

CITY OF NEWBURGH, NEW YORK
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2010
WITH INDEPENDENT AUDITORS' REPORT

CITY OF NEWBURGH, NEW YORK

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O'Connor Davies Munns & Dobbins, llp
ACCOUNTANTS AND CONSULTANTS

Independent Auditors' Report

To the Honorable Mayor and Members of the
City Council of the City of Newburgh, New York:

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 Newburgh, New York as of and for the year ended December 31, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these basic 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 *Governmental 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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.

As more fully disclosed in Note 1, B, the financial statements referred to above do not include financial data of the Industrial Development Agency or the Local Development Corporation, which should be included in order to conform with accounting principles generally accepted in the United State of America. The effect on the revenues, expenses, net assets, assets and liabilities is not known, since the financial statements are not available.

In our opinion, except for the effects on the financial statements of the omissions described in the preceding paragraph, 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 Newburgh, New York as of December 31, 2010 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 June 24, 2011 on our consideration of the City of Newburgh, New York's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General and Community Development Funds and the Schedule of Funding Progress – Other Post Employment Benefits be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Newburgh, New York's basic financial statements as a whole. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

O'Connor Davies Munns & Dobbins, LLP

O'Connor Davies Munns & Dobbins, LLP
June 24, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Newburgh, we offer readers of these financial statements this narrative overview and analysis of the financial activities of the City of Newburgh for the fiscal year ended December 31, 2010. Please read it in conjunction with the City financial statements.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at December 31, 2010 by \$33.9 million (net assets). However, the net assets at the end of 2010 include a negative \$22.2 million of unrestricted net assets to meet the City's ongoing obligations to citizens and creditors.
- The City's total net assets decreased \$820,000 as a result of this year's operations. This compares with 2009 as follows:

	2010	2009	% Increase
Total Expenses	\$ 59,708,414	\$ 65,704,735	(9.1%)
Total Revenues	58,887,980	47,562,432	23.8%
Decrease in Net Assets	\$ 820,434	\$ 18,142,303	(95.5%)
Incurring by:			
Governmental Activities	\$ 2,752,417	\$ 16,706,790	(116.5%)
Business-type Activities	(1,931,983)	1,435,513	234.6%

- The Sanitation operations previously included in Governmental Activities were created as a new Business-type program as of January 1, 2010.
- The General Fund reports an operating loss this year of \$4.8 million. The main cause of this was that 2010 adopted budget contemplated expenditures exceeding revenues by \$5.5 million to be funded from fund balance. However, the unreserved fund balance at the end of 2009 was a negative \$1.4 million.
- The City's total short-term outstanding obligations increased by \$11.5 million (41.2%) to \$39.4 million during 2010. This increase was principally due to the issuance of \$12.0 million of Deficit Financing Notes. The City's total long-term obligations increased from \$61.2 million to \$66.6 million. This increase is principally due to an increase in Other Post Employment Benefits by \$6.6 million in 2010.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended as an introduction to the City's basic financial statements. The City's 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.

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

The *statement of net assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets 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 City's net assets are 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 result in either positive or negative cash flows in future fiscal years (e.g., uncollected taxes and unearned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally 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 activities*). The government activities of the City include general government, police, fire, transportation, highways and streets, economic development, and culture and recreation. The business-type activities of the City include water, sewer and sanitation operations. The water, sewer and sanitation operations function for all practical purposes as a department of the City and therefore have been included as an integral part of the primary government.

- The government-wide financial statements include only the City itself (known as the *primary government*), but excludes two legally separate entities for which the City is financially accountable. Financial information for these *component units*, if available, would be reported separately from the financial information presented for the primary government itself. For 2010 and 2009, two component units have been excluded because financial statements were not available in time for inclusion in this report. The operations of the Local Development Corporation have ceased and State legislation has been introduced to dissolve the Corporation.

The government-wide financial statements can be found immediately following the MD&A.

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, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the Funds of the City can be divided into three categories: governmental, proprietary, and fiduciary funds.

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 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 financial decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues and expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains five individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General, Capital and Community Development funds, all of which are considered to be major funds. Data for the other two governmental funds are combined into a single aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the General fund to demonstrate compliance with this budget. The City also adopts an annual appropriation budget for the Community Development Fund based on the approved grant award from the U.S Department of housing and Urban Renewal.

The financial statements for the governmental funds can be found immediately following the government-wide financial statements.

Proprietary funds. The City maintains *Enterprise funds* that are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its water, sewer and sanitation operations.

Proprietary funds present the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water, sewer, and sanitation operations, all of which are considered major funds of the City.

The proprietary fund financial statements can be found immediately following the fund financial statements.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary 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.

Required Supplementary Information. This section provides certain *required supplementary information* concerning the City. Required Supplementary information can be found immediately following the fund financial statements.

Combining and Individual Fund Financial Statements and Schedules. The financial statements for the major governmental funds showing comparison of 2010 to 2009 financial data can be found immediately following the combining statements. The combining statements referred to earlier in connection with non-major governmental funds are also presented in this section.

The individual fund financial statements tell how these services were financed in the short-term as well what remains for future spending. Fund financial statements also report the City operations in more detail than the government-wide statements by providing information about the City's most significant funds. The remaining statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside the government.

Statistical Section. This section is included to present certain historic financial and operating data regarding the City. Ten tables of data compiled by various City departments are presented following the Financial Section of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The City's assets exceeded liabilities by \$33.9 million at the end of 2010, compared to \$34.7 million at the end of 2009.

By far the largest portion of the City's \$33.9 million net assets reflects its investment of \$44.2 million in fixed assets (e.g., land, buildings, machinery and equipment) less related debt used to acquire those assets that is still outstanding. The City uses these assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City'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.

An additional portion of the City's net assets \$3.4 million represents resources that are subject to external restrictions on how they may be used. This includes revenues received restricted for specific purposes such as grants or capital projects.

The remaining *unrestricted net assets* (\$22.2) million represents a deficit, thus is unavailable to be used to meet the City's ongoing obligations to citizens and creditors. This deficit is net of a positive \$8.3 million from Business-type activities and a negative of (\$30.5) million from Governmental Activities.

Net Assets (\$ in millions)

	Governmental Activities		Business-type Activities		Total City	
	2010	2009	2010	2009	2010	2009
Current and other assets	\$ 33.4	\$ 39.6	\$ 17.0	\$ 13.6	\$ 50.4	\$ 53.2
Capital Assets	54.6	45.3	44.4	44.2	99.0	89.5
Total Assets	<u>88.0</u>	<u>84.9</u>	<u>61.4</u>	<u>57.8</u>	<u>149.4</u>	<u>142.7</u>
Long-term debt obligations	51.2	45.8	15.5	15.4	66.7	61.2
Short-term debt obligations	31.9	22.9	7.6	5.0	39.5	27.9
Other Liabilities	7.9	16.4	1.5	2.5	9.4	18.9
Total Liabilities	<u>91.0</u>	<u>85.1</u>	<u>24.6</u>	<u>22.9</u>	<u>115.6</u>	<u>108.0</u>
Net Assets:						
Investment in capital assets,						
Net of debt	24.1	15.2	28.5	29.0	52.6	44.2
Restricted	3.4	2.2	-	2.5	3.4	4.7
Unrestricted (deficit)	(30.5)	(17.6)	8.3	3.4	(22.2)	(14.2)
Total Net Assets	<u>\$ (3.0)</u>	<u>\$ (0.2)</u>	<u>\$ 36.8</u>	<u>\$ 34.9</u>	<u>\$ 33.8</u>	<u>\$ 34.7</u>

The following schedule shows the comparison of 2010 versus 2009 Changes in Net Assets

	Changes in Net Assets					
	(\$ in millions)					
	Governmental Activities		Business-type Activities		Total City	
	2010	2009	2010	2009	2010	2009
Revenues:						
Program Revenues:						
Charges for services	\$ 2.3	\$ 5.4	\$ 13.1	\$ 7.8	\$ 15.4	\$ 13.2
Operating grants and contributions	5.9	6.1	-	-	5.9	6.1
Capital grants and contributions	8.1	0.5	-	-	8.1	0.5
General Revenues:						
Property taxes	12.6	10.8	-	-	12.6	10.8
Other tax items	1.8	1.7	-	-	1.8	1.7
Non-property taxes	10.0	9.8	-	-	10.0	9.8
Grants and contributions not restricted to specific programs	4.9	5.1	-	-	4.9	5.1
Other	(0.4)	0.3	0.5	-	0.1	0.3
Total revenues	<u>45.2</u>	<u>39.7</u>	<u>13.6</u>	<u>7.8</u>	<u>58.8</u>	<u>47.5</u>
Expenses:						
General government	6.0	10.5	-	-	6.0	10.5
Public Safety	33.1	33.5	-	-	33.1	33.5
Transportation	3.5	3.0	-	-	3.5	3.0
Economic opportunity and development	0.6	0.1	-	-	0.6	0.1
Culture and recreation	1.9	3.3	-	-	1.9	3.3
Home and community services	0.5	4.5	-	-	0.5	4.5
Interest on debt	2.4	1.5	-	-	2.4	1.5
Water	-	-	4.4	5.0	4.4	5.0
Sewer	-	-	4.6	4.2	4.6	4.2
Sanitation	-	-	2.7	-	2.7	-
Total expenses	<u>48.0</u>	<u>56.4</u>	<u>11.7</u>	<u>9.2</u>	<u>59.7</u>	<u>65.6</u>
Change in Net Assets:						
Current year	(2.8)	(16.7)	1.9	(1.4)	(0.9)	(18.1)
Beginning of year	(0.2)	15.1	34.9	36.3	34.7	51.4
Prior year adjustment	-	1.4	-	-	-	1.4
End of year	<u>\$ (3.0)</u>	<u>\$ (0.2)</u>	<u>\$ 36.8</u>	<u>\$ 34.9</u>	<u>\$ 33.8</u>	<u>\$ 34.7</u>

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related 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's financing requirements. In particular, *unreserved fund balance* may serve as a useful measurement of a government's net resources available for spending at the end of the year.

As of the end of 2010, the City's governmental funds reported combined ending fund balance deficit of \$9.1 million, an decrease of \$6.1 million in comparison with the prior year. The total includes \$12.3 million negative *unreserved fund balance*. The remainder of the fund balance (\$3.2) million is *reserved* to indicate that it is not available for new spending because it has already been committed 1) to liquidate contracts and purchase orders of the prior year, 2) to pay general liability and worker's compensation claims and debt service, and 3) for a variety of other restricted purposes.

The General Fund is the chief operating fund of the City. The City's General Fund total fund balance decreased by \$4.8 million ending 2010 year with a total accumulated fund balance deficit of \$3.2 million. Key factors in the decrease was the use of \$5.5 million of fund balance budgeted to be used in the 2010 adopted budget. Key variances are set forth in Note 3 to the financial statements

As part of the \$3.2 million deficit at the end of 2010, the unreserved fund balance was a deficit of \$6.1 million. During 2010 NYS enacted the Newburgh Fiscal Recovery Act to permit the City to issue up to \$15 million of deficit financing bonds for a term not to exceed 15 years to eliminate the City's accumulated fund balance deficits through December 31, 2010. In August 2010, the City issued \$12 million of Deficit notes to finance the projected accumulated deficit at December 31, 2010. The final amount of bonds the City can issue to finance this accumulated deficit will be certified by the Office of the State Comptroller following the issuance of this report.

The legislation also requires beginning in 2011 that all City property tax revenues be deposited into a State maintained bank account to ensure payment of the City's general obligation indebtedness. The portion thereof determined by the Office of the State Comptroller not needed to ensure payment of debt service principal and interest payments as due is returned to the City. At December 31, 2010, the State held \$0.5 million of City funds in its account.

This legislation also provides for State Comptroller review and approval of future budgets and debt issuances by the City as long as the deficit bonds are outstanding. The legislation also requires the City to develop and maintain a four year financial plan as long as the deficit bonds are outstanding for how it will close the growing shortage of revenues to cover expenditures.

The Capital Projects Fund has a total negative fund balance of \$8.9 million, which will need to be financed by the City through future debt issues. When bonds are issued to replace the bond anticipation notes (BANs) outstanding, this deficit should be substantially eliminated.

The Community Development Fund has a total fund balance of \$2.9 million all of which is reserved for future use as permitted by U.S Department of Housing and Urban Renewal grant provisions.

Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the water fund at the end of 2010 amounted to \$0.8 million compared to \$1.7 million deficit at the end of 2009. The sewer fund amounted to a positive \$7.3 million at the end of 2010 compared to \$5.1 million at the end of 2009. The new sanitation fund ended 2010 with a positive fund

balance of \$0.2 million. The total increase in net assets for these funds was \$1.9 million. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

During 2010 there was a \$655,000 increase in appropriations between the original adopted budget of \$43.1 million and the final amended budget. The major component of that increase was \$3.4 million supplemental appropriation for debt service and a decrease of (\$2.5) million for Home & Community Services.

A detail comparison of revenues and expenditures compared to budget is included in the individual fund financial statement section of this report.

Capital Assets and Debt Administration

Capital assets. The City's investment in capital assets for the government and business-type activities as of December 31, 2010, amounts to \$99.0 million (net of accumulated depreciation). This investment in capital assets includes land buildings, improvements, other than buildings, machinery and equipment, and infrastructure such as roads, bridges, and water and sewer lines. The total increase in the City's investment in capital assets for 2010 was 0.6 percent (a 20.5 percent increase for governmental activities and a .45 percent increase for business-type activities)

	Capital Assets at Year-end (Net of Depreciation, in Millions)					
	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Land	\$ 4.4	\$ 2.6	\$ 10.3	\$ 10.3	\$ 14.7	\$ 12.9
Buildings	26.4	26.1	1.1	1.1	27.5	27.2
Improvements, other than buildings	0.6	0.2	0.1	0.2	0.7	0.4
Machinery & Equipment	2.2	2.6	1.3	1.5	3.5	4.1
Infrastructure	14.1	13.2	22.0	20.8	36.1	34.0
Construction-in-progress	6.9	0.6	9.6	10.3	16.5	10.9
Total	\$ 54.6	\$ 45.3	\$ 44.4	\$ 44.2	\$ 99.0	\$ 89.5

Major capital asset event during 2010 was the following:

- Robinson Avenue Reconstruction Project (still in progress)
- ERP – Provan Project

Additional information on the City's capital assets can be found in the footnotes to the financial statements

Debt administration. Total outstanding obligations at the end of 2010 totaled \$116.1 million compared to \$89.3 million at the end of 2009.

At the end of 2010, the City had general obligation bonds, bond anticipation, tax anticipation and deficit financing notes and Environmental Facilities loans outstanding totaling \$64.2 million backed by the full faith and credit of the City. The rest of the City's debt represents other unsecured obligations.

**Outstanding Obligations
(\$ in Millions)**

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
SHORT-TERM						
Bond anticipation notes	\$ 26.7	\$ 17.3	\$ 7.6	\$ 5.0	\$ 34.3	\$ 22.3
Tax anticipation notes	5.2	5.6	-	-	5.2	5.6
LONG-TERM						
General obligation bonds	19.9	20.9	5.4	5.8	25.3	26.7
Loans	1.3	1.6	7.9	8.2	9.2	9.8
Capital leases	0.1	0.1	-	-	0.1	0.1
Energy performance contract	1.5	1.6	-	-	1.5	1.6
Self-Insurance claims and tax certiorari settlements	3.8	3.8	-	-	3.8	3.8
Compensated absences	3.6	3.6	0.4	0.4	4.0	4.0
Other post employment benefits	20.9	14.3	1.8	1.1	22.7	15.4
Total obligations	\$ 83.0	\$ 68.8	\$ 23.1	\$ 20.5	\$ 106.1	\$ 89.3

The City's total outstanding obligations increased by \$16.8 million (19%) during 2010. The issuance of the deficit financing notes and the other post employment benefits accounted for all of this increase.

State statutes limit the amount of general obligation debt a governmental entity may issue to seven percent of the total assessed valuation of property in the City. The current debt limitation margin for the City is \$83.1 million, which is significantly in excess of the City's outstanding general obligation debt subject to the limitation.

The City adopted the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 45 beginning 2008, resulting in a cumulative liability at the end of 2010 of \$22.7 million for other post employment benefits (OPEB). The City has no current plans to begin funding this obligation. Without a funding plan in place, this liability will grow each year eventually eliminating the total net assets as reported on the City-wide Statement of Net Assets. The City's total OPEB unfunded actuarial accrued liability is \$115 million at December 31, 2010 compared to \$117 million at the end of 2009. Further details regarding OPEB are included in Note 10 to the financial statements.

Additional information on all the City's debt obligations can be found in the footnotes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City's taxable property at 100% of assessed valuation is decreasing. The 2010 property tax levy was \$5.6 million (42.4%) higher than in 2009

The City's revenue base is contracting and increasing cost for labor, materials and supplies are putting a strain on the City's ability to finance City services. Revenues are generated in part from federal and state aid provided to the City. In 2010 intergovernmental transfers (including State Aid and State and federal grants) comprised 29.3 percent of the City's revenues. Given the financial stress being experienced by both the Federal and State governments, there can be no assurance that this aid will continue or that it will be available in any particular amounts. The City appropriated \$5.5 million to balance its 2010 general fund budget and ended the year with a deficit of \$6.1 million.

The City has developed a community development plan covering years 2010 through 2014 in compliance with requirements of the U.S. Department of Housing and Urban Renewal. Within that plan it states the City has experienced substantial flight of industry and commerce into the surrounding suburban towns and into the Stewart Airport industrial/commercial zone which is located outside the City. Disinvestment in the City's core and neighborhoods over a generation has taken a visible toll, with high levels of vacancy and disrepair on the major commercial streets as well as in residential neighborhoods. The City's unemployment rate of 10.1% (not seasonally adjusted) in December 2010 exceeded that of the City's Metropolitan Statistical Area (MSA) (7.6%), Orange County (7.8%) and New York State (8.0%). Within City households, approximately 70% are non-owner occupied. The City's infrastructure is aging, though limited improvements and repairs are made with City funds and with federal and state grant funds when made available.

The Newburgh Fiscal Recovery Act requires the City Manager to prepare, along with each annual proposed budget, a three-year financial plan covering the next succeeding fiscal year and the two fiscal years thereafter, which would at a minimum contain: projected employment levels; projected annual expenditures; reserve fund amounts; estimated annual revenues; and the proposed use of onetime revenue sources. In addition, the financial plan would identify actions necessary to achieve and maintain long-term fiscal stability, including, but not limited to, improved management practices, initiatives to minimize or reduce operating expenses, and potential shared services agreements with other municipalities. The City Manager is required to update the financial plan consistent with the adopted budget and quarterly budget reports.

In December 2010, the City Manager submitted the first required report that projected budgets for 2012 and 2013. The projected budgets were based on the assumption the City would be able to limit growth in all expenditure categories except for employee health benefits that are projected to increase ten percent each year, increases in NYS retirement system rates projected to increase at least ten percent each year and debt service that will increase due to payments on the deficit financing notes and required principal payments on the bond anticipation notes outstanding. These factors alone were projected to result in a twenty-eight and eleven percent increase in the property tax levy in 2012 and 2013 respectively.

In April 2011, the City Manager submitted the first quarter 2011 multiyear financial plan. This plan took into consideration the potential of new State legislation being enacted that would limit the increase in the annual tax levy to two percent or the increase in the inflation rate as determined by the State Comptroller. With this limitation, the maximum the tax levy could increase would be \$376,000, \$384,000 and \$391,000, in 2012, 2013 and 2014, respectively. Given the two percent limitation, the updated projected annual budget deficits for those three years was \$0.9, \$1.5 and \$2.2 million, respectively. The City is currently negotiating with three City unions whose contracts have expired with

the goal to achieve significant savings to eliminate the above deficits. Alternatively, the City could elect to further reduce personnel to achieve salary and benefit savings to eliminate the projected deficits.

These plans and future quarterly updates to the multi-year plans can be found on the City's website: <http://www.cityofnewburgh-ny.gov>.

The City manager plans to present its 2012 budget in September 2012. The 2012 budget is due for final adoption in November 2012.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and individual investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it received. If you have any questions about this report or need additional financial information, contact the City Comptroller's Office, City of Newburgh, 83 Broadway, City of Newburgh, New York 12550.

