newberry (**)	180	7	1.04%	148	9	0.91%
McKechnie Vehicle Components (*)	175	8	1.02%			
Newberry College	170	9	0.99%	142	10	0.88%
Shakespear Electronics and Fiberglass (*)	165	10	0.96%	157	7	0.97%
American Fiber and Finishing (*)				697	3	4.31%
Thompson International (*)				310	4	1.91%
ISE America, Inc.				183	6	1.13%
Federal Paper Board (*)				151	8	0.93%

(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.

(2) Actual data from 1997 not available. Estimate for 1997 based on 1996 data.

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

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

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

FUNCTION	BUDGETED FULL-TIME EQUIVALENT EMPLOYEES									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General Government										
City Council	7	7	7	7	7	7	7	7	7	7
City Administration (3)	3	3	3	3	3	4	4	4	4	4
Finance	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	4	4
Building and Zoning	1	1.5	1.5	1	2	2	2	2	2.5	3
Public Safety										
Police										
Officers	25	27	27	28	29	27	28	28	28	31
Civilians	1	2	3	3	3	3	3	3	3	3
Justice and Law Civilians	2.25	1.25	1.25	1.5	1.5	1.75	1.75	1.75	1.75	3.2
Fire										
Firefighters and Officers	19	19	19	19	19	19	19	19	19	19
Civilians	0.5	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	11	14	14	12	12	10	10	10	10	10
Sanitation	9	9	9	9	9	9	8	8	7	7
Building Maintenance	2	2	2	2	2	2	2	2	2	2
Garage	4	4	4	4	4	3	3	3	3	3
Recreation	13	13	13	13	13	9	9.5	9.5	11	14
Utility System										
Administration/Finance/Warehouse	11	11	11	11	11	11	11	11	11	11
Electric	12	12	12	12	12	12	12	12	12	12
Water/Sewer Maintenance	7	7	7	8	9	11	11	11	11	11
Water Plant	9	9	9	9	9	9	9	9	9	9
Wastetreatment Plant	7	6	6	6	6	6	6	6	6	6
<b>Total</b>	<b>149.25</b>	<b>154.25</b>	<b>155.25</b>	<b>155</b>	<b>158</b>	<b>152.25</b>	<b>152.75</b>	<b>152.75</b>	<b>154.25</b>	<b>162.2</b>

(1) Source: City of Newberry Personnel Director  
(2) City Administration comprised of City Manager and Personnel departments.  
(3) In addition to City staff, there were 15 Volunteer Firefighters in fiscal year 2006.

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

FUNCTION	FISCAL YEAR									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General Government (2)										
Finance	(3)	(3)	(3)	(3)	(3)	1,072	1,061	1,099	1,192	1,114
Business licenses (by calendar year)										
Building and Zoning										
New construction values per building permits	\$ 2,019,813	\$ 2,990,213	\$ 5,062,478	\$ 8,390,595	\$ 4,998,628	\$ 656,540	\$ 3,075,955	\$ 5,088,814	\$ 8,362,652	\$ 20,031,345
Public Safety										
Police										
Incidents	9,458	8,709	9,199	10,894	11,370	10,765	10,009	9,477	11,811	11,277
Arrests and traffic violations (4)	1,427	1,341	1,582	1,526	1,526	5,136	5,027	4,095	5,997	5,207
Parking violations	288	146	178	147	147	83	155	212	277	245
Fire										
Volunteer personnel	24	15	21	24	24	19	20	21	19	16
Calls answered	277	278	408	528	528	388	488	540	643	593
Inspections	166	148	55	85	85	85	141	100	353	497
Public Works (5)										
Streets										
Streets resurfaced (miles)	1.75	-	1.35	-	2.27	-	1.37	2.23	1.04	1.20
Sanitation										
Refuse collected in tons per year (6)	6,205	6,302	6,494	6,681	6,841	6,762	7,572	7,277	7,387	8,138
Recreation										
# Participants residing within City limits	(3)	(3)	(3)	(3)	754	634	546	803	854	792
# Participants residing outside City limits	(3)	(3)	(3)	(3)	70	214	174	296	301	209
# Participants total	(3)	(3)	(3)	647	824	848	720	1,099	1,155	1,001
Utility System										
Electric										
Annual non-coincident purchased demand (kW)	31,862	33,429	34,414	36,078	35,578	36,965	38,303	35,783	36,393	34,714
Water										
Average production (gallons per day)	4,311,546	4,612,344	4,921,492	5,134,027	5,336,101	5,351,810	5,194,750	5,049,025	4,488,442 (7)	4,677,914
Sewer										
Average treatment (gallons per day)	2,176,529	2,301,288	1,910,455	2,123,495	2,469,619	2,139,900	2,352,745	2,186,575	2,250,000	2,310,800

(1) Source: Various City of Newberry departments.  
(2) General governments comprised of City Council, City Manager, Personnel, Finance and Building/Zoning departments, for some of which there are no indicators presently available.  
(3) Prior year data furnished as available.  
(4) Fiscal years 1997 - 2001 reflect traffic violations only.  
(5) Public Works comprised of Public Works Administration, Street, Sanitation, Building Maintenance and Garage, for some of which there are no indicators presently available.  
(6) Estimates used for fiscal years 1997 - 1999.  
(7) Newberry County Water and Sewer Authority opened its treatment plant during fiscal year 2005. For comparison purposes, the Authority's fiscal year 2004 total usage was an estimated 866,133 gallons per day. The City's planned expansion of its water treatment plant in fiscal year 2009 has been postponed beyond the City's six-year planning cycle as a result of the now available capacity.

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

FUNCTION (2)	FISCAL YEAR									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Public Safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	30	29	32	34	34	35	35	35	37	32
Fire										
Stations	2	2	2	2	2	2	2	2	2	2
Fire trucks	5	5	5	5	5	5	5	5	6	6
Public Works (3)										
Streets	82	82	82	83	83	84	84	84	84	84
Streets within City (miles)										
Sanitation										
Packer trucks	4	3	3	3	4	4	4	4	5	5
Recreation										
Parks	14	14	14	15	15	15	15	15	15	15
Parks acreage	75	75	75	100	100	100	100	100	100	100
Utility System										
Electric										
Miles of primary conductor	253	253	250	250	250	245	253	247	247	247
Miles of secondary conductor	85	85	86	86	85	86	86	86	86	87
Water										
Miles of water main lines	115	115	116	119	123	123	123	125	125	125
Fire hydrants	457	458	462	466	477	476	474	477	479	481
Maximum daily production capacity (gallons)	8,100,000	8,100,000	8,100,000	8,100,000	8,100,000	8,100,000	8,100,000	8,100,000	8,100,000	8,100,000
Sewer										
Miles of sanitary sewer main lines	117	117	117	118	121	121	122	123	123	123
Maximum daily treatment capacity (gallons)	3,200,000	3,220,000	3,220,000	3,220,000	3,220,000	3,220,000	3,220,000	3,220,000	3,220,000	3,220,000

(1) Source: Various City of Newberry departments.

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

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

**GOVERNMENT AUDITING STANDARDS SECTION**



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

To the Mayor and City Council  
Newberry, South Carolina

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Newberry, South Carolina, as of and for the year ended June 30, 2006, which collectively comprise the City of Newberry, South Carolina's basic financial statements and have issued our report thereon dated August 17, 2006. 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 in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

To the Mayor and City Council  
Newberry, South Carolina  
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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Newberry, South Carolina's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

*McKinley, Cooper & Co., LLP*

August 17, 2006