CITY OF NEWBURGH, NEW YORK

STATEMENT OF NET ASSETS
DECEMBER 31, 2010

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and equivalents	\$ 20,795,443	\$ 9,400,650	\$ 30,196,093
Receivables:			
Taxes, net	3,626,652	-	3,626,652
Accounts, net	1,167,714	5,088,049	6,255,763
Due from other governments, net	7,772,100	1,042,426	8,814,526
Loans, net	562,427	-	562,427
Due from component unit	207,329	-	207,329
Prepaid expenses	661,984	76,826	738,810
Internal balances	(1,328,523)	1,328,523	-
Capital assets (net of accumulated depreciation):			
Land	4,421,627	10,249,642	14,671,269
Buildings	26,352,832	1,113,378	27,466,210
Improvements other than buildings	631,554	125,258	756,812
Machinery and equipment	2,197,310	1,384,222	3,581,532
Infrastructure	14,093,659	21,982,413	36,076,072
Construction-in-progress	6,905,132	9,608,476	16,513,608
Total Assets	88,067,240	61,399,863	149,467,103
LIABILITIES			
Accounts payable	3,983,762	828,155	4,811,917
Retainages payable	289,793	-	289,793
Accrued interest payable	649,338	100,602	749,940
Due to component unit	1,057,003	-	1,057,003
Due to other governments	373,055	-	373,055
Due to school districts	919,741	-	919,741
Bond anticipation notes payable	26,723,333	7,603,065	34,326,398
Tax anticipation notes payable	5,171,224	-	5,171,224
Overpayments	161,851	-	161,851
Unearned revenues	542,102	563,890	1,105,992
Non-current liabilities:			
Due within one year:			
Bonds payable	1,043,911	346,090	1,390,001
Loans payable	310,000	321,657	631,657
Capital leases payable	44,760	-	44,760
Energy performance contract payable	90,179	-	90,179
Claims payable	490,404	-	490,404
Compensated absences	366,000	40,500	406,500
Due in more than one year:			
Bonds payable	18,862,689	5,067,310	23,929,999
Loans payable	995,000	7,585,778	8,580,778
Capital leases payable	89,161	-	89,161
Energy performance contract payable	1,399,868	-	1,399,868
Claims payable	3,261,637	-	3,261,637
Compensated absences	3,289,768	365,150	3,654,918
Other post employment benefit obligations payable	20,907,927	1,758,389	22,666,316
Total Liabilities	91,022,506	24,580,586	115,603,092
NET ASSETS (DEFICITS)			
Invested in capital assets, net of related debt	24,167,924	28,538,778	52,706,702
Restricted for:			
Special Revenue Funds:			
Community Development	3,291,088	-	3,291,088
Special Purpose	35,354	-	35,354
Debt Service	90,920	-	90,920
Unrestricted	(30,540,552)	8,280,499	(22,260,053)
Total Net Assets (Deficits)	\$ (2,955,266)	\$ 36,819,277	\$ 33,864,011

The notes to the financial statements are an integral part of this statement.

CITY OF NEWBURGH, NEW YORK
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2010

Functions/ Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government support	\$ 6,052,146	\$ 1,027,503	\$ 565,865	\$ -
Public safety	33,135,907	965,015	1,011,747	8,422
Transportation	3,524,190	42,285	1,850,533	6,318,194
Economic opportunity and development	606,436	-	-	-
Culture and recreation	1,867,062	103,358	842,197	292
Home and community services	465,023	154,504	1,673,081	1,332,235
Interest	2,387,374	-	-	403,063
Total Governmental Activities	48,038,138	2,292,665	5,943,423	8,062,206
Business-type activities:				
Water Fund	4,357,955	5,216,855	-	-
Sewer Fund	4,623,118	5,436,062	-	-
Sanitation Fund	2,689,203	2,482,180	-	-
Total Business-type Activities	11,670,276	13,135,097	-	-
Total	\$ 59,708,414	\$ 15,427,762	\$ 5,943,423	\$ 8,062,206

General Revenues:
Real property taxes
Other tax items:
Gain on sale of tax acquired property
Payments in lieu of taxes
Interest and penalties on real property taxes
Non-property taxes:
Non-property tax distribution from County
Utilities gross receipts taxes
Franchise fees
Unrestricted use of money and property
Unrestricted State aid
Miscellaneous
Insurance recoveries
Transfers

Total General Revenues

Change in Net Assets

Net Assets (Deficits) - Beginning of Year

Net Assets (Deficits) - End of Year

The notes to the financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Assets

Governmental Activities	Business-type Activities	Total
\$ (4,458,778)	\$ -	\$ (4,458,778)
(31,150,723)	-	(31,150,723)
4,686,822	-	4,686,822
(606,436)	-	(606,436)
(921,215)	-	(921,215)
2,694,797	-	2,694,797
(1,984,311)	-	(1,984,311)
<u>(31,739,844)</u>	<u>-</u>	<u>(31,739,844)</u>
-	858,900	858,900
-	812,944	812,944
-	(207,023)	(207,023)
-	<u>1,464,821</u>	<u>1,464,821</u>
<u>(31,739,844)</u>	<u>1,464,821</u>	<u>(30,275,023)</u>
12,583,902	-	12,583,902
725,608	-	725,608
265,361	-	265,361
812,377	-	812,377
8,423,278	-	8,423,278
1,345,965	-	1,345,965
270,085	-	270,085
27,454	90,208	117,662
4,732,975	-	4,732,975
115,780	-	115,780
61,596	-	61,596
(376,954)	376,954	-
<u>28,987,427</u>	<u>467,162</u>	<u>29,454,589</u>
(2,752,417)	1,931,983	(820,434)
<u>(202,849)</u>	<u>34,887,294</u>	<u>34,684,445</u>
<u>\$ (2,955,266)</u>	<u>\$ 36,819,277</u>	<u>\$ 33,864,011</u>

CITY OF NEWBURGH, NEW YORK

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2010

	General	Capital Projects	Community Development
ASSETS			
Cash and Equivalents	\$ 11,018,294	\$ 6,891,736	\$ 2,417,038
Taxes Receivable, net	3,626,652	-	-
Other Receivables:			
Accounts, net	1,167,714	-	-
Due from other governments, net	3,258,444	2,677,129	1,154,972
Loans, net	-	-	562,427
Due from component unit	-	-	207,329
Due from other funds	3,200,175	-	311,765
	<u>7,626,333</u>	<u>2,677,129</u>	<u>2,236,493</u>
Prepaid Expenditures	650,864	-	3,978
Total Assets	<u>\$ 22,922,143</u>	<u>\$ 9,568,865</u>	<u>\$ 4,657,509</u>
LIABILITIES AND FUND BALANCES (DEFICITS)			
Liabilities:			
Accounts payable	\$ 2,192,793	\$ 1,517,325	\$ 18,514
Retainages payable	-	289,793	-
Due to component unit	1,057,003	-	-
Due to other governments	135,452	-	-
Due to school districts	919,741	-	-
Bond anticipation notes payable	14,346,000	12,377,333	-
Tax anticipation notes payable	5,171,224	-	-
Due to other funds	-	4,288,036	-
Overpayments	161,851	-	-
Deferred tax revenues	1,227,709	-	-
Deferred revenues	916,075	-	1,698,613
Total Liabilities	<u>26,127,848</u>	<u>18,472,487</u>	<u>1,717,127</u>
Fund Balances (Deficits):			
Reserved for encumbrances	34,874	-	-
Reserved for prepaid expenditures	650,864	-	3,978
Reserved for long-term receivables	2,135,944	-	207,329
Reserved for trusts	-	-	-
Reserved for debt service	90,920	-	-
Unreserved, reported in:			
General Fund	(6,118,307)	-	-
Special Revenue Funds	-	-	2,729,075
Capital Projects Fund	-	(8,903,622)	-
Total Fund Balances (Deficits)	<u>(3,205,705)</u>	<u>(8,903,622)</u>	<u>2,940,382</u>
Total Liabilities and Fund Balances (Deficits)	<u>\$ 22,922,143</u>	<u>\$ 9,568,865</u>	<u>\$ 4,657,509</u>

The notes to the financial statements are an integral part of this statement.

Other Governmental	Total Governmental Funds
\$ 468,375	\$ 20,795,443
-	3,626,652
-	1,167,714
681,555	7,772,100
-	562,427
-	207,329
8,213	3,520,153
689,768	13,229,723
7,142	661,984
<u>\$ 1,165,285</u>	<u>\$ 38,313,802</u>

\$ 255,130	\$ 3,983,762
-	289,793
-	1,057,003
237,603	373,055
-	919,741
-	26,723,333
-	5,171,224
560,640	4,848,676
-	161,851
-	1,227,709
76,558	2,691,246
<u>1,129,931</u>	<u>47,447,393</u>

-	34,874
7,142	661,984
-	2,343,273
35,354	35,354
-	90,920
-	(6,118,307)
(7,142)	2,721,933
-	(8,903,622)
<u>35,354</u>	<u>(9,133,591)</u>
<u>\$ 1,165,285</u>	<u>\$ 38,313,802</u>

CITY OF NEWBURGH, NEW YORK

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO
 THE GOVERNMENT - WIDE STATEMENT OF NET ASSETS - GOVERNMENTAL ACTIVITIES
 December 31, 2010

Fund Balances - Total Governmental Funds	\$ (9,133,591)
Amounts reported for Governmental Activities in the Statement of Net Assets are Different Because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	<u>54,602,114</u>
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	
Real property taxes	1,227,709
Deferred revenues	450,531
Long-term loans	<u>1,698,613</u>
	<u>3,376,853</u>
Long-term liabilities that are not due and payable in the current period are not reported in the funds.	
Accrued interest payable	(649,338)
Bonds payable	(19,906,600)
Loans payable	(1,305,000)
Capital leases payable	(133,921)
Energy performance contract payable	(1,490,047)
Claims payable	(3,752,041)
Compensated absences	(3,655,768)
Other post employment benefit obligations payable	<u>(20,907,927)</u>
	<u>(51,800,642)</u>
Net Assets of Governmental Activities	<u>\$ (2,955,266)</u>

The notes to the financial statements are an integral part of this statement.

CITY OF NEWBURGH, NEW YORK

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 YEAR ENDED DECEMBER 31, 2010

	General	Capital Projects	Community Development
REVENUES			
Real property taxes	\$ 12,592,214	\$ -	\$ -
Other tax items	1,803,346	-	-
Non-property taxes	10,039,328	-	-
Departmental income	1,828,682	-	82,954
Intragovernmental charges	1,242,675	-	-
Intergovernmental charges	537,451	-	-
Use of money and property	90,364	191,591	9,300
Licenses and permits	286,144	-	-
Fines and forfeitures	388,553	-	-
State aid	5,516,662	1,373,372	-
Federal aid	37,118	3,702,494	481,751
Miscellaneous	239,974	292	493,288
Total Revenues	34,602,511	5,267,749	1,067,293
EXPENDITURES			
Current:			
General government support	5,777,928	-	-
Public safety	23,328,215	-	-
Transportation	2,579,873	-	-
Economic opportunity and development	606,867	-	-
Culture and recreation	1,065,696	-	-
Home and community services	325,360	-	506,231
Employee benefits	1,973,027	-	-
Debt service:			
Principal	1,152,871	-	310,000
Interest	2,068,052	-	108,088
Capital outlay	-	7,132,153	-
Total Expenditures	38,877,889	7,132,153	924,319
Excess (Deficiency) of Revenues Over Expenditures	(4,275,378)	(1,864,404)	142,974
OTHER FINANCING SOURCES (USES)			
Capital lease issued	-	133,011	-
Insurance recoveries	61,596	-	-
Premiums on obligations	211,472	-	-
Transfers in	90,920	338,751	-
Transfers out	(916,065)	-	-
Total Other Financing Sources (Uses)	(552,077)	471,762	-
Net Change in Fund Balances	(4,827,455)	(1,392,642)	142,974
Fund Balances (Deficits) - Beginning of Year	1,621,750	(7,510,980)	2,797,408
Fund Balances (Deficits) - End of Year	\$ (3,205,705)	\$ (8,903,622)	\$ 2,940,382

The notes to the financial statements are an integral part of this statement.

Other Governmental	Total Governmental Funds
\$ -	\$ 12,592,214
-	1,803,346
-	10,039,328
-	1,911,636
-	1,242,675
-	537,451
738	291,993
-	286,144
-	388,553
326,973	7,217,007
1,647,567	5,868,930
37,084	770,638
<u>2,012,362</u>	<u>42,949,915</u>
-	5,777,928
990,117	24,318,332
288,139	2,868,012
-	606,867
881,542	1,947,238
51,965	883,556
-	1,973,027
-	1,462,871
-	2,176,140
-	7,132,153
<u>2,211,763</u>	<u>49,146,124</u>
<u>(199,401)</u>	<u>(6,196,209)</u>
-	133,011
-	61,596
-	211,472
200,360	630,031
(90,920)	(1,006,985)
<u>109,440</u>	<u>29,125</u>
(89,961)	(6,167,084)
<u>125,315</u>	<u>(2,966,507)</u>
<u>\$ 35,354</u>	<u>\$ (9,133,591)</u>

CITY OF NEWBURGH, NEW YORK

RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
DECEMBER 31, 2010

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:

Net Change in Fund Balances - Total Governmental Funds \$ (6,167,084)

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense in the current period. This amount may be less than the total capital outlay since capital outlay includes amounts that are under the capitalization threshold.

Capital outlay expenditures	10,927,641
Depreciation expense	<u>(1,662,578)</u>
	<u>9,265,063</u>

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Real property taxes	(8,312)
Departmental income	612,012
Sales of real property subject to mortgage and other payment provisions	<u>(938,445)</u>
	<u>(334,745)</u>

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Principal paid on bonds	1,012,608
Principal paid on loans	310,000
Capital lease issued	(133,011)
Principal paid on capital leases	53,830
Principal paid on energy performance contract	<u>86,433</u>
	<u>1,329,860</u>

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Accrued interest	(211,234)
Claims	7,128
Compensated absences	(58,246)
Other post employment benefit obligations	<u>(6,583,159)</u>
	<u>(6,845,511)</u>

Change in Net Assets of Governmental Activities \$ (2,752,417)

The notes to the financial statements are an integral part of this statement.

CITY OF NEWBURGH, NEW YORK

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2010

	Water Fund	Sewer Fund	Sanitation Fund	Totals
ASSETS				
Current Assets:				
Cash and equivalents	\$ 2,252,219	\$ 6,525,262	\$ 623,169	\$ 9,400,650
Receivables:				
Accounts	2,141,490	2,038,854	907,705	5,088,049
Due from other governments	300,000	742,426	-	1,042,426
Due from other funds	424,881	1,830,105	-	2,254,986
Prepaid expenses	34,910	12,588	29,328	76,826
Total Current Assets	<u>5,153,500</u>	<u>11,149,235</u>	<u>1,560,202</u>	<u>17,862,937</u>
Noncurrent Assets:				
Capital assets:				
Land	7,248,449	3,001,193	-	10,249,642
Construction-in-progress	6,159,091	3,449,385	-	9,608,476
Buildings and improvements	935,688	451,554	-	1,387,242
Improvements other than buildings	404,164	11,558	-	415,722
Machinery and equipment	1,890,571	778,235	566,062	3,234,868
Infrastructure	15,161,219	24,955,498	-	40,116,717
	31,799,182	32,647,423	566,062	65,012,667
Less - Accumulated depreciation	<u>(9,633,271)</u>	<u>(10,377,921)</u>	<u>(538,086)</u>	<u>(20,549,278)</u>
Total Capital Assets, net of accumulated depreciation	<u>22,165,911</u>	<u>22,269,502</u>	<u>27,976</u>	<u>44,463,389</u>
Total Assets	<u>27,319,411</u>	<u>33,418,737</u>	<u>1,588,178</u>	<u>62,326,326</u>
LIABILITIES				
Current Liabilities:				
Accounts payable	190,023	521,937	116,195	828,155
Accrued interest payable	87,591	13,011	-	100,602
Due to other funds	-	-	926,463	926,463
Deferred revenues	-	563,890	-	563,890
Bond anticipation notes payable	2,276,229	5,326,836	-	7,603,065
Current maturities of bonds payable	230,696	115,394	-	346,090
Current maturities of loans payable	321,657	-	-	321,657
Current portion of compensated absences	25,000	6,800	8,700	40,500
Total Current Liabilities	<u>3,131,196</u>	<u>6,547,868</u>	<u>1,051,358</u>	<u>10,730,422</u>
Noncurrent Liabilities:				
Bonds payable, less current maturities	4,466,304	601,006	-	5,067,310
Loans payable, less current maturities	7,585,778	-	-	7,585,778
Compensated absences, less current portion	225,237	61,231	78,682	365,150
Other post employment benefit obligations payable	1,173,092	324,843	260,454	1,758,389
Total Noncurrent Liabilities	<u>13,450,411</u>	<u>987,080</u>	<u>339,136</u>	<u>14,776,627</u>
Total Liabilities	<u>16,581,607</u>	<u>7,534,948</u>	<u>1,390,494</u>	<u>25,507,049</u>
NET ASSETS				
Invested in Capital Assets, net of related debt	9,919,869	18,590,933	27,976	28,538,778
Unrestricted	817,935	7,292,856	169,708	8,280,499
Total Net Assets	<u>\$ 10,737,804</u>	<u>\$ 25,883,789</u>	<u>\$ 197,684</u>	<u>\$ 36,819,277</u>

The notes to the financial statements are an integral part of this statement.

CITY OF NEWBURGH, NEW YORK

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2010

	Water Fund	Sewer Fund	Sanitation Fund	Totals
Operating Revenues				
Metered sales	\$ 5,078,499	\$ 5,091,496	\$ -	\$ 10,169,995
Fees	-	-	2,423,592	2,423,592
Penalty income	97,445	91,395	-	188,840
Miscellaneous	36,483	253,171	58,588	348,242
Total Operating Revenues	5,212,427	5,436,062	2,482,180	13,130,669
Operating Expenses				
Personal services	1,129,183	410,183	940,827	2,480,193
Depreciation	333,206	477,497	11,990	822,693
Fees for services	434,804	676,809	-	1,111,613
Supplies	305,224	24,430	87,067	416,721
Utilities	154,001	174,441	-	328,442
Insurance	346,182	325,818	-	672,000
Contractual	502,485	2,010,792	787,098	3,300,375
Employee benefits	922,179	285,613	862,221	2,070,013
Total Operating Expenses	4,127,264	4,385,583	2,689,203	11,202,050
Income (Loss) from Operations	1,085,163	1,050,479	(207,023)	1,928,619
Non-Operating Revenues (Expenses)				
State aid	4,428	-	-	4,428
Interest income	3,151	59,304	27,753	90,208
Interest expense	(230,691)	(237,535)	-	(468,226)
Total Non-Operating Revenues (Expenses)	(223,112)	(178,231)	27,753	(373,590)
Change in Net Assets before Transfers	862,051	872,248	(179,270)	1,555,029
Transfers				
Transfers in	159,548	-	376,954	536,502
Transfers out	-	(159,548)	-	(159,548)
Total Transfers	159,548	(159,548)	376,954	376,954
Change in Net Assets	1,021,599	712,700	197,684	1,931,983
Net Assets - Beginning of Year	9,716,205	25,171,089	-	34,887,294
Net Assets - End of Year	\$ 10,737,804	\$ 25,883,789	\$ 197,684	\$ 36,819,277

The notes to the financial statements are an integral part of this statement.

CITY OF NEWBURGH, NEW YORK

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 YEAR ENDED DECEMBER 31, 2010

	Water Fund	Sewer Fund	Sanitation Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from metered sales, penalties and other	\$ 4,649,801	\$ 4,087,493	\$ -	\$ 8,737,294
Cash received from fees from customers	-	-	1,574,475	1,574,475
Cash payments for goods and services	(4,881,374)	(3,859,008)	(787,298)	(9,527,680)
Cash payments to employees	(1,819,103)	(560,077)	(1,455,212)	(3,834,392)
Advances received from other funds	-	-	926,463	926,463
Net Cash Provided by (Used in) Operating Activities	<u>(2,050,676)</u>	<u>(331,592)</u>	<u>258,428</u>	<u>(2,123,840)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
State aid	4,428	-	-	4,428
Due from other funds	1,314,704	5,818,370	-	7,133,074
Transfers in	159,548	-	376,954	536,502
Transfers out	-	(159,548)	-	(159,548)
Net Cash Provided by Non-Capital Financing Activities	<u>1,478,680</u>	<u>5,658,822</u>	<u>376,954</u>	<u>7,514,456</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(940,881)	(145,350)	(39,966)	(1,126,197)
Proceeds from debt	2,276,229	315,836	-	2,592,065
Principal paid on debt	(546,890)	(115,394)	-	(662,084)
Interest paid on debt	(235,037)	(239,446)	-	(474,483)
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>553,621</u>	<u>(184,354)</u>	<u>(39,966)</u>	<u>329,301</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest Income	3,151	59,304	27,753	90,208
Net Increase (Decrease) in Cash and Equivalents	(15,224)	5,202,180	623,169	5,810,125
Cash and Equivalents - Beginning of Year	<u>2,267,443</u>	<u>1,323,082</u>	<u>-</u>	<u>3,590,525</u>
Cash and Equivalents - End of Year	<u>\$ 2,252,219</u>	<u>\$ 6,525,262</u>	<u>623,169</u>	<u>\$ 9,400,650</u>
Reconciliation of Income (Loss) from Operations to Net Cash Provided by Operating Activities:				
Income (loss) from operations	\$ 1,085,163	\$ 1,050,479	\$ (207,023)	\$ 1,928,619
Adjustments to reconcile loss from operations to net cash provided by (used in) operating activities:				
Depreciation	333,206	477,497	11,990	822,693
Changes in assets and liabilities:				
Accounts receivable	(629,346)	(432,100)	(907,705)	(1,969,151)
Due from other governments	66,720	(211,549)	-	(144,829)
Prepaid expenses	(34,763)	(12,541)	(29,328)	(76,632)
Accounts payable	(335,601)	(476,452)	116,195	(695,858)
Retainages payable	(94,381)	(157,725)	-	(252,106)
Due to other funds	(2,673,933)	(673,670)	926,463	(2,421,140)
Deferred revenues	(90,399)	(31,250)	-	(121,649)
Compensated absences	322,658	23,218	87,382	433,258
Other post employment benefit obligations payable	-	112,501	260,454	372,955
Net Cash Provided by Operating Activities	<u>\$ (2,050,676)</u>	<u>\$ (331,592)</u>	<u>\$ 258,428</u>	<u>\$ (2,123,840)</u>

The notes to the financial statements are an integral part of this statement.

CITY OF NEWBURGH, NEW YORK

STATEMENT OF ASSETS AND LIABILITIES
FIDUCIARY FUND
DECEMBER 31, 2010

	<u>Agency</u>
ASSETS	
Cash - Demand deposits	\$ 325,878
Accounts Receivable	<u>134,631</u>
 Total Assets	 <u>\$ 460,509</u>
 LIABILITIES	
Accounts Payable	\$ 331,811
Employee Payroll Deductions	73,571
Deposits	<u>55,127</u>
 Total Liabilities	 <u>\$ 460,509</u>

The notes to the financial statements are an integral part of this statement.

Note 1 - Summary of Significant Accounting Policies

The accounting policies of the City of Newburgh, New York ("the City") conform to accounting principles generally accepted in the United States of America ("GAAP") as applicable to governments. The following is a summary of the most significant accounting policies:

A. Basis of Presentation

The accompanying financial statements of the City have been prepared in conformity with GAAP as prescribed by the Governmental Accounting Standards Board ("GASB"), the Financial Accounting Standards Board ("FASB"), and the American Institute of Certified Public Accountants ("AICPA"). Under the auspices of GASB Statement No. 20, the City does not apply FASB pronouncements issued after November 30, 1989, for proprietary activities, unless the GASB amends its pronouncements to specifically adopt a FASB pronouncement issued after that date. GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles for units of local government.

B. Financial Reporting Entity

The City was incorporated in 1865 and operates in accordance with its Charter and applicable laws of the State of New York. The City operates under a Council (5 members)/City Manager form of government. The City Council is the legislative body responsible for overall operations. A City Manager serves as chief executive and the City Director of Finance serves as the chief financial officer. The City provides public safety, transportation, economic opportunity and development, culture and recreation, home and community services and general and administrative support services to approximately 28,000 residents living in a 3.8 square mile area.

This report includes all funds, departments, agencies, boards and commissions, and other organizational units that are administrated by the City Manager and/or controlled by or dependent upon the City Council as set forth in the City Charter. The City, a primary government, has also considered for inclusion all potential component units for which it may be financially accountable and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. GASB Statement No. 14: The Financial Reporting Entity sets forth criteria to be considered in determining financial accountability.

These criteria include appointing voting majority of an organization's governing body and (1) the ability of the City to impose its will on the organization; or (2) the potential for the organization to provide specific financial benefits to or impose specific financial burdens on the City.

Component Units: The City has identified as its component units certain legally separate organizations for which the City is financially accountable or for which a significant relationship with the City exists such that exclusion would cause the City's financial statements to be misleading or incomplete.

The *Newburgh Community Development Agency* (formerly the Newburgh Urban Renewal Agency) is a body corporate and politic, created under Title 32, Article 15B of the General Municipal Law of the State of New York. Its principal responsibility is to manage the City's receipt and expenditure of Federal funds received from the U.S. Department of Housing and Urban Renewal. Members of the Agency are the members of the City Council. The operations of this entity have been concluded and State legislation has been introduced to dissolve this Agency

Note 1 - Summary of Significant Accounting Policies (Continued)

The City also has the following two component units that should be included in the City's financial statements as discretely presented component units, but since current financial statements are not available for these entities their financial activities are not included therein.

The *City of Newburgh Industrial Development Agency* ("Agency") is a public benefit corporation created under Title 2, Article 18-A of the General Municipal Law of the State of New York to promote the economic welfare, recreation opportunities and prosperity of the City's inhabitants. Members of the Agency are appointed by the City Council. Agency members have complete responsibility for management of the Agency and accountability for fiscal matters. The City is not liable for Agency bonds or notes. The governing board of the Agency serves at the pleasure of the City Council and therefore the City is considered able to impose its will on the Agency.

The *City of Newburgh Local Development Corporation* ("Corporation") is a not-for-profit corporation created for the purpose of providing loans to assist in relieving and reducing unemployment and promoting and providing for additional and maximum employment in the City. The governing body consists of the Mayor, the City Manager, two members of the Board of the Industrial Development Agency and a fifth member chosen by the governing board of the Corporation. The City is considered able to impose its will on the Corporation.

The following organizations are located in the City but are not considered component units. The City does not exercise influence in their management or operations and is not financially accountable for their actions. Accordingly, their financial statements are not included in the City's financial statements.

The *Newburgh Municipal Housing Authority* was established by an act of the New York State legislature to provide quality and safe housing including managing public housing projects in the City for low income families and senior citizens under the Federal Housing Act of 1936, as amended. The Housing Authority was established by an act of the New York State Legislature which designated the housing authority board as the governing authority. Five members of the housing authority board are appointed by the City and two representatives are elected by the tenants. The City exercises no oversight over or has any financial responsibility for housing authority operations. However the City has provided the housing authority technical and financial support through its Community Development Program.

The *Newburgh Enlarged City School District* provides the K-12 educational programs for children in the City and several surrounding towns. The School District was established by an act of the New York State Legislature which designated the school board as the governing authority. Members of the school board are elected directly by the public. The City exercises no oversight over or has any financial responsibility for school district operations. Pursuant to a State statute, unpaid school tax levies are relieved and collected by the City. Collection of the unpaid school tax levies are 100 percent guaranteed by the City.

C. Basic Financial Statements

The basic financial statements include both citywide and fund level statements. The City, as the primary government, is reported separately from its component units. The citywide statements report on all of the activities of the City except those that are fiduciary in nature.

Note 1 - Summary of Significant Accounting Policies (Continued)

Both the citywide and fund level statements classify activities of the City as either governmental activities which are primarily supported by taxes and intergovernmental revenues, or business type activities, which are primarily supported by user fees and charges.

The citywide statement of net assets reports all assets and liabilities of the City, including both long-term assets and long-term debt and other obligations. The statement of activities reports the degree to which direct expenses of City functions are offset by program revenues, which include program specific grants and charges for services provided by a specific function. The net cost of these programs is funded from general revenues such as taxes, intergovernmental revenue and interest earnings. As a general rule, the effect of interfund activity has been eliminated from the citywide financial statements.

The fund level statements report on governmental, proprietary and fiduciary fund activities. Major individual funds and major individual enterprise funds are reported as separate columns in the fund level financial statements.

Since the fund level statements for governmental activities are presented using a different measurement focus and basis of accounting than in the citywide financial statements (as discussed under Basis of Accounting in this summary of significant accounting policies), a reconciliation is presented on the page following each fund level statement which briefly explains the adjustments necessary to convert the fund level statements into the citywide governmental column presentation.

D. Fund Structure

The City's accounts are maintained in accordance with the principles of fund accounting to ensure compliance with limitations and restrictions placed on the use of resources available to it. Under fund accounting, individual funds are established for the purpose of carrying on activities or attaining objectives in accordance with specific regulations, restrictions or limitations. Each individual fund is a self-balancing set of accounts recording assets and other financing resources, together with liabilities and residual equities or balances and changes therein. For financial statement presentation, funds with similar characteristics are grouped into generic classifications as required by GAAP. A brief description of those classifications follows:

Governmental Funds - These funds report transactions related to resources and used for those services traditionally provided by a city government. The following are the major governmental funds used by the City:

General Fund - The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Capital Projects Fund - The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by proprietary funds. The principal source of financing is from the sale of bonds or bond anticipation notes.

Community Development Fund - This fund is a Special Revenue Fund established to account for the proceeds of specific revenue sources that are legally restricted to expenditures for certain defined purposes. The Community Development Fund is used to account for projects and subsidies financed by entitlements from the U.S. Department of Housing and Urban Development.

Note 1 - Summary of Significant Accounting Policies (Continued)

The City also reports the following non-major governmental funds.

Special Purpose Fund – The Special Purpose Fund is provided to account for assets held by the City in accordance with the term of a trust agreement.

Debt Service Fund - The Debt Service Fund is provided to account for the accumulation of resources to be used for the redemption of principal and interest on long-term obligations.

Grant Fund - The Grant Fund is used to account for financial resources received from Federal and State agencies for specific operations where separate accountability for those funds is a requirement of the grantor agency.

Proprietary Funds - Proprietary funds are used to account for enterprise activities of the City that provide services to the public similar to those found in the private sector, where cost recovery and the determination of net income is useful or necessary for sound financial management. The City has two enterprise fund operations as follows:

Water Fund - Established to account for revenues derived from charges for water consumption and benefit assessments and the application of such revenues towards related operating expenses and debt retirement.

Sewer Fund - Established to account for revenues derived from sewer rents and benefit assessments and used for related operating expenses and debt retirement.

Sanitation Fund – Established to account for the fee revenues and expenses for the City refuse collection services.

Fiduciary Funds - Fiduciary funds are used to account for assets held by the City in a trustee or custodial capacity on behalf of others as follows:

Agency Funds - Used for resources held by the City in a purely custodial capacity (assets equal liabilities). Agency funds involve only the receipt, temporary investment and remittance of fiduciary resources to individuals, private organizations or other governments.

E. Basis of Accounting and Financial Statement Presentation

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The citywide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Under this method, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenue in the year which they are levied. Grants and similar items are recognized as revenue when all eligibility requirements imposed by the provider are met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this measurement focus only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e. revenues and other financial sources) and decreases (i.e. expenditures and other financial uses) in fund balance.

Note 1 - Summary of Significant Accounting Policies (Continued)

Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e. when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "Available" means collectible within the current period or soon enough thereafter to be susceptible to accrual including property taxes, sales taxes, state shared revenues, intergovernmental revenue, charges for services and investment income. Generally, the City considers a 60-day availability period for revenue recognition.

Federal grants collected on a reimbursement basis are recognized as revenue when reimbursable expenditures are made, and the City considers amounts received within one year as available. Revenues collected on an advance basis, including certain federal grant revenue, to which the City does not yet have legal entitlement, are not recognized as revenue until the related commitment arises.

Expenditures are recorded when the related fund liability is incurred, except for items that are not planned to be liquidated with expendable available resources. Exceptions to the general modified accrual expenditure recognition criteria include principal and interest on long-term obligations, which are recognized when paid, and payments for compensated absences, claims and other post employment benefit obligations which are recognized when due.

General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Agency funds are accounted for using the accrual basis of accounting. Agency funds are custodial in nature (i.e. assets equal liabilities) and do not measure the results of operations.

F. Cash and Cash Equivalents

Cash and cash equivalents consist of funds deposited in demand deposit accounts, time deposit accounts and certificates of deposit with original maturities of less than three months.

The City's overall investment policies are governed by State statutes. The City has adopted its own written investment policy as of January 9, 2006 that provides for the deposit of funds in FDIC insured commercial banks or trust companies located within the State. The City is authorized to use demand deposit accounts, time deposit accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury, U.S. Agencies, repurchase agreements and obligations of New York State or its political subdivisions, and accordingly, the City's policy provides for no credit risk on investments.

Collateral is required for demand deposit accounts, time deposit accounts and certificates of deposit at 102% of all deposits not covered by Federal deposit insurance. The City has entered into custodial agreements with the various banks which hold their deposits. These agreements authorize the obligations that may be pledged as collateral. Such obligations include, among other instruments, obligations of the United States and its agencies and obligations of the State and its municipal and school district subdivisions.

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. GASB Statement No. 40 directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either uncollateralized, collateralized by securities held by the pledging financial institution or collateralized

Note 1 - Summary of Significant Accounting Policies (Continued)

by securities held by the pledging financial institution's trust department but not in the City's name. The City's aggregate bank balances that were not covered by depository insurance were not exposed to custodial credit risk at December 31, 2010.

The City was invested only in the above mentioned obligations and, accordingly, was not exposed to any interest rate or credit risk.

G. Receivables

Receivables are stated net of estimated allowances for uncollectible amounts, which are determined, based on past collection experience and current economic conditions except for certain long-term receivables which are reported as a reservation of fund balance because they are not considered a current financial resource available for expenditure. Receivables include:

Taxes Receivable - Real property taxes attach as an enforceable lien on real property and are levied on January 1st. The City is responsible for the collection of its own taxes and for the collection of County of Orange taxes for taxes levied on property located within the City. In addition, the City levies on January 1st delinquent water, sewer and sanitation bills. The City also has the responsibility for conducting judicial in-rem foreclosure proceedings.

The City and County taxes are levied simultaneously, payable in three installments. The first installment is due February 10th, the second installment is due May 5th and the third installment is due July 7th. If an installment is not paid in full by the due date, there is a 5% penalty added.

School District taxes levied for the period July 1st to June 30th are collected by the School District through March 31st at which time the City guarantees full payment thereof. Delinquent County and School District taxes are paid to the County and School District, respectively, as collected or prior to foreclosure. The City is required to pay the School District in full within two years after the return of the statement of unpaid taxes. The City is only required to pay delinquent taxes to the County as October 30th each year.

Other Receivables - Other receivables include amounts due from other governments and individuals for services provided by the City. Receivables are recorded and revenues recognized as earned or as specific program expenditures are incurred. Allowances are recorded when appropriate.

Loans Receivable - Loans receivable consist of residential and commercial loans made by the City through the Community Development Program. The loans have various interest rates and maturities.

H. Interfund Activity

Interfund activity within and among the City's three fund categories (governmental, proprietary and fiduciary) are classified as reciprocal interfund activity and nonreciprocal interfund activity.

Reciprocal interfund resources which flow between funds with an expectation of repayment are reported as interfund receivables and payables. Reciprocal interfund resources which flow, without any expectation of repayment within a reasonable time, are reported as transfers between funds. Interfund services provided and used are sales and purchases of goods and services between

Note 1 - Summary of Significant Accounting Policies (Continued)

funds for a price approximating their external value and are reported as revenues and expenditures (or expenses) in the funds.

Nonreciprocal interfund activities are flows of assets between funds without an equivalent flow of assets in return or without a requirement for repayment are reported as transfers in governmental funds and non-operating revenues and expenses in proprietary funds.

I. Inventory

There are no inventory values presented in the balance sheets of the respective funds of the City. Purchases of inventory items at various locations are recorded as expenditures in the governmental funds or expenses in the business-type funds at the time of purchase and, potential year-end balances are deemed not material.

J. Prepaid Expenses/Expenditures

Certain payments to vendors reflect costs applicable to future accounting periods, and are recorded as prepaid items using the consumption method in both the government-wide and fund financial statements. Prepaid expenses/expenditures consist of costs which have been satisfied prior to the end of the fiscal year, but represent items which have even provided for in the subsequent year's budget an/or will benefit such periods. Reported amounts in governmental funds are equally offset by a reservation of fund balance, in the fund financial statements, which indicates that these amount do not constitute "available spendable resources" even though they are a component of current assets.

K. Capital Assets

Capital assets include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items). 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 one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities), the City chose to include all such items regardless of their acquisition date or amount. The City was able to estimate the historical cost for the initial reporting of these assets through back trending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and used an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year).

Major outlays for capital assets and improvements are capitalized as projects are constructed. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives is not capitalized.

Capital assets are reported in the applicable governmental or business-type column in the citywide financial statements, and in the proprietary fund statements.

Land and construction-in-progress are not depreciated. Property, plant and equipment of the City are depreciated using the straight line method over the following estimated useful lives.

Class _____	Life in Years _____
-------------	------------------------

Note 1 - Summary of Significant Accounting Policies (Continued)

Buildings	50 - 75
Improvements other than buildings	15 - 20
Machinery and equipment	2 - 15
Infrastructure	15 - 40

L. Deferred Revenues

Deferred or unearned revenues arise when assets are recognized before revenue recognition criteria have been satisfied. In government-wide financial statements, unearned revenues consist of revenue from grants received before the eligibility requirements have been met.

M. Compensated Absences

City employees may accumulate earned leave benefits (vacation, sick and compensated absences) at various rates within limits specified in collective bargaining agreements. For all funds, this liability reflects amounts attributable to employee services already rendered, cumulative, probable for payment, and reasonably estimated in conformity with GASB Statement No. 16 Accounting for Compensated Absences.

Compensated absences liabilities are accrued when incurred in the citywide and proprietary financial statements. No expenditure is reported in the governmental funds for compensated absences until the payment is made. No liability is recorded for non-vesting, accumulated sick leave benefits. Compensated absences liabilities are determined based on current year rates of pay.

N. Long-Term Obligations

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business type activities or proprietary fund statement of net assets. Each governmental fund that has long-term obligations is responsible for liquidating the same.

O. Bond Discounts, Premiums and Issuance Costs

In the citywide financial statements and for proprietary funds, bond discount, premium and issuance costs are deferred and amortized as a component of interest expense over the term of the bond using the straight-line method, which approximates the effective interest method.

In the fund financial statements, governmental funds recognize bond discounts, premiums and issuance cost in the current period. The face amount of the debt issued and any bond premiums are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as Capital Projects Fund expenditures.

Note 1 - Summary of Significant Accounting Policies (Continued)

P. Net Assets

Net assets represent the difference between assets and liabilities. Net assets are reported as restricted when there are limitations imposed on their use either through legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets on the Statement of Net Assets include, invested in capital assets, net of related debt, restricted for community development, special purpose and debt service. The balance is classified as unrestricted.

Q. Fund Equity - Reserves and Designations

In the fund level statements, reservations of fund balance are established to identify the existence of assets that have been legally segregated for specific purposes and are therefore not available for future appropriation or expenditure. Amounts reserved for encumbrances, prepaid expenditures, long-term receivables, trusts and debt service represent portions of fund balance which are required to be segregated in accordance with State law or generally accepted accounting principles. Designations of fund balance equity in governmental funds reflect the City's plans for financial resource allocation in a future period. Such plans or intentions are subject to change and may never result in expenditures.

R. Encumbrances

In governmental funds, encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve applicable appropriations, is generally employed as an extension of formal budgetary integration in the General Fund. Encumbrances outstanding at year-end are reported as reservations of fund balance since they do not constitute expenditures or liabilities.

S. Use of Estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

T. Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is June 24, 2011.

Note 2 - Budgetary Data

The City presents Budgetary Comparison Schedules for the General and Community Development Funds in the Required Supplementary Information section of this report. The City's budgetary comparison reporting and notes thereto contain descriptions of the City's budgetary policies and processes are included therein.

Note 3 - Stewardship, Compliance and Accountability**A. Property Tax Limitation**

The City is permitted by the Constitution of the State of New York to levy taxes up to 2% of the five year average full valuation of taxable real estate located within the City, exclusive of the amount raised for the payment of interest on and redemption of long-term debt. In accordance with this definition, the maximum limit for the levy for 2010 was \$21.014 million, net of exclusions, which exceeded the actual levy by \$7.811 million.

B. Reductions in Fund Balances and Net Assets

In the General Fund expenditures and other financing uses exceeded revenues and other financing sources by \$4.8 million, reducing General Fund Balance from \$1.6 million to \$(3.2) million, and resulting in an undesignated deficit of \$6 million as of December 31, 2010. The adopted 2010 budget anticipated an additional \$5.5 million reduction in Fund Balance. State Legislation has been enacted that will permit the City to issue deficit bonds in an amount not exceeding \$15 million to fund its accumulated deficit through the end of 2010 for a period not exceeding 15 years.

The unreserved and undesignated deficit in the Capital Projects Fund of \$8.9 million arises because of the application of generally accepted accounting principles to the financial reporting of such funds. The proceeds of bond anticipation notes issued to finance construction of capital projects are not recognized as an "other financing source". Liabilities for bond anticipation notes payable are accounted for in the Capital Projects Fund. Bond anticipation notes are recognized as revenue only to the extent that they are redeemed. These deficits will be reduced and eliminated as bond anticipation notes are redeemed from interfund transfers from other governmental funds or converted to permanent financing.

Both the Water and Sewer Funds ended 2010 with a positive change in Net Assets. The Water Fund Net Assets were increased by \$862,000, resulting in unrestricted net assets of \$817,000 as of December 31, 2010 and the Sewer Fund Net Assets were increased by \$712,000 million. The Sanitation Fund ended 2010 with a positive fund balance of \$169,000.

C. General Fund Budget Variances

Actual revenues were below the final amounts budgeted by \$480,095. The categories of revenues that had actual revenues below the final amounts budgeted are as follows:

<u>Category</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Negative Variances</u>
Real property taxes	\$ 13,203,274	\$ 13,203,274	\$ 12,592,214	\$ (611,060)
Intragovernmental charges	1,787,975	1,833,467	1,242,675	(590,792)
Licenses and permits	289,050	289,050	286,144	(2,906)
Fines and forfeitures	495,000	495,000	388,553	(106,447)
State aid	5,905,317	5,662,873	5,516,662	(146,211)
Federal aid	899,000	901,500	37,118	(864,382)
Miscellaneous	470,050	474,050	239,974	(234,076)
Total Negative Variances				<u>\$ (2,555,874)</u>

CITY OF NEWBURGH, NEW YORK

NOTES TO FINANCIAL STATEMENTS (Continued)
 DECEMBER 31, 2010

Note 3 - Stewardship, Compliance and Accountability (Continued)

The following categories of expenditures in the General Fund exceeded their budgetary provisions by the amounts indicated:

Category	Original Budget	Final Budget	Actual	Negative Variances
Economic opportunity and development	\$ 64,892	\$ 64,892	\$ 606,867	\$ 541,975
Debt Service - Principal	-	1,151,676	1,152,871	1,195

The following categories of expenditures in the Community Development Fund exceeded their budgetary provisions by the amounts indicated:

Category	Original Budget	Final Budget	Actual	Negative Variances
Debt Service:				
Principal	\$ -	\$ -	\$ 310,000	\$ 310,000
Interest	-	-	108,088	108,088

Note 4 - Cash, Cash Equivalents and Investments

Cash and cash equivalents at December 31, 2010 consist of the following:

	Carrying Values
Cash and Cash Equivalents:	
Cash on hand	\$ 4,030
Bank Accounts	30,517,941
Total Cash and Cash equivalents	<u>\$ 30,521,971</u>

Note 5 - Receivables

Receivables are recorded net of allowance for possible uncollectible amounts:

Trade Accounts	\$ 1,288,061
Taxes:	
City, County and School - Current and overdue	3,836,993
Property acquired for taxes	2,257,663
Water and sewer charges	4,180,344
Sanitation charges	907,705
Loans receivable	733,138
Subtotal	13,203,904
Less: Allowance for uncollectibles	(2,759,062)
Net Accounts Receivable	<u>\$ 10,444,842</u>

CITY OF NEWBURGH, NEW YORK

NOTES TO FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2010

Note 5 - Receivables (Continued)

School districts taxes are offset by a liability to the school district which will be paid when the warrants are required to be satisfied. Taxes receivable are also partially offset by deferred tax revenues of \$1,227,709, which represents the portion of the receivable which will not be collected within the first sixty days of the subsequent year. Interest expenditures/expenses of \$119,531 were recorded in the fund financial statements in the General Fund and in the government-wide financial statements as a result of a 1% per month penalty for amounts not paid when due to the school district by the City.

Note 6 - Due From Other Governments

Receivables due from other governments consist of:

	<u>2010</u>
United States Federal Government	\$ 1,154,972
State of New York	4,892,994
County of Orange	2,259,009
Newburgh Housing Authority	459,000
Newburgh School District	129,537
Other	<u>2,775</u>
	8,898,287
Less: Allowance for Uncollectables	<u>(83,761)</u>
Total	<u>\$ 8,814,526</u>

Note 7 - Interfund Transactions

A. Interfund transactions resulting in receivables and payables due between funds are as follows:

<u>Funds</u>	<u>Due From</u>	<u>Due To</u>
General	\$ 3,200,175	\$ -
Capital Projects	-	4,288,036
Community Development	311,765	-
Non-Major Governmental	8,213	560,640
Water	424,881	-
Sewer	1,830,105	-
Sanitation	-	<u>926,463</u>
	<u>\$ 5,775,139</u>	<u>\$ 5,775,139</u>

The above interfund receivables/payables are due to lags between the dates that interfund goods and services are provided, transactions are recorded in the accounting system and payments are made.

CITY OF NEWBURGH, NEW YORK

NOTES TO FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2010

Note 7 - Interfund Transactions (Continued)

B. Transactions resulting in transfers between funds are summarized as follows:

Fund	Transfers In	Transfers Out
General	\$ 90,920	\$ 916,065
Capital Projects	338,751	-
Non-Major Governmental -		
Debt Service	-	90,920
Grants	200,360	-
Water	159,548	-
Sewer	-	159,548
Sanitation	376,954	-
	<u>\$ 1,166,533</u>	<u>\$ 1,166,533</u>

The above transfers from/to were used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to spend them; to move receipts restricted to debt service from the fund collecting the receipts to the Debt Service Fund as debt service payments become due; to use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, and to move money into the Capital Projects Fund to be spent on capital projects.

Note 8 - Capital Assets

Changes in the City's capital assets are as follows:

Class	Balance January 1, 2010	Additions	Transfers/ Deletions	Balance December 31, 2010
Governmental Activities:				
Capital Assets, not being depreciated:				
Land	\$ 2,642,727	\$ 1,778,900	\$ -	\$ 4,421,627
Construction-in-progress	536,767	6,571,883	(203,518)	6,905,132
	<u>\$ 3,179,494</u>	<u>\$ 8,350,783</u>	<u>\$ (203,518)</u>	<u>\$ 11,326,759</u>
Total Capital Assets, not being depreciated				
Capital Assets, being depreciated:				
Buildings	\$ 29,917,169	\$ 702,908	\$ -	\$ 30,620,077
Improvements other than buildings	100,327,372	399,064	203,518	100,929,954
Machinery and equipment	10,119,212	182,617	(566,062)	9,735,767
Infrastructure	21,559,280	1,332,235	-	22,891,515
	<u>161,923,033</u>	<u>2,616,824</u>	<u>(362,544)</u>	<u>164,177,313</u>
	Total Capital Assets, being depreciated			

CITY OF NEWBURGH, NEW YORK

NOTES TO FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2010

Note 8 - Capital Assets (Continued)

Class	Balance January 1, 2010	Additions	Transfers/ Deletions	Balance December 31, 2010
Less Accumulated Depreciation for:				
Buildings	\$ 3,826,834	\$ 440,411	\$ -	\$ 4,267,245
Improvements other than buildings	100,097,277	201,123	-	100,298,400
Machinery and equipment	7,502,104	562,449	(526,096)	7,538,457
Infrastructure	8,339,261	458,595	-	8,797,856
Total Accumulated Depreciation	119,765,476	1,662,578	(526,096)	120,901,958
Total Capital Assets, being depreciated, net	\$ 42,157,557	\$ 954,246	\$ 163,552	\$ 43,275,355
Governmental Activities				
Capital Assets, net	\$ 45,337,051	\$ 9,305,029	\$ (39,966)	\$ 54,602,114
Class	Balance January 1, 2010	Additions	Transfers	Balance December 31, 2010
Business-type Activities:				
Capital Assets, not being depreciated:				
Land	\$ 10,249,642	\$ -	\$ -	\$ 10,249,642
Construction-in-progress	10,336,380	838,881	(1,566,785)	9,608,476
Total Capital Assets, not being depreciated	\$ 20,586,022	\$ 838,881	\$ (1,566,785)	\$ 19,858,118
Capital Assets, being depreciated:				
Buildings	\$ 1,387,242	\$ -	\$ -	\$ 1,387,242
Improvements other than buildings	415,722	-	-	415,722
Machinery and equipment	2,625,456	43,350	566,062	3,234,868
Infrastructure	38,345,932	204,000	1,566,785	40,116,717
Total Capital Assets, being depreciated	42,774,352	247,350	2,132,847	45,154,549
Less Accumulated Depreciation for:				
Buildings	260,342	13,522	-	273,864
Improvements other than buildings	253,622	36,842	-	290,464
Machinery and equipment	1,120,439	204,111	526,096	1,850,646
Infrastructure	17,566,086	568,218	-	18,134,304
Total Accumulated Depreciation	19,200,489	822,693	526,096	20,549,278
Total Capital Assets, being depreciated, net	\$ 23,573,863	\$ (575,343)	\$ 1,606,751	\$ 24,605,271
Business-type Activities				
Capital Assets, net	\$ 44,159,885	\$ 263,538	\$ 39,966	\$ 44,463,389

CITY OF NEWBURGH, NEW YORK

NOTES TO FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2010

Note 8 - Capital Assets (Continued)

Depreciation expense was charged to the City's functions and programs as follows:

Governmental Activities:	
General Government support	\$ 182,884
Public Safety	1,230,307
Transportation	66,503
Culture and Recreation	66,503
Home and Community Services	<u>116,381</u>
Total Depreciation Expense - Government Activities	<u>\$ 1,662,578</u>
Business-type Activities:	
Water Fund	\$ 333,206
Sewer Fund	477,497
Sanitation Fund	<u>11,990</u>
Total Depreciation Expense - Business-type Activities	<u>\$ 822,693</u>

Note 9 - Short-Term Notes

In August 2010, the City re-issued \$5,233,868 of Bond Anticipation Notes to finance renovations of the City court facility. The same date the City also issued \$12 million of Bond Anticipation Deficit Notes in anticipation of the accumulated deficit at December 31, 2010. Both of these notes have interest payable at 5.15% and mature on August 30, 2011.

In December 2010, the City re-issued \$5,171,224 of Tax Anticipation Notes to provide the City with short-term cash financing and \$17,092,530 of Bond Anticipation Notes to finance various items including \$7,143,465 for the Capital Projects Fund and \$2,346,000 for settlement of an environmental claim. Both have interest payable at 4.25% percent and mature November 30, 2011

Liabilities for bond anticipation notes are generally accounted for in the Capital Projects Fund. Bond anticipation notes issued for judgments or settled claims are recorded in the fund paying the claim. Principal payments on bond anticipation notes must be made annually. State law requires that bond anticipation notes issued for capital purposes or judgments be converted to long-term obligations generally within five years after the original issue date. However, bond anticipation notes issued for assessable improvement projects may be renewed for periods that are equivalent to the maximum life of the permanent financing, provided that stipulated annual reductions of principal are made.

At a minimum, principal payments on the two above bond anticipation notes totaling approximately \$1.5 million will be required to be paid in 2011.

The Newburgh Fiscal Recovery Act (Chapter 223 of the Laws of 2010) authorizes the City to issue bonds on or before December 31, 2011 in an aggregate principal amount not to exceed \$15,000,000, for the purpose of liquidating actual deficits in its General Fund, Special Revenue Funds and Capital Projects Fund existing at the close of its 2010 fiscal year. The Act provides that the financing of the deficits is a purpose of the City for which indebtedness may be incurred, the period of probable usefulness of which would be fixed at 15 years.

CITY OF NEWBURGH, NEW YORK

NOTES TO FINANCIAL STATEMENTS (Continued)
 DECEMBER 31, 2010

Note 9 - Short-Term Notes (Continued)

The Act also requires the City, upon the issuance of the deficit notes, to establish a Special Debt Service Fund with the State Comptroller for the purpose of paying City debt service due or becoming due in subsequent fiscal years. The State Comptroller is authorized to deposit State aid payable to the City and a portion of the City's property tax collections into the Special Debt Service Fund as necessary to ensure sufficient moneys are available to make scheduled debt service payments over the succeeding twelve month period after accounting for the City's receipt of taxes and State aid during such period. As soon as practicable thereafter, the State Comptroller is required to pay over to the City any remaining amounts of State aid and City property taxes that are not needed to reserve for debt service. At December 31, 2010, \$500,000 was held in by the State in this Fund.

The schedule below details the changes in short-term capital borrowings.

Purpose	Year of Original Issue	Interest Rate	Balance January 1, 2010	New Issues	Maturities and/or Payments	Balance December 31, 2010
Governmental Type Activities -						
General Fund						
Tax Anticipation Notes	2009	4.00 %	\$ 5,609,750	\$ -	\$ 5,609,750	\$ -
Tax Anticipation Notes	2010	5.25	-	5,171,224	-	5,171,224
Bond Anticipation Notes:						
Claim Settlement	2009B	4.00	2,098,310	-	2,098,310	-
Claim Settlement	2010C	5.25	-	2,346,000	-	2,346,000
Deficit Financing Notes	2010B	5.15	-	12,000,000	-	12,000,000
Capital Projects Fund -						
Various Projects	2009A	4.875	5,233,868	-	5,233,868	-
Various Projects	2010A	5.15	-	5,233,868	-	5,233,868
Various Projects	2009B	4.00	9,983,220	-	9,983,220	-
Various Projects	2010C	5.25	-	7,143,465	-	7,143,465
Business Type Activities -						
Bond Anticipation Notes:						
Sewer Fund-						
Various Projects	2009B	4.00	5,011,000	-	5,011,000	-
Various Projects	2010C	5.25	-	5,326,836	-	5,326,836
Water Fund-						
Various Projects	2010C	5.25	-	2,276,229	-	2,276,229
			<u>\$ 27,936,148</u>	<u>\$ 39,497,622</u>	<u>\$ 27,936,148</u>	<u>\$ 39,497,622</u>

Interest expense of \$877,032 was recorded in the governmental funds and \$1,160,760 was recorded in the government-wide financial statements for governmental activities.

Note 10 - Long Term Obligations

The following table summarizes changes in the City's long-term obligations for the year ended December 31, 2010:

	Balance January 1, 2010	New Issues/ Additions	Maturities and/or Payments	Balance December 31, 2010	Due Within One Year
Governmental Activities:					
Bonds Payable	\$ 20,919,208	\$ -	\$ 1,012,608	\$ 19,906,600	\$ 1,043,911
Loans Payable	1,615,000	-	310,000	1,305,000	310,000

CITY OF NEWBURGH, NEW YORK

NOTES TO FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2010

Note 10 - Long Term Obligations (Continued)

	Balance January 1, 2010	New Issues/ Additions	Maturities and/or Payments	Balance December 31, 2010	Due Within One Year
Other Non-Current Liabilities:					
Capital Leases Payable	54,740	133,011	53,830	133,921	44,760
Energy Performance Contract Payable	1,576,480	-	86,433	1,490,047	90,179
Claims Payable	3,759,169	1,858,055	1,865,183	3,752,041	490,404
Compensated Absences	3,597,522	417,998	359,752	3,655,768	366,000
Other Post Employment Benefit Obligation Payable	14,324,768	9,352,061	2,768,902	20,907,927	-
Total Other Non-Current Liabilities	23,312,679	11,761,125	5,134,100	29,939,704	991,343
Governmental Activities - Long-Term Liabilities	\$ 45,846,887	\$ 11,761,125	\$ 6,456,708	\$ 51,151,304	\$ 2,345,254
Business-Type Activities:					
Bonds Payable	\$ 5,755,792	\$ -	\$ 342,392	\$ 5,413,400	\$ 346,090
Loans Payable	8,227,127	-	319,692	7,907,435	321,657
Compensated Absences	385,449	58,746	38,545	405,650	40,500
Other Post Employment Benefit Obligation Payable	1,062,776	974,545	278,932	1,758,389	-
Business-Type Activities - Long-Term Liabilities	\$ 15,431,144	\$ 1,033,291	\$ 979,561	\$ 15,484,874	\$ 708,247

Governmental fund liabilities for bonds, loans, capital leases and energy performance contracts are liquidated by the General and Community Development funds. Each governmental fund's liability for compensated absences and other post employment benefit obligations are liquidated by the respective fund, primarily the General, Water and Sewer funds.

A. Bonds Payable

Bonds payable at December 31, 2010 are comprised of the following individual issues:

Purpose	Year of Issue	Original Issue Amount	Final Maturity	Interest Rates	Amount Outstanding at December 31, 2010
Various Purposes	1999	\$ 7,195,000	May, 2019	4.77 %	\$ 4,220,000
Refunding Bonds	1999	2,650,000	September, 2014	4.5 - 4.75 %	650,000
Public Improvements	2003	1,000,000	December, 2023	4.69 %	745,000
Public Improvements	2008	9,043,100	July, 2033	4.0 - 6.00 %	7,940,000
Public Improvements	2008	12,210,000	September, 2036	4.0 - 6.00 %	11,765,000
		\$ 32,098,100			\$ 25,320,000

Interest expenditures of \$997,129 were recorded in the fund financial statements in the General Fund. Interest expense of \$933,098 was recorded in the government-wide financial statements for governmental activities. Interest expense of \$263,548 was recorded in the Enterprise Fund financial statements and in the government-wide financial statements for business-type activities.

Note 10 - Long Term Obligations (Continued)

B. Loans Payable

The loans were advanced to the Community Development Fund under the Department of Housing and Urban Development's Section 108 Loan Guarantee Program. The loan proceeds were provided to local businesses within the City. The balance due at December 31, 2010 was \$1,305,000. The loans bear interest at rates ranging from 4.75% to 7.5%, depending upon maturity. Interest and principal are payable in quarterly installments. The loans mature through 2014.

Interest expenditures of \$108,088 were recorded in the fund financial statements in the Community Development Fund. Interest expense of \$99,625 was recorded in the government-wide financial statements for governmental activities.

The City, in 2001 and 2005, received loans from the New York State Environmental Facilities Corporation in the amounts of \$4,273,923 and \$5,674,277, respectively, to finance improvements to its drinking water systems. These interest free loans are due in annual installments through 2031 and 2035, respectively. The balance due at December 31, 2010 was \$7,907,435.

C. Capital Leases

The City has entered into five capital lease agreements to acquire computer equipment as follows:

<u>Year Entered</u>	<u>Lease For</u>	<u>Original Amount</u>	<u>Monthly Payments</u>	<u>Interest Rates</u>	<u>Outstanding December 31, 2010</u>	<u>Date Final Payment</u>
2007	Computers	\$ 101,135	\$ 2,343	5.54 %	\$ 16,103	July, 2011
2007	Computers	27,607	640	5.54	4,396	July, 2011
2010	Phone Sys.	133,011	2,646	7.30	113,422	February, 2015
		<u>\$ 261,753</u>	<u>\$ 5,629</u>		<u>\$ 133,921</u>	

Interest expenditures/expenses of \$9,030 were recorded in the fund financial statements in the General Fund and in the government-wide financial statements.

D. Energy Performance Contract

The City, during 2007, entered into a \$2,528,997 contractual agreement to install energy saving equipment and/or to upgrade existing facilities to enhance performance. The agreement provides for monthly payments ranging from \$12,038 to \$14,278, including interest at 4.25% through December 2022. The contract further provides that the savings in energy costs resulting from this modernization will equal or exceed the payment terms. Interest expenditures/expense of \$65,330 was recorded in the fund financial statements in the General Fund and in the government-wide financial statements. The balance due at December 31, 2010 was \$1,490,047.

CITY OF NEWBURGH, NEW YORK

NOTES TO FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2010

Note 10 - Long Term Obligations (Continued)

E. Payments to Maturity

The annual requirements to amortize all bonded, loans, capital lease and energy performance contract debt outstanding as of December 31, 2010 including interest payments of \$15,656,385 are as follows:

Year Ending December 31,	Governmental Activities - Bonds		Business-Type Activities - Bonds		Governmental Activities - Loans	
	Principal	Interest	Principal	Interest	Principal	Interest
2011	\$ 1,043,911	\$ 942,168	\$ 346,090	\$ 252,017	\$ 310,000	\$ 397,777
2012	960,213	886,511	354,786	234,373	565,000	632,182
2013	1,002,441	837,502	367,559	216,632	215,000	248,273
2014	999,177	786,778	375,823	198,137	215,000	231,680
2015	974,044	737,042	275,956	179,710	-	-
2016-2020	4,976,814	2,924,123	1,368,186	687,519	-	-
2021-2025	3,150,000	1,988,262	915,000	432,764	-	-
2026-2030	2,710,000	1,367,313	865,000	243,344	-	-
2031-2035	3,325,000	695,344	545,000	50,875	-	-
2036	765,000	38,250	-	-	-	-
	<u>\$ 19,906,600</u>	<u>\$ 11,203,293</u>	<u>\$ 5,413,400</u>	<u>\$ 2,495,371</u>	<u>\$ 1,305,000</u>	<u>\$ 1,509,912</u>

Year Ending December 31,	Business-Type Activities - Loans		Governmental Activities - Capital Lease		Governmental Activities - Energy Performance Contract	
	Principal	Interest	Principal	Interest	Principal	Interest
2011	\$ 321,657	\$ -	\$ 44,760	\$ 7,867	\$ 90,179	\$ 61,584
2012	323,622	-	26,131	5,616	94,087	57,676
2013	325,587	-	28,365	3,383	98,164	53,598
2014	327,552	-	30,127	1,620	102,418	49,344
2015	329,517	-	4,538	372	106,857	44,905
2016-2020	1,677,059	-	-	-	670,395	147,128
2021-2025	1,726,180	-	-	-	327,947	14,716
2026-2030	1,775,305	-	-	-	-	-
2031-2035	1,100,956	-	-	-	-	-
2036	-	-	-	-	-	-
	<u>\$ 7,907,435</u>	<u>\$ -</u>	<u>\$ 133,921</u>	<u>\$ 18,858</u>	<u>\$ 1,490,047</u>	<u>\$ 428,951</u>

Year Ending December 31,	Total City Combined Obligations		
	Principal	Interest	Total
2011	\$ 2,156,597	\$ 1,661,413	\$ 3,818,010
2012	2,323,839	1,816,358	4,140,197
2013	2,037,116	1,359,388	3,396,504
2014	2,050,097	1,267,559	3,317,656
2015	1,690,912	962,029	2,652,941
2016-2020	8,692,454	3,758,770	12,451,224
2021-2025	6,119,127	2,435,742	8,554,869
2026-2030	5,350,305	1,610,657	6,960,962
2031-2035	4,970,956	746,219	5,717,175
2036	765,000	38,250	803,250
	<u>\$ 36,156,403</u>	<u>\$ 15,656,385</u>	<u>\$ 51,812,788</u>

Note 10 - Long Term Obligations (Continued)

The above general obligation bonds, loans, capital leases and energy performance contract debt are direct obligations of the City, for which its full faith and credit are pledged and are payable from taxes levied on all taxable real property within the City.

F. Compensated Absences

In accordance with the City's collective bargaining agreements, all employees may accumulate sick leave based upon length of service. Upon retirement, employees are compensated for accumulated sick leave pursuant to contract provisions. Vacation time earned during the year is generally taken in the year earned, however, with permission; certain employees may carryover vacation leave to the following year. Police employees may accumulate compensatory time up to a maximum of 96 hours. In addition to the \$405,650 recorded in the Proprietary Funds, a \$3,655,768 liability for compensated absences at December 31, 2010 has been reflected in the government-wide financial statements for the governmental funds.

G. Claims Payable

The government-wide statements reflect workers' compensation benefit liabilities and general liability claims liabilities, which are based upon estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported, but not settled, and of claims that have been incurred but not reported (IBNR's). The length of time for which such costs must be estimated varies depending on the coverage involved. Because actual claim costs depend on such complex factors as inflation, changes in doctrines of legal liability and damage awards, the process used in computing claim liabilities does not necessarily result in an exact amount. Claim liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect settlements, claim frequency and other economic and social factors. A provision for inflation in the calculation of estimated future costs is implicit in the calculation because reliance is placed both on actual historical data that reflects past inflation and other factors that are considered to be appropriate modifiers of past experience.

	Year Ended December 31, 2010		Year Ended December 31, 2009	
	Workers' Compensation	General Liability	Workers' Compensation	General Liability
Balance - Beginning of Year	\$ 2,040,728	\$ 1,718,441	\$ 1,440,168	\$ 1,100,365
Provision for Claims and Claims Adjustment Expenses	1,735,374	122,681	1,802,263	1,811,935
Claims and Claims Adjustment Expenses Paid	<u>(1,127,150)</u>	<u>(738,033)</u>	<u>(1,201,703)</u>	<u>(1,284,167)</u>
Balance - End of Year	<u>\$ 2,648,952</u>	<u>\$ 1,103,089</u>	<u>\$ 2,040,728</u>	<u>\$ 1,628,133</u>
Current Portion	<u>\$ 265,000</u>	<u>\$ 97,000</u>	<u>\$ 204,053</u>	<u>\$ 162,813</u>

Note 10 - Long Term Obligations (Continued)

Also included in claims payable is \$128,404 for tax certiorari claims and various legal settlements. The current portion of all claims is \$490,404.

H. Other Post Employment Benefit Obligations Payable

The GASB has issued Statement No. 45 – *Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pensions*. Other post employment benefits ("OPEB") includes any form of benefit offered to attract or retain the services of qualified employees that will be paid after the employee leaves employment (i.e. health insurance). This Statement requires that the projected costs of these benefits should be associated with the periods in which the employee is employed. Thus the City is required to record a current year expense and liability on the accrual basis in the City-wide financial statements and in the business type funds for the projected costs to be incurred after the employee leaves employment. Currently, the City only records the actual payments made for OPEB cost in the governmental funds. The City has recognized revenues and expenditures of \$115,679 for Medicare Part D payments made directly to its health insurance carrier on behalf of its retirees.

The City does provides certain health care benefits for retired employees as set forth in various collective bargaining agreements that stipulate the employees covered and the percentage of contribution. Contributions to be made by the City may vary according to length of service. Substantially all of the City's employees may become eligible for these benefits if they reach normal retirement age while working for the City.

The City's annual OPEB cost is calculated based on the annual required contribution, ("ARC"), an amount actuarially determined in accordance with the parameters of the GASB Statement. That Statement establishes standards for the measurement, recognition and display of the expenses and liabilities for retirees' medical insurance. As a result, reporting of expenses and liabilities will no longer be done under the "pay-as-you-go" approach. Instead of expensing the current year premiums paid, a per capita claims cost will be determined, which will be used to determine a "normal cost", an "actuarial accrued liability", and ultimately the ARC. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years.

Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Calculations are based on the OPEB benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. In addition, the assumptions and projections utilized do not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. The actuarial calculations of the OPEB plan reflect a long-term perspective.

The City is required to accrue on the government-wide and proprietary fund financial statements the amounts necessary to finance the plan as actuarially determined, which is equal to the expected rate of return on the City's general assets. Funding for the Plan has been established on a pay-as-you-go basis. The assumed rates of increase in postretirement benefits are as follows:

CITY OF NEWBURGH, NEW YORK

NOTES TO FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2010

Note 10 - Long Term Obligations (Continued)

Year Ended December 31,	Pre-65 Medical	Post-65 Medical	Prescription Drug
2011	9.50 %	8.50 %	9.00 %
2012	8.50	8.00	8.00
2013	7.50	7.50	7.50
2014	7.00	7.00	7.00
2015	6.50	6.50	6.50
2016	6.00	6.00	6.00
2017	5.50	5.50	5.50
2018+	5.00	5.00	5.00

The amortization basis is the level dollar method with an open amortization approach with 28 years remaining in the amortization period. The unit credit method was used to determine the actuarial value of the assets of the OPEB plan, however, the City currently has no assets set aside for the purpose of paying post employment benefits. The actuarial cost method utilized was the projected unit credit method.

The number of participants as of December 31, 2010 was as follows:

2010	Governmental Funds	Enterprise Funds	Total
Active Employees	233	47	280
Retired Employees	226	11	237
	<u>459</u>	<u>58</u>	<u>517</u>

	Governmental Funds	Enterprise Funds	Total
Amortization Component:			
Actuarial Accrued Liability as of 1/1/10	\$ 107,923,595	\$ 7,383,611	\$ 115,307,206
Assets at Market Value	-	-	-
Unfunded Actuarial Accrued Liability ("UAAL")	<u>\$ 107,923,595</u>	<u>\$ 7,383,611</u>	<u>\$ 115,307,206</u>
Funded Ratio	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Covered Payroll (Active plan members)	<u>\$ 20,340,845</u>	<u>\$ 2,542,583</u>	<u>\$ 22,883,428</u>
UAAL as a Percentage of Covered Payroll	<u>530.58%</u>	<u>290.40%</u>	<u>503.89%</u>

CITY OF NEWBURGH, NEW YORK

NOTES TO FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2010

Note 10 - Long Term Obligations (Continued)

	Governmental Funds	Enterprise Funds	Total
Annual Required Contribution	\$ 9,607,473	\$ 993,421	\$ 10,600,894
Interest on Net OPEB Obligation	572,991	42,511	615,502
Adjustment to Annual Required Contribution	(828,403)	(61,461)	(889,864)
Annual OPEB Cost	9,352,061	974,471	10,326,532
Contributions Made	(2,768,902)	(278,932)	(3,047,834)
Increase in Net OPEB Obligation	6,583,159	695,539	7,278,698
Net OPEB Obligation - Beginning of Year	14,324,768	1,062,850	15,387,618
Net OPEB Obligation - End of Year	<u>\$ 20,907,927</u>	<u>\$ 1,758,389</u>	<u>\$ 22,666,316</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the current and two preceding year is as follows:

Fiscal Year Ended December 31,	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation
2010	\$ 10,326,605	29.51 %	\$ 22,666,316
2009	10,483,706	25.52 %	15,387,618
2008	10,147,568	25.31 %	7,579,154

Note 11 - Deferred Revenues

Deferred revenues in the fund financial statements are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met. The City has reported deferred revenues of \$1,227,709 for real property taxes and \$916,075 for State aid and other items received in advance in the General Fund, \$1,698,613 for long-term loans in the Community Development Fund and \$76,558 in the Grants Fund for State and Federal aid received in advance. Such amounts have been deemed to be measurable but not "available" pursuant to generally accepted accounting principles.

Note 12 - Pension Plans

The City participates in the New York State and Local Employees' Retirement System ("ERS") and the New York State and Local Police and Fire Retirement System ("PFRS") ("Systems"). These Systems are cost-sharing multiple-employer defined benefit pension plans. The Systems provide retirement benefits as well as death and disability benefits. Obligations of employers and employees are set forth in the New York State Retirement and Social Security Law ("NYSRSSL"). As set forth in the NYRSSL, the Comptroller of the State of New York serves as sole trustee and administrative head of the Systems. The Comptroller shall adopt and amend rules and regulations for the administration and transaction of the

CITY OF NEWBURGH, NEW YORK

NOTES TO FINANCIAL STATEMENTS (Continued)
 DECEMBER 31, 2010

Note 12 - Pension Plans (Continued)

business of the Systems and for the custody and control of the funds held by each. The Systems issue a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by writing to the New York State and Local Employees' Retirement System, Office of the State Comptroller, 110 State Street, Albany, New York 12224.

Funding Policy - The Systems are non-contributory, except for employees who joined ERS after July 27, 1976 that have less than ten years of service, who contribute 3% of their salary. Under the authority of the NYSRSSL the Comptroller certifies annually rates, expressed as a percentage of members' salary, which shall be used in computing the contributions required to be made by employees to the Systems' accumulation fund. Contribution rates are actuarially determined and based upon membership tier and plan. Contributions consist of a life insurance portion and regular pension contributions. Contribution rates for the plan year ended March 31, 2011 are as follows:

	<u>Tier/Plan</u>	<u>Rate</u>
ERS	1 75I	15.3%
	2 75I	14.0
	3 A14	11.3
	4 A15	11.3
	5 A15	9.1
PFRS	1 384D	21.9%
	2 375I	12.5
	2 384D	16.8
	3 384D	16.5

The City is required to contribute at the actuarially determined rates set by the Comptroller. The required contributions made to the Systems and the percent of the City's covered payrolls for the current and two preceding years were as follows:

	<u>ERS</u>		<u>PFRS</u>	
	<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>
2010	\$ 895,281	12.1 %	\$ 1,974,358	15.5 %
2009	640,009	7.3	1,849,118	13.8
2008	648,796	9.0	1,881,052	14.6

The City's contributions made to the Systems were equal to 100% of the actuarially required contribution for each year.

CITY OF NEWBURGH, NEW YORK

NOTES TO FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2010

Note 12 - Pension Plans (Continued)

The current ERS contribution for the City was charged to the funds identified below. The current PFRS contribution was charged to the General Fund.

<u>Fund</u>	<u>Amount</u>
General	\$ 589,463
Community Development	11,933
Grants	16,914
Water	128,400
Sewer	44,666
Sanitation	<u>103,905</u>
	<u>\$ 895,281</u>

Note 13 - Net Assets

The components of net assets are detailed below:

Invested in Capital Assets, net of Related Debt - the component of net assets that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unexpended proceeds, that is directly attributable to the acquisition, construction or improvement of those assets.

Restricted for Special Revenue Funds - the component of net assets that represents funds restricted for certain purposes under New York State law or by external parties and/or statutes.

Restricted for Debt Service - the component of net assets that reports the difference between assets and liabilities with constraints place on their use by Local Finance Law.

Unrestricted - all other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

Note 14 - Fund Balances

Certain elements of reserved fund balance are described above. Those additional elements which are not reflected in the statement of net assets but are reported in the governmental funds balance sheet are described below:

Encumbrances outstanding have been reserved as it is the City's intention to honor purchase orders and contracts in process at year-end. The subsequent year's appropriation will be amended to provide authority to complete the transactions.

The Reserve for Prepaid Expenditures has been established to account for employee retirement and other costs paid in advance. The reserve indicates that these funds are not "available" for appropriation or expenditure even though they are a component of current assets.

Note 14 - Fund Balances (Continued)

The Reserve for Long-Term Receivables is used to indicate that certain amounts will not be collected in sufficient time to satisfy liabilities of the current period.

The Reserve for Trusts has been established to set aside funds in accordance with the terms of the grants.

Note 15 - Commitments and Contingencies

A. Risk Management

The City is exposed to various risks of loss including, but not limited to, torts, theft of, damage to, destruction of assets; errors and omissions; injuries to employees; employees' health and life; and natural disasters. These risks are covered by commercial insurance purchased by independent third parties. The City believes such coverage is sufficient to preclude any significant uninsured loss. Judgments and claims are recorded when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated.

The City became self-insured for property/liability loss exposures in October 1978 and worker's compensation in December 1979. The City is also self-insured for unemployment insurance. Excess loss insurance is purchased for all property/liability and worker's compensation loss exposures.

The property/liability risks include automobile liability, physical damage, general liability, building and contents for City owned property, police professional liability and public official liability. The City currently retains losses up to \$500,000 per occurrence for liability and \$250,000 for property, above which coverage is provided by excess coverage. Excess coverage is for \$5 million per claim and \$10 million aggregate, over the \$500,000 retention. Property is covered for approximately \$46 million in excess of the \$250,000 retention. Losses have not exceeded insurance coverage during the past three years.

For worker's compensation and employer's liability, the City retains \$250,000 per occurrence for all employees, except firefighters which the City retains \$600,000 per occurrence. Excess insurance provides protection up to statutory limits for worker's compensation and for a total of \$1 million for employers' liability. Losses have not exceeded insurance coverage during the last three policy years. Effective in 2009, the City no longer maintains a self-insurance reserve for its future worker's compensation claims.

A summary of changes in the claims reserve for the past three years is as follows:

	Beginning Liability	Current Year Claims and Estimate Changes	Claim Payments	Ending Liability
2010	\$ 3,759,169	\$ 1,858,055	\$ 1,865,183	\$ 3,752,041
2009	3,266,243	3,704,506	3,211,580	3,759,169
2008	5,536,037	(524,959) *	1,744,835	3,266,243

* Includes a prior period adjustment of \$3,730,649

Note 15 - Commitments and Contingencies (Continued)

The City pays unemployment insurance to eligible employees based on their last salary with a maximum payment of \$405 per week for 26 weeks, or as extended by Federal/State legislation. The New York State Department of Labor initially pays unemployment benefits to eligible employees and the City reimburses the State Unemployment Insurance Fund payments totaled \$225,597 in 2010.

The City has contracted with an insurance service company to administer and process claims under the self-insurance program. The City has established an insurance reserve to record self insurance program activities. Reserve additions consist primarily of contributions from other funds and are planned to match the total of expenditures/expenses of claims from the self-insurance program, insurance premiums for coverage in excess of self-insurance retention amounts and other related operating expenditures/expenses.

B. Litigation

The City is party to various legal proceedings that normally occur in the course of governmental operations. Major outstanding cases are as follows:

The City is party to a property loss case as a result of three separate sewage backups on property located within the City. The City is vigorously defending this case.

The City is being sued to recover damages for alleged improper revocation of a building permit. The City claims that the revocation was proper and is vigorously defending this case.

The City, in common with other municipalities, receives numerous notices of claims for money damages arising from civil rights violations, false arrest, property damage, personal injury, wrongful termination of employment or denial of 207-c benefits.

The above claims have been forwarded to the City's administrator of their self-insured risk retention program (see note above detailing risk management policy limitations). The City's liability would be limited to their self-insured retention levels.

An estimate of the ultimate amounts due by the City has been accrued in the government wide Statement of Net Assets within claims payable.

The City is a defendant in numerous tax certiorari proceedings, the result of which cannot be determined at this time. Any future refunds resulting from adverse settlements will be funded in the year the payments are made.

Note 15 - Commitments and Contingencies (Continued)

C. Contingencies

Compliance Audits

The City participates in a number of programs that are fully or partially funded by grants received from other governmental entities. Expenditures financed by grants are subject to audit by the appropriate grantor government or agency. An independent audit of these programs has been performed for all prior years and will be conducted for all applicable 2010 expenditures in compliance with: 1) requirements stated in the Federal Single Audit Act of 1996 and Office of Budget and Management Circular A-133, and 2) compliance requirements described in the preliminary Draft Part 43 of the New York State Codification of Rules and Regulations applicable to state transportation assistance. The amounts, if any, of expenditures that may be disallowed by the granting government or agency cannot be determined at this time, although any such amounts are expected to be immaterial.

CITY OF NEWBURGH, NEW YORK

REQUIRED SUPPLEMENTARY INFORMATION - SCHEDULE OF FUNDING PROGRESS
 OTHER POST EMPLOYMENT BENEFITS
 LAST THREE FISCAL YEARS

Valuation Date	Actuarial		Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Liability as a Percentage of Covered Payroll
	Value of Assets	Accrued Liability				
January 1, 2008	\$ -	\$ 111,522,540	\$ 111,522,540	- %	\$ 22,571,542	494.08 %
January 1, 2009	-	116,985,560	116,985,560	-	24,426,989	478.92
January 1, 2010	-	115,307,206	115,307,206	-	22,883,428	503.89

CITY OF NEWBURGH, NEW YORK

REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL AND
 COMMUNITY DEVELOPMENT FUNDS
 YEAR ENDED DECEMBER 31, 2010

	General Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Real property taxes	\$ 13,203,274	\$ 13,203,274	\$ 12,592,214	\$ (611,060)
Other tax items	1,725,000	1,295,918	1,803,346	507,428
Non-property taxes	10,014,122	9,681,877	10,039,328	357,451
Departmental income	3,003,000	836,833	1,828,682	991,849
Intragovernmental charges	1,787,975	1,833,467	1,242,675	(590,792)
Intergovernmental charges	455,739	357,664	537,451	179,787
Use of money and property	70,500	51,100	90,364	39,264
Licenses and permits	289,050	289,050	286,144	(2,906)
Fines and forfeitures	495,000	495,000	388,553	(106,447)
State aid	5,905,317	5,662,873	5,516,662	(146,211)
Federal aid	899,000	901,500	37,118	(864,382)
Miscellaneous	470,050	474,050	239,974	(234,076)
Total Revenues	38,318,027	35,082,606	34,602,511	(480,095)
Expenditures:				
Current:				
General government support	6,292,587	6,881,016	5,777,928	1,103,088
Public safety	23,288,860	24,446,324	23,328,215	1,118,109
Transportation	3,078,162	3,128,432	2,579,873	548,559
Economic opportunity and development	64,892	64,892	606,867	(541,975)
Culture and recreation	2,243,895	2,299,391	1,065,696	1,233,695
Home and community services	2,923,159	345,898	325,360	20,538
Employee benefits	2,915,729	2,664,352	1,973,027	691,325
Debt service:				
Principal	-	1,151,676	1,152,871	(1,195)
Interest	-	2,306,366	2,068,052	238,314
Total Expenditures	40,807,284	43,288,347	38,877,889	4,410,458
Excess (Deficiency) of Revenues Over Expenditures	(2,489,257)	(8,205,741)	(4,275,378)	3,930,363
Other Financing Sources (Uses):				
Insurance recoveries	-	-	61,596	61,596
Premiums on obligations	-	-	211,472	211,472
Transfers in	-	-	90,920	90,920
Transfers out	(3,033,276)	(1,207,543)	(916,065)	291,478
Total Other Financing Uses	(3,033,276)	(1,207,543)	(552,077)	655,466
Net Change in Fund Balances	(5,522,533)	(9,413,284)	(4,827,455)	4,585,829
Fund Balances				
Beginning of Year	5,522,533	9,413,284	1,621,750	(7,791,534)
Fund Balances (Deficits) - End of Year	\$ -	\$ -	\$ (3,205,705)	\$ (3,205,705)

Community Development Fund

<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	82,954	82,954
-	-	-	-
-	-	9,300	9,300
-	-	-	-
-	-	-	-
833,817	1,059,449	481,751	(577,698)
-	-	493,288	493,288
<u>833,817</u>	<u>1,059,449</u>	<u>1,067,293</u>	<u>7,844</u>
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
833,817	1,059,449	506,231	553,218
-	-	-	-
-	-	310,000	(310,000)
-	-	108,088	(108,088)
<u>833,817</u>	<u>1,059,449</u>	<u>924,319</u>	<u>135,130</u>
-	-	142,974	142,974
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	142,974	142,974
-	-	2,797,408	2,797,408
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,940,382</u>	<u>\$ 2,940,382</u>

CITY OF NEWBURGH, NEW YORK

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2010

Budgetary Procedures

The budget process begins mid-year at which time department heads prepare estimates of revenues and expenditures for the following year. Department estimates must be submitted to the City Manager on or about August 15th. The City Manager reviews each department's request, conducts meetings with department personnel and assembles the preliminary budget.

The preliminary budget is submitted to the Mayor and City Council, no later the second Tuesday in October. Upon receipt, the City Council shall order a copy to be filed in the City Clerk's office, who shall publish a notice in the official newspaper of the City of Newburgh, New York to the effect that the City Council will hold public sessions on the preliminary budget during the months of October and November.

The budget estimate may be inspected at any time during office hours and prior to the second Monday in November in the Office of the City Clerk.

A formal public hearing is held by the City Council on the budget in November. Members of the public may express their views; however, there is no formal vote on the budget at this meeting

Not later than at its regular meeting on the fourth Monday in November, the Comptroller receives the revised budget from the City Council and prepares the final version for adoption. In amending the preliminary budget, the City Council may increase or decrease or reject any item contained in the budget estimate except for items relating to indebtedness, fixed charges or estimated revenues.

On or before the last Monday in November, the operating budgets are legally enacted through adoption of an ordinance by the City Council. The budget is not subject to referendum.

If, not later than at its meeting on the fourth Monday in November, the City Council does not adopt or amend to adopt the preliminary budget as submitted by the City Manager, it shall be deemed to have been adopted unchanged as submitted by the City Manager.

- A. Formal budgetary integration is employed during the year as a management control device for General, Community Development and Debt Service funds.
- B. Budgets for General, Community Development and Debt Service funds are legally adopted annually on a basis consistent with generally accepted accounting principles. The Capital Projects Fund is budgeted on a project basis. The City does not adopt an annual budget for the Special Purpose Funds.

Once the budget has been approved, in order to amend the budget during the year the following procedures are authorized:

- A. Transfers of budget appropriations within each department with the approval of the City Manager.
- B. Transfers of budget appropriations between departments with the approval of the City Council.
- C. All increases in budgeted revenues and related expenditures by resolution approved by the City Council.

The Comptroller may not disburse money in excess of appropriated amounts.

CITY OF NEWBURGH, NEW YORK

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (Concluded)
YEAR ENDED DECEMBER 31, 2010

Encumbrance accounting is used to control the adopted budget. Issued but incomplete purchase orders, contracts, or other commitments are recorded in order to reserve that portion of an applicable appropriation. At the end of the year all appropriations lapse in the General, Community Development and Debt Service funds. Outstanding encumbrances at year end are recorded as a reservation of fund balance since they do not constitute expenditures or liabilities of the City. Outstanding encumbrances in the General, Community Development and Debt Service funds are re-appropriated in the succeeding year to provide authority to complete these transactions in due course, pursuant to the Uniform System of Accounts promulgated by the Office of the State Comptroller.

Budgeted amounts are as adopted, and as amended.

CITY OF NEWBURGH, NEW YORK

GENERAL FUND
COMPARATIVE BALANCE SHEET
DECEMBER 31, 2010 AND 2009

	2010	2009
<u>ASSETS</u>		
Cash:		
Demand deposits	\$ 11,014,764	\$ 8,343,339
Petty cash	3,530	3,530
	<u>11,018,294</u>	<u>8,346,869</u>
Taxes Receivable:		
City, County and School District taxes	3,836,993	4,029,175
Property acquired for taxes	2,257,663	2,013,903
	<u>6,094,656</u>	<u>6,043,078</u>
Allowance for uncollectible amounts	<u>(2,468,004)</u>	<u>(2,172,222)</u>
	<u>3,626,652</u>	<u>3,870,856</u>
Other Receivables:		
Accounts, net of allowance for uncollectibles of \$222,660 in 2010 and \$120,347 2009	1,167,714	3,482,026
Due from other governments, net of allowance for uncollectibles of \$83,761 in 2010 and \$327,583 in 2009	3,258,444	5,069,398
Due from component unit - Industrial Development Agency	-	1,137,355
Due from other funds	3,200,175	7,262,943
	<u>7,626,333</u>	<u>16,951,722</u>
Prepaid Expenditures	<u>650,864</u>	<u>32,123</u>
Total Assets	<u>\$ 22,922,143</u>	<u>\$ 29,201,570</u>
<u>LIABILITIES AND FUND BALANCE (DEFICIT)</u>		
Liabilities:		
Accounts payable	\$ 2,192,793	\$ 6,498,702
Due to component unit - Industrial Development Agency	640,287	537,286
Due to component unit - Local Development Corporation	416,716	416,716
Due to other governments	135,452	1,638,918
Due to school districts	919,741	4,383,145
Bond anticipation note payable	14,346,000	2,098,310
Tax anticipation note payable	5,171,224	5,609,750
Due to other funds	-	2,795,723
Overpayments	161,851	151,558
Deferred tax revenues	1,227,709	1,236,021
Deferred revenues	916,075	2,213,691
	<u>26,127,848</u>	<u>27,579,820</u>
Fund Balance (Deficit):		
Reserved for encumbrances	34,874	22,533
Reserved for prepaid expenditures	650,864	32,123
Reserved for long-term receivables	2,135,944	2,952,088
Reserved for debt service	90,920	-
Unreserved and undesignated	<u>(6,118,307)</u>	<u>(1,384,994)</u>
Total Fund Balance (Deficit)	<u>(3,205,705)</u>	<u>1,621,750</u>
Total Liabilities and Fund Balance (Deficit)	<u>\$ 22,922,143</u>	<u>\$ 29,201,570</u>

CITY OF NEWBURGH, NEW YORK

GENERAL FUND
 COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Real property taxes	\$ 13,203,274	\$ 13,203,274	\$ 12,592,214	\$ (611,060)
Other tax items	1,725,000	1,295,918	1,803,346	507,428
Non-property taxes	10,014,122	9,681,877	10,039,328	357,451
Departmental income	3,003,000	836,833	1,828,682	991,849
Intragovernmental charges	1,787,975	1,833,467	1,242,675	(590,792)
Intergovernmental charges	455,739	357,664	537,451	179,787
Use of money and property	70,500	51,100	90,364	39,264
Licenses and permits	289,050	289,050	286,144	(2,906)
Fines and forfeitures	495,000	495,000	388,553	(106,447)
State aid	5,905,317	5,662,873	5,516,662	(146,211)
Federal aid	899,000	901,500	37,118	(864,382)
Miscellaneous	470,050	474,050	239,974	(234,076)
Total Revenues	38,318,027	35,082,606	34,602,511	(480,095)
Expenditures:				
Current:				
General government support	6,292,587	6,881,016	5,777,928	1,103,088
Public safety	23,288,860	24,446,324	23,328,215	1,118,109
Transportation	3,078,162	3,128,432	2,579,873	548,559
Economic opportunity and development	64,892	64,892	606,867	(541,975)
Culture and recreation	2,243,895	2,299,391	1,065,696	1,233,695
Home and community services	2,923,159	345,898	325,360	20,538
Employee benefits	2,915,729	2,664,352	1,973,027	691,325
Debt service:				
Principal	-	1,151,676	1,152,871	(1,195)
Interest	-	2,306,366	2,068,052	238,314
Total Expenditures	40,807,284	43,288,347	38,877,889	4,410,458
Deficiency of Revenues Over Expenditures	(2,489,257)	(8,205,741)	(4,275,378)	3,930,363
Other Financing Sources (Uses):				
Insurance recoveries	-	-	61,596	61,596
Obligations authorized	-	-	-	-
Premiums on obligations	-	-	211,472	211,472
Transfers in	-	-	90,920	90,920
Transfers out	(3,033,276)	(1,207,543)	(916,065)	291,478
Total Other Financing Uses	(3,033,276)	(1,207,543)	(552,077)	655,466
Net Change in Fund Balance	(5,522,533)	(9,413,284)	(4,827,455)	4,585,829
Fund Balance - Beginning of Year, as reported	5,522,533	9,413,284	1,621,750	(7,791,534)
Prior Period Adjustments	-	-	-	-
Fund Balance - Beginning of Year, as restated	5,522,533	9,413,284	1,621,750	(7,791,534)
Fund Balance - End of Year	\$ -	\$ -	\$ (3,205,705)	\$ (3,205,705)

2009

Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 12,348,739	\$ 12,348,739	\$ 12,048,917	\$ (299,822)
3,838,000	3,838,000	1,689,477	(2,148,523)
10,471,000	10,471,000	9,835,378	(635,622)
2,810,469	2,893,190	3,251,528	358,338
2,459,901	2,459,901	1,816,801	(643,100)
449,600	494,600	745,216	250,616
326,500	326,500	82,488	(244,012)
310,000	310,000	272,917	(37,083)
375,000	375,000	491,268	116,268
7,055,442	7,469,218	6,544,585	(924,633)
1,703,029	2,216,827	1,609,948	(606,879)
415,500	417,055	178,782	(238,273)
<u>42,563,180</u>	<u>43,620,030</u>	<u>38,567,305</u>	<u>(5,052,725)</u>
7,055,200	8,929,567	10,090,172	(1,160,605)
24,361,111	24,508,013	24,529,935	(21,922)
3,423,015	3,723,025	2,813,642	909,383
74,935	74,935	50,301	24,634
3,577,422	4,524,483	3,054,825	1,469,658
2,628,688	2,628,666	2,591,261	37,405
1,777,048	1,878,418	1,747,938	130,480
-	-	66,311	(66,311)
-	-	171,631	(171,631)
<u>42,897,419</u>	<u>46,267,107</u>	<u>45,116,016</u>	<u>1,151,091</u>
<u>(334,239)</u>	<u>(2,647,077)</u>	<u>(6,548,711)</u>	<u>(3,901,634)</u>
10,000	10,000	265,165	255,165
-	2,098,310	-	(2,098,310)
-	-	264,540	264,540
-	-	-	-
<u>(2,183,072)</u>	<u>(2,183,072)</u>	<u>(2,183,072)</u>	<u>-</u>
<u>(2,173,072)</u>	<u>(74,762)</u>	<u>(1,653,367)</u>	<u>(1,578,605)</u>
<u>(2,507,311)</u>	<u>(2,721,839)</u>	<u>(8,202,078)</u>	<u>(5,480,239)</u>
2,507,311	2,721,839	8,376,829	5,654,990
-	-	1,446,999	1,446,999
<u>2,507,311</u>	<u>2,721,839</u>	<u>9,823,828</u>	<u>7,101,989</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,621,750</u>	<u>\$ 1,621,750</u>

CITY OF NEWBURGH, NEW YORK

GENERAL FUND
 SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES COMPARED TO BUDGET
 YEAR ENDED DECEMBER 31, 2010
 (With Comparative Actuals for 2009)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2009 Actual
REAL PROPERTY TAXES	\$ 13,203,274	\$ 13,203,274	\$ 12,592,214	\$ (611,060)	\$ 12,048,917
OTHER TAX ITEMS					
Gain on sale of tax acquired property	400,000	400,000	725,608	325,608	689,749
Payments in lieu of taxes	700,000	270,918	265,361	(5,557)	346,056
Interest and penalties on real property taxes	625,000	625,000	812,377	187,377	653,672
	<u>1,725,000</u>	<u>1,295,918</u>	<u>1,803,346</u>	<u>507,428</u>	<u>1,689,477</u>
NON-PROPERTY TAXES					
Non-property tax distribution from County	8,139,122	7,980,247	8,423,278	443,031	8,075,723
Utilities gross receipts taxes	1,625,000	1,451,630	1,345,965	(105,665)	1,477,647
Franchise fees	250,000	250,000	270,085	20,085	282,008
	<u>10,014,122</u>	<u>9,681,877</u>	<u>10,039,328</u>	<u>357,451</u>	<u>9,835,378</u>
DEPARTMENTAL INCOME					
Tax search charges	75,000	75,000	61,180	(13,820)	54,650
Tax sale advertising	95,000	95,000	97,350	2,350	91,950
Comptroller	70,000	70,000	191,669	121,669	172,551
City manager	-	-	2	2	-
Assessor fees	34,000	34,000	950	(33,050)	33,635
Clerk fees	17,000	17,000	20,711	3,711	16,264
Civil service fees	15,500	15,500	11,535	(3,965)	920
Corporation counsel	3,000	3,000	1,650	(1,350)	14,578
Police	250,000	83,833	151,036	67,203	223,817
Fire	2,000	2,000	747	(1,253)	1,425
Public pound	3,000	3,000	98	(2,902)	3,137
Safety inspection	200,000	200,000	159,854	(40,146)	147,828
Vital statistics	70,000	70,000	70,678	678	67,406
Public works	-	-	-	-	18,580

Parking lot fees	6,000	6,000	7,973	1,973	6,159
Metered parking	65,000	65,000	34,312	(30,688)	61,601
Parks and recreation	55,000	55,000	52,899	(2,101)	55,379
Summer camp	10,000	10,000	12,250	2,250	10,300
Youth employment and training program	-	-	-	-	89,992
Planning and zoning fees	26,500	26,500	40,172	13,672	21,494
Architectural review	6,000	6,000	6,925	925	6,165
Sanitation fees	2,000,000	-	868,482	868,482	1,856,075
Miscellaneous	-	-	38,209	38,209	297,622
	<u>3,003,000</u>	<u>836,833</u>	<u>1,828,682</u>	<u>991,849</u>	<u>3,251,528</u>
INTRAGOVERNMENTAL CHARGES					
Charges for services to other funds:					
Community Development Fund	-	45,492	126,702	81,210	29,983
Water Fund	780,986	780,986	434,804	(346,182)	997,215
Sewer Fund	1,006,989	1,006,989	681,169	(325,820)	789,603
	<u>1,787,975</u>	<u>1,833,467</u>	<u>1,242,675</u>	<u>(590,792)</u>	<u>1,816,801</u>
INTERGOVERNMENTAL CHARGES					
Civil service	65,562	65,562	62,870	(2,692)	77,107
Prisoner transportation	390,177	225,435	289,846	64,411	371,598
Community resource officers	-	66,667	134,735	68,068	246,511
Urban renewal	-	-	50,000	50,000	50,000
	<u>455,739</u>	<u>357,664</u>	<u>537,451</u>	<u>179,787</u>	<u>745,216</u>
USE OF MONEY AND PROPERTY					
Earnings on investments	30,000	10,600	27,454	16,854	3,609
Rental of real property	39,000	39,000	62,910	23,910	77,947
Commissions	1,500	1,500	-	(1,500)	932
	<u>70,500</u>	<u>51,100</u>	<u>90,364</u>	<u>39,264</u>	<u>82,488</u>

(Continued)

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Metered parking	65,000	65,000	34,312	(30,688)	61,601
Parks and recreation	55,000	55,000	52,899	(2,101)	55,379
Summer camp	10,000	10,000	12,250	2,250	10,300
Youth employment and training program	-	-	-	-	89,992
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Sanitation fees	2,000,000	-	868,482	868,482	1,856,075
Miscellaneous	-	-	38,209	38,209	297,622
	<u>3,003,000</u>	<u>836,833</u>	<u>1,828,682</u>	<u>991,849</u>	<u>3,251,528</u>
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Sewer Fund	1,006,989	1,006,989	681,169	(325,820)	789,603
	<u>1,787,975</u>	<u>1,833,467</u>	<u>1,242,675</u>	<u>(590,792)</u>	<u>1,816,801</u>
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Commissions	1,500	1,500	-	(1,500)	932
	<u>70,500</u>	<u>51,100</u>	<u>90,364</u>	<u>39,264</u>	<u>82,488</u>

(Continued)

CITY OF NEWBURGH, NEW YORK

GENERAL FUND

SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES COMPARED TO BUDGET (Continued)

YEAR ENDED DECEMBER 31, 2010

(With Comparative Actuals for 2009)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2009 Actual
LICENSES AND PERMITS					
Business and occupational licenses	\$ 25,800	\$ 25,800	\$ 38,823	\$ 13,023	\$ 11,060
Dog licenses	2,750	2,750	1,617	(1,133)	1,967
Building permits	168,000	168,000	102,727	(65,273)	157,562
Street opening permits	37,500	37,500	63,825	26,325	31,875
Other permits	55,000	55,000	79,152	24,152	70,453
	<u>289,050</u>	<u>289,050</u>	<u>286,144</u>	<u>(2,906)</u>	<u>272,917</u>
FINES AND FORFEITURES					
Fines and forfeited bail	400,000	400,000	344,338	(55,662)	373,171
Parking violations	70,000	70,000	39,915	(30,085)	81,513
City code violations	-	-	4,300	4,300	17,810
Forfeitures of crime proceeds	25,000	25,000	-	(25,000)	18,774
	<u>495,000</u>	<u>495,000</u>	<u>388,553</u>	<u>(106,447)</u>	<u>491,268</u>
STATE AID					
Per capita	4,848,886	4,606,442	4,555,771	(50,671)	4,848,886
Mortgage tax	250,000	250,000	177,204	(72,796)	234,514
Court facilities	482,107	482,107	292,419	(189,688)	508,509
Real property assessment	-	-	-	-	28,225
Stop D.W.I.	-	-	4,070	4,070	5,933
Geographical Information Systems grant	-	-	-	-	32,870
Operation Impact V	-	-	-	-	200,521
Operation Impact VI	-	-	-	-	142,218
Consolidated highway improvement program	230,000	230,000	164,945	(65,055)	-
State highway maintenance	85,000	85,000	71,334	(13,666)	126,788

Youth programs	9,324	9,324	25,684	16,360	29,550
Newburgh landing and waterfront park	-	-	-	-	116,999
Hudson-Fulton-Champlain quadricentennial grant	-	-	-	-	45,000
NYSERDA rebate	-	-	-	-	62,400
Program for the aging	-	-	1,108	1,108	14,369
Dutch reform church stabilization grant	-	-	-	-	25,000
Environmental conservation	-	-	-	-	100,456
Trestle and Waterfront mural	-	-	74,875	74,875	-
Other	-	-	149,252	149,252	22,347
	<u>5,905,317</u>	<u>5,662,873</u>	<u>5,516,662</u>	<u>(146,211)</u>	<u>6,544,585</u>
FEDERAL AID					
21st Century grant	899,000	899,000	-	(899,000)	911,390
Anti-gun initiative	-	2,500	-	(2,500)	13,502
Bulletproof vest grant	-	-	-	-	4,956
Summer food service	-	-	-	-	13,737
Child safety passenger seat	-	-	-	-	8,831
Newburgh Beacon Ferry	-	-	-	-	471,703
COPS grant	-	-	-	-	58,365
Other	-	-	37,118	37,118	127,464
	<u>899,000</u>	<u>901,500</u>	<u>37,118</u>	<u>(864,382)</u>	<u>1,609,948</u>
MISCELLANEOUS					
Reimbursement for direct and indirect expenses	320,050	320,050	-	(320,050)	26,097
Medicare part D reimbursement	95,000	95,000	115,679	20,679	117,103
Gifts and donations	10,000	14,000	17,896	3,896	35,497
Employee health contributions	-	-	106,298	106,298	-
Other	45,000	45,000	101	(44,899)	85
	<u>470,050</u>	<u>474,050</u>	<u>239,974</u>	<u>(234,076)</u>	<u>178,782</u>
TOTAL REVENUES	<u>38,318,027</u>	<u>35,082,606</u>	<u>34,602,511</u>	<u>(480,095)</u>	<u>38,567,305</u>

(Continued)

CITY OF NEWBURGH, NEW YORK

GENERAL FUND

SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES COMPARED TO BUDGET (Continued)

YEAR ENDED DECEMBER 31, 2010

(With Comparative Actuals for 2009)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2009 Actual
OTHER FINANCING SOURCES					
Insurance recoveries	\$ -	\$ -	\$ 61,596	\$ 61,596	\$ 265,165
Premiums on obligations	-	-	211,472	211,472	264,540
Transfers in - Debt Service Fund	-	-	90,920	90,920	-
TOTAL OTHER FINANCING SOURCES	-	-	363,988	363,988	529,705
TOTAL REVENUES AND OTHER FINANCING SOURCES	\$ 38,318,027	\$ 35,082,606	\$ 34,966,499	\$ (116,107)	\$ 39,097,010

CITY OF NEWBURGH, NEW YORK

GENERAL FUND

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES COMPARED TO BUDGET

YEAR ENDED DECEMBER 31, 2010

(With Comparative Actuals for 2009)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2009 Actual
GENERAL GOVERNMENT SUPPORT					
City Council	\$ 64,602	\$ 66,989	\$ 66,798	\$ 191	\$ 69,522
Unified City Court	329,300	329,756	327,925	1,831	285,133
Mayor	69,696	70,827	63,185	7,642	67,680
City Manager	423,484	453,444	457,505	(4,061)	524,945
City Comptroller	555,717	709,225	684,123	25,102	728,407
Tax Collection	368,328	441,575	394,086	47,489	379,202
Assessment	235,248	235,319	215,869	19,450	261,116
Property Management	241,067	253,580	125,015	128,565	242,810
City Clerk	300,499	300,986	275,734	25,252	298,589
Corporation Counsel	965,910	1,515,036	1,267,742	247,294	861,282
Civil Service Commission	125,524	125,524	121,822	3,702	154,297
Engineering	221,334	262,929	233,489	29,440	216,476
Elections	50,000	50,000	39,932	10,068	39,942
Records management	111,969	150,532	149,326	1,206	179,187
Municipal buildings	194,217	221,473	139,827	81,646	264,368
Central printing	-	50,000	32,404	17,596	-
Data processing	458,758	498,401	452,667	45,734	439,838
Metropolitan commuter transportation mobility tax	65,704	64,674	63,963	711	58,184
Costs of debt issuance	-	181,449	229,701	(48,252)	325,463
Special items:					
Auditing services	75,000	75,000	115,000	(40,000)	151,000
Municipal association dues	8,000	13,348	13,348	-	6,480
Grant match	75,000	84,214	9,214	75,000	-
Capital equipment plan	25,000	25,000	-	25,000	-
Uncollectible property taxes	650,000	650,000	-	650,000	-
Miscellaneous - Consultants	30,000	30,000	10,159	19,841	500
Miscellaneous - Contractual	-	350	17,175	(16,825)	186,547
Judgments and claims	4,000	21,385	271,919	(250,534)	4,349,204
Contingency	644,230	-	-	-	-
	<u>6,292,587</u>	<u>6,881,016</u>	<u>5,777,928</u>	<u>1,103,088</u>	<u>10,090,172</u>

PUBLIC SAFETY

Police:

Police	13,333,936	14,338,556	13,399,112	939,444	13,959,057
Court transportation	267,985	267,985	203,608	64,377	330,455
Child passenger safety	-	-	-	-	8,858
Operation Impact V	-	-	-	-	202,906
Youth Violence Reduction III grant	-	-	-	-	21,301
Anti-gun initiative	-	-	-	-	11,836
Traffic control	252,318	252,363	216,447	35,916	230,606
On-street parking	110,129	110,144	108,745	1,399	96,449
Public pound	45,490	56,068	58,037	(1,969)	109,774
	<u>14,009,858</u>	<u>15,025,116</u>	<u>13,985,949</u>	<u>1,039,167</u>	<u>14,971,242</u>

Fire:

Fire	8,589,064	8,730,996	8,663,544	67,452	8,696,537
Code enforcement	689,938	690,212	678,722	11,490	862,156
	<u>9,279,002</u>	<u>9,421,208</u>	<u>9,342,266</u>	<u>78,942</u>	<u>9,558,693</u>
	<u>23,288,860</u>	<u>24,446,324</u>	<u>23,328,215</u>	<u>1,118,109</u>	<u>24,529,935</u>

TRANSPORTATION

Public works administration	351,788	351,788	321,899	29,889	368,374
Streets and bridges	854,186	852,896	735,106	117,790	907,161
Highway resurfacing	230,000	230,000	158,601	71,399	674
Garage	291,323	317,821	297,545	20,276	299,497
Police garage	383,574	404,115	337,431	66,684	324,600
Snow removal	226,293	228,280	242,423	(14,143)	234,458
Street lighting	419,000	421,534	477,713	(56,179)	405,234
Off-street parking	18,500	18,500	9,155	9,345	9,722
Newburgh ferry	303,498	303,498	-	303,498	263,922
	<u>3,078,162</u>	<u>3,128,432</u>	<u>2,579,873</u>	<u>548,559</u>	<u>2,813,642</u>

(Continued)

CITY OF NEWBURGH, NEW YORK

GENERAL FUND

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES COMPARED TO BUDGET (Continued)

YEAR ENDED DECEMBER 31, 2010

(With Comparative Actuals for 2009)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2009 Actual
ECONOMIC OPPORTUNITY AND DEVELOPMENT					
Community action neighborhood center	\$ 64,892	\$ 64,892	\$ 29,976	\$ 34,916	\$ 50,301
Contribution to IDA	-	-	576,891	(576,891)	-
	<u>64,892</u>	<u>64,892</u>	<u>606,867</u>	<u>(541,975)</u>	<u>50,301</u>
CULTURE AND RECREATION					
Parks	656,959	703,965	566,633	137,332	805,461
Shade tree commission	7,500	7,500	1,331	6,169	11,045
Downing Park planning committee	31,950	31,950	32,052	(102)	42,185
Newburgh Waterfront Strategic Redevelopment Plan	-	-	-	-	1,265
Newburgh Landing and Waterfront Park Improvements	-	-	-	-	404
Human services administration	-	-	-	-	236,041
Dutch reformed church	3,000	3,000	1,294	1,706	13,998
Recreation	281,026	246,366	203,639	42,727	348,843
Recreation - Summer food program	-	-	-	-	30,480
Riverfront facilities	1,500	1,500	775	725	1,288
Delano-Hitch pool	171,593	172,289	112,632	59,657	129,508
Washington Lake/Masterson Park/Brown's Pond	-	-	125	(125)	5,539
Delano-Hitch park and stadium maintenance	88,678	88,678	20,667	68,011	75,730
Youth and family	-	34,365	40,124	(5,759)	90,133
Summer playgrounds on wheels	19,557	19,557	16,907	2,650	21,340
21st century learning grant	899,000	903,046	-	903,046	1,031,331
Summer youth camp services	40,295	40,295	36,084	4,211	39,777
Historian	3,087	3,130	3,275	(145)	2,655
Historic preservation and revitalization	-	-	-	-	18,184
Celebrations	20,500	24,500	17,553	6,947	116,225
Senior citizen recreation	19,250	19,250	12,605	6,645	19,038
Other culture and recreation	-	-	-	-	14,355
	<u>2,243,895</u>	<u>2,299,391</u>	<u>1,065,696</u>	<u>1,233,695</u>	<u>3,054,825</u>

HOME AND COMMUNITY SERVICES

Zoning Board	8,083	8,083	6,182	1,901	6,773
Planning Board	6,623	6,623	4,879	1,744	11,706
Architectural review commission	11,700	11,700	9,663	2,037	7,941
Waterfront advisory committee	3,725	3,725	1,512	2,213	3,510
Arts and cultural commission	-	-	-	-	822
Sanitation	2,376,954	-	-	-	2,268,388
Planning and management development	516,074	315,767	303,124	12,643	292,121
	<u>2,923,159</u>	<u>345,898</u>	<u>325,360</u>	<u>20,538</u>	<u>2,591,261</u>

EMPLOYEE BENEFITS

Hospitalization, medical and dental - Unallocated	90,598	90,598	97,209	(6,611)	68,417
Workers' compensation benefits	2,698,225	2,464,814	1,782,379	682,435	1,551,208
Welfare fund	123,552	105,906	87,750	18,156	121,037
Employee assistance program	3,354	3,034	5,689	(2,655)	7,276
	<u>2,915,729</u>	<u>2,664,352</u>	<u>1,973,027</u>	<u>691,325</u>	<u>1,747,938</u>

DEBT SERVICE

Principal:

Capital leases	-	52,635	53,830	(1,195)	66,311
Bonds	-	1,012,608	1,012,608	-	-
Energy performance contract	-	86,433	86,433	-	-
	-	<u>1,151,676</u>	<u>1,152,871</u>	<u>(1,195)</u>	<u>66,311</u>

Interest:

Capital leases	-	-	9,030	(9,030)	4,867
Bonds	-	1,012,037	997,129	14,908	-
Bond anticipation notes	-	667,698	666,355	1,343	-
Tax anticipation notes	-	211,301	210,677	624	-
School District - Property taxes	-	350,000	119,531	230,469	166,764
Energy performance contract	-	65,330	65,330	-	-
	-	<u>2,306,366</u>	<u>2,068,052</u>	<u>238,314</u>	<u>171,631</u>
	-	<u>3,458,042</u>	<u>3,220,923</u>	<u>237,119</u>	<u>237,942</u>

TOTAL EXPENDITURES

	<u>40,807,284</u>	<u>43,288,347</u>	<u>38,877,889</u>	<u>4,410,458</u>	<u>45,116,016</u>
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(Continued)

CITY OF NEWBURGH, NEW YORK

GENERAL FUND

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES COMPARED TO BUDGET (Continued)

YEAR ENDED DECEMBER 31, 2010

(With Comparative Actuals for 2009)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2009 Actual
OTHER FINANCING USES					
Transfers out:					
Sanitation Fund	\$ -	\$ -	\$ 376,954	\$ (376,954)	\$ -
Grants Fund	-	-	200,361	(200,361)	-
Capital Projects Fund	3,033,276	1,207,543	338,750	868,793	-
Debt Service Fund	-	-	-	-	2,183,072
TOTAL OTHER FINANCING USES	<u>3,033,276</u>	<u>1,207,543</u>	<u>916,065</u>	<u>291,478</u>	<u>2,183,072</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 43,840,560</u>	<u>\$ 44,495,890</u>	<u>\$ 39,793,954</u>	<u>\$ 4,701,936</u>	<u>\$ 47,299,088</u>

CITY OF NEWBURGH, NEW YORK

CAPITAL PROJECTS FUND
 COMPARATIVE BALANCE SHEET
 DECEMBER 31, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
<u>ASSETS</u>		
Cash - Demand deposits	\$ 6,891,736	\$ 18,517,540
Receivables:		
Due from other governments	2,677,129	191,229
Due from other funds	-	330,677
	<u>2,677,129</u>	<u>521,906</u>
 Total Assets	 <u>\$ 9,568,865</u>	 <u>\$ 19,039,446</u>
<u>LIABILITIES AND FUND DEFICIT</u>		
Liabilities:		
Accounts payable	\$ 1,517,325	\$ 886,140
Retainages payable	289,793	429,095
Bond anticipation notes payable	12,377,333	15,217,088
Due to other funds	4,288,036	10,018,103
	<u>18,472,487</u>	<u>26,550,426</u>
 Fund Deficit -		
Unreserved and undesignated	<u>(8,903,622)</u>	<u>(7,510,980)</u>
 Total Liabilities and Fund Deficit	 <u>\$ 9,568,865</u>	 <u>\$ 19,039,446</u>

CITY OF NEWBURGH, NEW YORK

CAPITAL PROJECTS FUND
 COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE
 YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010	2009
Revenues:		
Use of money and property	\$ 191,591	\$ 2,842
State aid	1,373,372	240,850
Federal aid	3,702,494	196
Miscellaneous	292	45,000
Total Revenues	5,267,749	288,888
Expenditures - Capital outlay	7,132,153	4,548,277
Deficiency of Revenues Over Expenditures	(1,864,404)	(4,259,389)
Other Financing Sources:		
Capital lease issued	133,011	-
Transfers in	338,751	88,236
Total Other Financing Sources	471,762	88,236
Net Change in Fund Balance	(1,392,642)	(4,171,153)
Fund Deficit - Beginning of Year	(7,510,980)	(3,339,827)
Fund Deficit - End of Year	\$ (8,903,622)	\$ (7,510,980)

CITY OF NEWBURGH, NEW YORK

COMMUNITY DEVELOPMENT FUND
 COMPARATIVE BALANCE SHEET
 DECEMBER 31, 2010 AND 2009

<u>ASSETS</u>	<u>2010</u>	<u>2009</u>
Cash - Demand deposits	\$ 2,417,038	\$ 3,054,064
Receivables:		
Accounts	-	124
Due from other governments	1,154,972	630,111
Loans receivable, net of allowance for uncollectible amounts of \$170,711 in 2010 and 2009	562,427	598,483
Due from component unit - Industrial Development Agency	207,329	606,210
Due from other funds	311,765	-
	<u>2,236,493</u>	<u>1,834,928</u>
Prepaid Expenditures	<u>3,978</u>	<u>-</u>
Total Assets	<u>\$ 4,657,509</u>	<u>\$ 4,888,992</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 18,514	\$ 93,812
Due to other funds	-	911,171
Deferred revenues	1,698,613	1,086,601
Total Liabilities	<u>1,717,127</u>	<u>2,091,584</u>
Fund Balance:		
Reserved for prepaid expenditures	3,978	-
Reserved for long-term receivables	207,329	606,210
Unreserved and undesignated	2,729,075	2,191,198
Total Fund Balance	<u>2,940,382</u>	<u>2,797,408</u>
Total Liabilities and Fund Balance	<u>\$ 4,657,509</u>	<u>\$ 4,888,992</u>

CITY OF NEWBURGH, NEW YORK

COMMUNITY DEVELOPMENT FUND
 COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL
 YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Departmental income	\$ -	\$ -	\$ 82,954	\$ 82,954
Use of money and property	-	-	9,300	9,300
State aid	-	-	-	-
Federal aid	833,817	1,059,449	481,751	(577,698)
Miscellaneous	-	-	493,288	493,288
Total Revenues	833,817	1,059,449	1,067,293	7,844
Expenditures:				
Current:				
Home and community services	833,817	1,059,449	506,231	553,218
Employee benefits	-	-	-	-
Debt service:				
Principal	-	-	310,000	(310,000)
Interest	-	-	108,088	(108,088)
Total Expenditures	833,817	1,059,449	924,319	135,130
Excess of Revenues Over Expenditures	-	-	142,974	142,974
Other Financing Uses - Transfers out	-	-	-	-
Net Change in Fund Balance	-	-	142,974	142,974
Fund Balance - Beginning of Year	-	-	2,797,408	2,797,408
Fund Balance - End of Year	\$ -	\$ -	\$ 2,940,382	\$ 2,940,382

2009

Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ -	\$ -	\$ 1,570,686	\$ 1,570,686
-	-	443,854	443,854
-	-	111,912	111,912
830,000	830,000	394,702	(435,298)
-	-	50	50
<u>830,000</u>	<u>830,000</u>	<u>2,521,204</u>	<u>1,691,204</u>
830,000	830,000	1,007,078	(177,078)
-	-	137,497	(137,497)
-	-	220,000	(220,000)
-	-	121,156	(121,156)
<u>830,000</u>	<u>830,000</u>	<u>1,485,731</u>	<u>(655,731)</u>
-	-	1,035,473	1,035,473
-	-	(88,236)	(88,236)
-	-	947,237	947,237
-	-	1,850,171	1,850,171
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,797,408</u>	<u>\$ 2,797,408</u>

CITY OF NEWBURGH, NEW YORK

NON-MAJOR GOVERNMENTAL FUNDS
 COMBINING BALANCE SHEET
 DECEMBER 31, 2010
 (With Comparative Totals for 2009)

	Special Purpose Fund	Grants Fund	Total Non-Major Governmental Funds	
			2010	2009
<u>ASSETS</u>				
Cash and Equivalents	\$ 27,141	\$ 441,234	\$ 468,375	\$ 34,395
Due from Other Funds	8,213	-	8,213	129,886
Due from Other Governments	-	681,555	681,555	-
Prepaid Expenditures	-	7,142	7,142	-
Total Assets	\$ 35,354	\$ 1,129,931	\$ 1,165,285	\$ 164,281
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ -	\$ 255,130	\$ 255,130	\$ -
Due to other governments	-	237,603	237,603	-
Due to other funds	-	560,640	560,640	38,966
Deferred revenues	-	76,558	76,558	-
Total Liabilities	-	1,129,931	1,129,931	38,966
Fund Balances (Deficits):				
Reserved for prepaid expenditures	-	7,142	7,142	-
Reserved for debt service	-	-	-	90,920
Reserved for trusts	35,354	-	35,354	34,395
Unreserved and undesignated	-	(7,142)	(7,142)	-
Total Fund Balances	35,354	-	35,354	125,315
Total Liabilities and Fund Balances	\$ 35,354	\$ 1,129,931	\$ 1,165,285	\$ 164,281

CITY OF NEWBURGH, NEW YORK

NON-MAJOR GOVERNMENTAL FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCES
 YEAR ENDED DECEMBER 31, 2010
 (With Comparative Totals for 2009)

	Special Purpose Fund	Debt Service Fund	Grants Fund
Revenues:			
Use of money and property	\$ 56	\$ -	\$ 682
State aid	-	-	326,973
Federal aid	-	-	1,647,567
Miscellaneous	28,662	-	8,422
Total Revenues	28,718	-	1,983,644
Expenditures:			
Current:			
Public safety	-	-	990,117
Transportation	-	-	288,139
Culture and recreation	27,759	-	853,783
Home and community services	-	-	51,965
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total Expenditures	27,759	-	2,184,004
Excess (Deficiency) of Revenues Over Expenditures	959	-	(200,360)
Other Financing Sources (Uses):			
Transfers in	-	-	200,360
Transfers out	-	(90,920)	-
Total Other Financing Sources (Uses)	-	(90,920)	200,360
Net Change in Fund Balances	959	(90,920)	-
Fund Balances - Beginning of Year	34,395	90,920	-
Fund Balances - End of Year	\$ 35,354	\$ -	\$ -

Total Non-Major
Governmental Funds

2010	2009
\$ 738	\$ 23
326,973	-
1,647,567	-
37,084	47,941
<u>2,012,362</u>	<u>47,964</u>
990,117	-
288,139	-
881,542	32,719
51,965	-
-	1,062,923
-	1,120,149
<u>2,211,763</u>	<u>2,215,791</u>
<u>(199,401)</u>	<u>(2,167,827)</u>
200,360	2,183,072
(90,920)	-
<u>109,440</u>	<u>2,183,072</u>
(89,961)	15,245
<u>125,315</u>	<u>110,070</u>
<u>\$ 35,354</u>	<u>\$ 125,315</u>

CITY OF NEWBURGH, NEW YORK

SPECIAL PURPOSE FUND
COMPARATIVE BALANCE SHEET
DECEMBER 31, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
<u>ASSETS</u>		
Cash - Demand deposits	\$ 27,141	\$ 34,395
Due from Other Funds	8,213	-
	<u>35,354</u>	<u>34,395</u>
Total Assets	<u>\$ 35,354</u>	<u>\$ 34,395</u>
<u>FUND BALANCE</u>		
Reserved for Trusts	<u>\$ 35,354</u>	<u>\$ 34,395</u>

CITY OF NEWBURGH, NEW YORK

SPECIAL PURPOSE FUND
 COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE
 YEARS ENDED DECEMBER 31, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
Revenues:		
Use of money and property	\$ 56	\$ 23
Miscellaneous	<u>28,662</u>	<u>47,941</u>
Total Revenues	28,718	47,964
Expenditures - Current - Culture and recreation	<u>27,759</u>	<u>32,719</u>
Excess of Revenues Over Expenditures	959	15,245
Fund Balance - Beginning of Year	<u>34,395</u>	<u>19,150</u>
Fund Balance - End of Year	<u>\$ 35,354</u>	<u>\$ 34,395</u>

CITY OF NEWBURGH, NEW YORK

DEBT SERVICE FUND
COMPARATIVE BALANCE SHEET
DECEMBER 31, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
<u>ASSETS</u>		
Due from Other Funds	\$ -	\$ 129,886
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities - Due to other funds	\$ -	\$ 38,966
Fund Balance - Reserved for debt service	-	90,920
Total Liabilities and Fund Balance	\$ -	\$ 129,886

CITY OF NEWBURGH, NEW YORK

DEBT SERVICE FUND
 COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues - Use of money and property	\$ -	\$ -	\$ -	\$ -
Expenditures - Debt service:				
Principal:				
Serial bonds	1,012,608	-	-	-
Energy performance contract	86,433	-	-	-
	<u>1,099,041</u>	<u>-</u>	<u>-</u>	<u>-</u>
Interest:				
Serial bonds	1,376,280	-	-	-
Energy performance contract	65,330	-	-	-
Bond anticipation notes	492,625	-	-	-
	<u>1,934,235</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>3,033,276</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deficiency of Revenues Over Expenditures	<u>(3,033,276)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses):				
Transfers in	3,033,276	-	-	-
Transfers out	-	-	(90,920)	(90,920)
Total Other Financing Sources (Uses)	<u>3,033,276</u>	<u>-</u>	<u>(90,920)</u>	<u>(90,920)</u>
Net Change in Fund Balance	-	-	(90,920)	(90,920)
Fund Balance - Beginning of Year	-	-	90,920	90,920
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

2009			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 199,564	\$ 199,564	\$ -	\$ (199,564)
987,223	987,223	987,223	-
92,512	92,512	75,700	16,812
1,079,735	1,079,735	1,062,923	16,812
1,051,394	1,051,394	1,051,394	-
51,942	51,942	68,755	(16,813)
-	-	-	-
1,103,336	1,103,336	1,120,149	(16,813)
2,183,071	2,183,071	2,183,072	(1)
(1,983,507)	(1,983,507)	(2,183,072)	(199,565)
1,983,507	1,983,507	2,183,072	199,565
-	-	-	-
1,983,507	1,983,507	2,183,072	199,565
-	-	-	-
-	-	90,920	90,920
\$ -	\$ -	\$ 90,920	\$ 90,920

CITY OF NEWBURGH, NEW YORK

GRANTS FUND
BALANCE SHEET
DECEMBER 31, 2010

ASSETS

Cash - Demand deposits	\$ 441,234
Due from Other Governments, net	681,555
Prepaid Expenditures	<u>7,142</u>
Total Assets	<u>\$ 1,129,931</u>

LIABILITIES AND FUND BALANCE

Liabilities:	
Accounts payable	\$ 255,130
Due to other governments	237,603
Due to other funds	560,640
Deferred revenues	<u>76,558</u>
Total Liabilities	<u>1,129,931</u>
Fund Balance (Deficit):	
Reserved for prepaid expenditures	7,142
Unreserved and undesignated	<u>(7,142)</u>
Total Fund Balance	<u>-</u>
Total Liabilities and Fund Balance	<u>\$ 1,129,931</u>

CITY OF NEWBURGH, NEW YORK

GRANTS FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL
 YEAR ENDED DECEMBER 31, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Use of money and property	\$ -	\$ -	\$ 682	\$ 682
State aid	25,700	675,450	326,973	(348,477)
Federal aid	1,334,775	3,549,599	1,647,567	(1,902,032)
Miscellaneous	5,722	20,136	8,422	(11,714)
Total Revenues	1,366,197	4,245,185	1,983,644	(2,261,541)
Expenditures:				
Current:				
Public safety	347,918	2,290,209	990,117	1,300,092
Transportation	1,031,000	1,031,000	288,139	742,861
Culture and recreation	-	899,772	853,783	45,989
Home and community services	-	229,714	51,965	177,749
Total Expenditures	1,378,918	4,450,695	2,184,004	2,266,691
Deficiency of Revenues Over Expenditures	(12,721)	(205,510)	(200,360)	5,150
Other Financing Sources - Transfers in	12,721	205,510	200,360	(5,150)
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning of Year	-	-	-	-
Fund Balance - End of Year	\$ -	\$ -	\$ -	\$ -

CITY OF NEWBURGH, NEW YORK
 ENTERPRISE FUND - WATER FUND
 COMPARATIVE STATEMENT OF NET ASSETS
 DECEMBER 31, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
<u>ASSETS</u>		
Current Assets:		
Cash:		
Demand deposits	\$ 2,251,719	\$ 936,678
Restricted cash	-	1,330,265
Petty cash	500	500
	<u>2,252,219</u>	<u>2,267,443</u>
Receivables:		
Accounts	2,141,490	1,512,144
Due from other governments	300,000	366,720
Due from other funds	424,881	1,739,585
	<u>2,866,371</u>	<u>3,618,449</u>
Prepaid expenses	<u>34,910</u>	<u>147</u>
Total Current Assets	<u>5,153,500</u>	<u>5,886,039</u>
Noncurrent Assets:		
Capital assets:		
Land	7,248,449	7,248,449
Construction-in-progress	6,159,091	5,436,086
Buildings and improvements	935,688	935,688
Improvements other than buildings	404,164	404,164
Machinery and equipment	1,890,571	1,890,571
Infrastructure	15,161,219	14,943,343
Less - Accumulated depreciation	<u>(9,633,271)</u>	<u>(9,300,065)</u>
Total Capital Assets, net of accumulated depreciation	<u>22,166,911</u>	<u>21,558,236</u>
Total Assets	<u>27,319,411</u>	<u>27,444,275</u>
<u>LIABILITIES</u>		
Current Liabilities:		
Accounts payable	190,023	525,624
Retainages payable	-	94,381
Accrued interest payable	87,591	91,937
Due to other funds	-	2,673,933
Bond anticipation notes payable	2,276,229	-
Current maturities of bonds payable	230,696	226,999
Current maturities of loans payable	321,657	319,692
Current portion of compensated absences	<u>25,000</u>	<u>34,064</u>
Total Current Liabilities	<u>3,131,196</u>	<u>3,966,630</u>
Noncurrent Liabilities:		
Bonds payable, less current maturities	4,466,304	4,696,999
Loans payable, less current maturities	7,585,778	7,907,435
Compensated absences, less current portion	225,237	306,572
Other post employment benefit obligations payable	<u>1,173,092</u>	<u>850,434</u>
Total Noncurrent Liabilities	<u>13,450,411</u>	<u>13,761,440</u>
Total Liabilities	<u>16,581,607</u>	<u>17,728,070</u>
<u>NET ASSETS</u>		
Invested in Capital Assets, net of related debt	9,919,869	9,577,595
Restricted for Capital Improvements	-	1,830,264
Unrestricted (Deficit)	<u>817,935</u>	<u>(1,691,654)</u>
Total Net Assets	<u>\$ 10,737,804</u>	<u>\$ 9,716,205</u>

CITY OF NEWBURGH, NEW YORK

ENTERPRISE FUND - WATER FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
NET ASSETS

YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010	2009
Operating Revenues:		
Metered sales	\$ 5,078,499	\$ 3,175,526
Penalty income	97,445	93,710
Miscellaneous	36,483	38,077
Total Operating Revenues	<u>5,212,427</u>	<u>3,307,313</u>
Operating Expenses:		
Personal services	1,129,183	1,322,220
Depreciation	333,206	344,400
Supplies	305,224	341,657
Utilities	154,001	183,604
Insurance	346,182	187,780
Contractual	502,485	457,805
Fees for services	434,804	997,215
Employee benefits	922,179	1,016,902
Total Operating Expenses	<u>4,127,264</u>	<u>4,851,583</u>
Income (Loss) from Operations	<u>1,085,163</u>	<u>(1,544,270)</u>
Non-Operating Revenues (Expenses):		
State aid	4,428	366,720
Interest income	3,151	28,215
Interest expense	(230,691)	(238,291)
Total Non-Operating Expenses	<u>(223,112)</u>	<u>156,644</u>
Income (Loss) Before Transfers	862,051	(1,387,626)
Transfers In	<u>159,548</u>	<u>278,354</u>
Change in Net Assets	1,021,599	(1,109,272)
Net Assets - Beginning of Year	<u>9,716,205</u>	<u>10,825,477</u>
Net Assets - End of Year	<u>\$ 10,737,804</u>	<u>\$ 9,716,205</u>

CITY OF NEWBURGH, NEW YORK

ENTERPRISE FUND - WATER FUND
 COMPARATIVE STATEMENT OF CASH FLOWS
 YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010	2009
Cash Flows From Operating Activities:		
Cash received from metered sales and penalties	\$ 4,649,801	\$ 2,860,443
Cash payments for goods and services	(4,881,374)	18,928
Cash payments to employees	(1,819,103)	(1,766,327)
Net Cash Provided by (Used In) Operating Activities	<u>(2,050,676)</u>	<u>1,113,044</u>
Cash Flows From Non-Capital Financing Activities:		
State aid	4,428	366,720
Due from other funds	1,314,704	(805,981)
Transfers in	159,548	278,354
Net Cash Provided by (Used In) Non-Capital Financing Activities	<u>1,478,680</u>	<u>(160,907)</u>
Cash Flows From Capital and Related Financing Activities:		
Acquisition and construction of capital assets	(940,881)	(2,767,526)
Proceeds from debt	2,276,229	-
Principal paid on debt	(546,690)	(550,096)
Interest paid on debt	(235,037)	(242,946)
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>553,621</u>	<u>(3,560,568)</u>
Cash Flows From Investing Activities:		
Sale of restricted investments	-	682,989
Interest income	3,151	28,215
Net Cash Provided by Investing Activities	<u>3,151</u>	<u>711,204</u>
Net Decrease in Cash	(15,224)	(1,897,227)
Cash - Beginning of Year	<u>2,267,443</u>	<u>4,164,670</u>
Cash - End of Year	<u>\$ 2,252,219</u>	<u>\$ 2,267,443</u>
Reconciliation of Income (Loss) from Operations to Net Cash Provided by (Used in) Operating Activities:		
Income (loss) from operations	\$ 1,085,163	\$ (1,544,270)
Adjustments to reconcile income (loss) from operations to net cash provided by (used in) operating activities:		
Depreciation	333,206	344,400
Changes in operating assets and liabilities:		
Accounts receivable	(629,346)	(80,150)
Due from other governments	66,720	(366,720)
Prepaid expenses	(34,763)	23,835
Accounts payable	(335,601)	(337,575)
Retainages payable	(94,381)	94,381
Due to other funds	(2,673,933)	2,590,433
Compensated absences	(90,399)	(45,027)
Other post employment benefit obligations payable	322,658	433,737
Net Cash Provided by (Used in) Operating Activities	<u>\$ (2,050,676)</u>	<u>\$ 1,113,044</u>

CITY OF NEWBURGH, NEW YORK

ENTERPRISE FUND - SEWER FUND
COMPARATIVE STATEMENT OF NET ASSETS
DECEMBER 31, 2010 AND 2009

	2010	2009
<u>ASSETS</u>		
Current Assets:		
Cash -		
Demand deposits	\$ 6,525,262	\$ 1,323,082
Receivables:		
Accounts	2,038,854	1,606,754
Due from other governments	742,426	530,877
Due from other funds	1,830,105	7,648,475
	<u>4,611,385</u>	<u>9,786,106</u>
Prepaid expenses	<u>12,588</u>	<u>47</u>
Total Current Assets	<u>11,149,235</u>	<u>11,109,235</u>
Noncurrent Assets:		
Capital assets:		
Land	3,001,193	3,001,193
Construction-in-progress	3,449,385	4,900,294
Buildings and Improvements	451,554	451,554
Improvements other than buildings	11,558	11,558
Machinery and equipment	778,235	734,885
Infrastructure	24,955,498	23,402,589
Less - Accumulated depreciation	<u>(10,377,921)</u>	<u>(9,900,424)</u>
Total Capital Assets, net of accumulated depreciation	<u>22,269,502</u>	<u>22,601,649</u>
Total Assets	<u>33,418,737</u>	<u>33,710,884</u>
<u>LIABILITIES</u>		
Current Liabilities:		
Accounts payable	521,937	998,389
Retainages payable	-	157,725
Accrued interest payable	13,011	14,922
Due to other funds	-	673,670
Deferred revenues	563,890	595,140
Bond anticipation notes payable	5,326,836	5,011,000
Current maturities of bonds payable	115,394	115,394
Current portion of compensated absences	6,800	4,481
Total Current Liabilities	<u>6,547,868</u>	<u>7,570,721</u>
Noncurrent Liabilities:		
Bonds payable, less current maturities	601,006	716,400
Compensated absences, less current portion	61,231	40,332
Other post employment benefit obligations payable	324,843	212,342
Total Noncurrent Liabilities	<u>987,080</u>	<u>969,074</u>
Total Liabilities	<u>7,534,948</u>	<u>8,539,795</u>
<u>NET ASSETS</u>		
Invested in Capital Assets, net of related debt	18,590,933	19,382,908
Restricted for capital improvements	-	654,802
Unrestricted	<u>7,292,856</u>	<u>5,133,379</u>
Total Net Assets	<u>\$ 25,883,789</u>	<u>\$ 25,171,089</u>

CITY OF NEWBURGH, NEW YORK

ENTERPRISE FUND - SEWER FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
NET ASSETS

YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010	2009
Operating Revenues:		
Metered sales	\$ 5,091,496	\$ 3,835,752
Penalty income	91,395	90,473
Miscellaneous	253,171	210,961
Total Operating Revenues	5,436,062	4,137,186
Operating Expenses:		
Personal services	410,183	349,786
Depreciation	477,497	436,475
Supplies and materials	24,430	20,874
Utilities	174,441	163,250
Insurance	325,818	106,874
Contractual	2,010,792	1,956,018
Fees for services	676,809	789,603
Employee benefits	285,613	321,268
Total Operating Expenses	4,385,583	4,144,148
Income (Loss) from Operations	1,050,479	(6,962)
Non-Operating Revenues (Expenses):		
Interest income	59,304	3,053
Interest expense	(237,535)	(43,978)
Total Non-Operating Expenses	(178,231)	(40,925)
Income (Loss) Before Transfers	872,248	(47,887)
Transfers Out	(159,548)	(278,354)
Change in Net Assets	712,700	(326,241)
Net Assets - Beginning of Year	25,171,089	25,497,330
Net Assets - End of Year	\$ 25,883,789	\$ 25,171,089

CITY OF NEWBURGH, NEW YORK

ENTERPRISE FUND - SEWER FUND
 COMPARATIVE STATEMENT OF CASH FLOWS
 YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010	2009
Cash Flows From Operating Activities:		
Cash received from metered sales, penalties and other	\$ 4,087,493	\$ 4,373,519
Cash payments for goods and services	(3,859,008)	(3,118,495)
Cash payments to employees	(560,077)	(567,285)
Net Cash Provided by (Used In) Operating Activities	<u>(331,592)</u>	<u>687,739</u>
Cash Flows From Non-Capital Financing Activities:		
Due from other funds	5,818,370	(7,460,211)
Transfers out	(159,548)	(278,354)
Net Cash Provided by (Used In) Non-Capital Financing Activities	<u>5,658,822</u>	<u>(7,738,565)</u>
Cash Flows From Capital and Related Financing Activities:		
Acquisition and construction of capital assets	(145,350)	(3,046,378)
Proceeds from debt	315,836	5,011,000
Principal paid on debt	(115,394)	(133,508)
Interest paid on debt	(239,446)	(46,163)
Net Cash Provided by (Used In) Capital and Related Financing Activities	<u>(184,354)</u>	<u>1,784,951</u>
Cash Flows From Investing Activities -		
Interest income	59,304	3,053
Net Increase (Decrease) in Cash	5,202,180	(5,262,822)
Cash - Beginning of Year	<u>1,323,082</u>	<u>6,585,904</u>
Cash - End of Year	<u>\$ 6,525,262</u>	<u>\$ 1,323,082</u>
Reconciliation of Income (Loss) from Operations to Net Cash Provided by Operating Activities:		
Income (loss) from operations	\$ 1,050,479	\$ (6,962)
Adjustments to reconcile income (loss) from operations to net cash provided by operating activities:		
Depreciation	477,497	436,475
Changes in operating assets and liabilities:		
Accounts receivable	(432,100)	(38,877)
Due from other governments	(211,549)	(335,792)
Prepaid expenses	(12,541)	7,087
Accounts payable	(476,452)	(135,866)
Retainages payable	(157,725)	46,903
Due to other funds	(673,670)	642,252
Deferred revenues	(31,250)	(31,250)
Compensated absences	23,218	(5,647)
Other post employment benefit obligations payable	112,501	109,416
Net Cash Provided by Operating Activities	<u>\$ (331,592)</u>	<u>\$ 687,739</u>

CITY OF NEWBURGH, NEW YORK
 ENTERPRISE FUND - SANITATION FUND
 STATEMENT OF NET ASSETS
 YEAR ENDED DECEMBER 31, 2010

ASSETS

Current Assets:	
Cash -	
Demand deposits	\$ 623,169
Accounts receivable	907,705
Prepaid expenses	<u>29,328</u>
Total Current Assets	<u>1,560,202</u>
Noncurrent Assets:	
Capital assets:	
Machinery and equipment	566,062
Less - Accumulated depreciation	<u>(538,086)</u>
Total Capital Assets, net of accumulated depreciation	<u>27,976</u>
Total Assets	<u>1,588,178</u>

LIABILITIES

Current Liabilities:	
Accounts payable	116,195
Due to other funds	926,463
Current portion of compensated absences	<u>8,700</u>
Total Current Liabilities	<u>1,051,358</u>
Noncurrent Liabilities:	
Compensated absences, less current portion	78,682
Other post employment benefit obligations payable	<u>260,454</u>
Total Noncurrent Liabilities	<u>339,136</u>
Total Liabilities	<u>1,390,494</u>

NET ASSETS

Invested in Capital Assets, net of related debt	27,976
Unrestricted	<u>169,708</u>
Total Net Assets	<u>\$ 197,684</u>

CITY OF NEWBURGH, NEW YORK

ENTERPRISE FUND -SANITATION FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
NET ASSETS
YEAR ENDED DECEMBER 31, 2010

Operating Revenues:	
Fees	\$ 2,423,592
Miscellaneous	<u>58,588</u>
Total Operating Revenues	<u>2,482,180</u>
Operating Expenses:	
Personal services	940,827
Depreciation	11,990
Supplies and materials	87,067
Contractual	787,098
Employee benefits	<u>862,221</u>
Total Operating Expenses	<u>2,689,203</u>
Loss from Operations	(207,023)
Non-Operating Revenues - Interest income	<u>27,753</u>
Loss Before Transfers	(179,270)
Transfers In	<u>376,954</u>
Change in Net Assets	197,684
Net Assets - Beginning of Year	<u>-</u>
Net Assets - End of Year	<u>\$ 197,684</u>

CITY OF NEWBURGH, NEW YORK

ENTERPRISE FUND - SANITATION FUND
 STATEMENT OF CASH FLOWS
 YEAR ENDED DECEMBER 31, 2010

Cash Flows From Operating Activities:	
Cash received from fees from customers	\$ 1,574,475
Cash payments for goods and services	(787,298)
Cash payments to employees	(1,455,212)
Advances received from other funds	926,463
	<hr/>
Net Cash Provided by Operating Activities	258,428
	<hr/>
Cash Flows From Non-Capital Financing Activities -	
Transfers in	376,954
	<hr/>
Cash Flows From Capital and Related Financing Activities -	
Acquisition of capital assets	(39,966)
	<hr/>
Cash Flows From Investing Activities -	
Interest income	27,753
	<hr/>
Net Increase in Cash	623,169
	<hr/>
Cash - Beginning of Year	-
	<hr/>
Cash - End of Year	<u>\$ 623,169</u>
	<hr/>
Reconciliation of Income from Operations to Net Cash	
Provided by Operating Activities:	
Income from operations	\$ (207,023)
Adjustments to reconcile income from operations to net cash	
provided by operating activities:	
Depreciation	11,990
Changes in operating assets and liabilities:	
Accounts receivable	(907,705)
Prepaid expenses	(29,328)
Accounts payable	116,195
Due to other funds	926,463
Compensated absences	87,382
Other post employment benefit obligations payable	260,454
	<hr/>
Net Cash Provided by Operating Activities	<u>\$ 258,428</u>

CITY OF NEWBURGH
SUMMARY OF CONSTITUTIONAL TAX AND DEBT LIMIT
2010 AND 2009

TABLE-1

Assessment Year	Tax Roll Year End	Assessed Value	State Equalization Rate	Full Valuation
2009	12/31/2010	\$1,336,378,711	100%	\$ 1,336,378,711
2008	12/31/2009	1,602,227,884	100%	1,602,227,884
2007	12/31/2008	287,627,708	0.20%	1,438,138,540
2006	12/31/2007	307,162,652	0.24%	1,279,308,329
2005	12/31/2006	289,267,812	0.29%	997,475,214
				\$ 6,653,528,678

	<u>2010</u>	<u>2009</u>
Total Average Full Valuation	1,330,705,736	1,214,648,555
Tax Limit - 2% of Average Full Value	26,614,115	24,292,971
Debt Limit - 7% of Average Full Value (A)	93,149,401	85,025,399

CONSTITUTIONAL DEBT INCURRING CAPACITY

	<u>2010</u>	<u>2009</u>
Indebtedness:		
Bonds	\$ 25,320,000	\$ 26,675,000
Bond Anticipation Notes	\$ 27,936,148	\$ 22,326,398
Total Indebtedness (B)	\$ 53,256,148	\$ 49,001,398
Deductions:		
Appropriations for Debt Retirement	4,161,136	3,033,278
Debt Created to provide for Water:		
Bonds - Net of Appropriations	4,169,991	4,923,998
Total Deductions (C)	8,331,127	7,957,276
Net Indebtedness (B less C) (D)	44,925,021	41,044,122
Margin of Debt Incurring Capacity (A less D) (E)	\$ 48,224,380	\$ 43,981,277
Percentage of Debt Contracting Capacity / Remaining (E divided by A)	51.8%	51.7%

(1) Source: City's Comptroller's Office

**CITY OF NEWBURGH
CONSTITUTIONAL TAX MARGIN
2010 AND 2009**

TABLE - 2

	<u>2010</u>		<u>2009</u>	
Total Full Valuation	\$	6,653,528,678		\$ 6,073,242,773
Five Year Avg. Full Value		1,330,705,736		1,214,648,555
2% Five Year Avg. Full Value		26,614,115		24,292,971
Exclusions from Debt Limit:				
A. <u>Debt Service</u>				
	<u>Bonds</u>		<u>Bonds</u>	
1. Water Bonds & Notes -				
Principal	\$	546,691	\$	550,096
Interest		230,102		242,946
		776,793		793,042
2. Bonds & Notes Issued After 1/1/50 for Revenue Producing Imps. or Services Sewer Fund -				
Principal		115,394		133,508
Interest		38,704		46,162
Sub-Total		154,098		179,670
Less Revenues Designated		(154,098)		(179,670)
Net Exclusion for Debt for Revenue Producing Service		776,793		793,042
3. All Other Bonds & Notes				
Principal		1,012,608		987,223
Interest		997,129		1,051,394
		2,009,737		2,038,617
TOTAL EXCLUSIONS FOR DEBT SERVICE	\$	2,786,530	\$	2,831,659
Less Revenue & Reserves Applied		-		-
NET DEBT SERVICE	\$	2,786,530	\$	2,831,659
B. Other Exclusions				
Appropriations for Capital		-		674,886
Revenue & Reserves Applied		-		(347,531)
TOTAL EXCLUSIONS	\$	2,786,530	\$	3,159,014
Maximum Taxing Power		29,400,645		27,451,985
Tax Levy-General City Purposes		13,203,274		12,348,739
CONSTITUTIONAL TAX MARGIN	\$	16,197,371	\$	15,103,246
Percentage of Tax Margin to be Utilized		51.90%		55.02%

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**CITY OF NEWBURGH
AMORTIZATION OF BOND PRINCIPAL AND INTEREST
BY FUND AND BY YEAR**

TABLE - 3

2010

YEAR DUE	PRINCIPAL				INTEREST				Principal Interest Combined
	GENERAL	WATER	SEWER	TOTAL	GENERAL	WATER	SEWER	TOTAL	
2011	\$ 1,043,911	\$ 552,353	\$115,394	\$ 1,711,658	\$ 942,168	\$ 217,881	\$ 34,136	\$ 1,194,185	\$ 2,905,843
2012	960,214	563,015	115,394	1,638,623	886,510	205,814	28,558	1,120,882	2,759,505
2013	1,002,441	577,753	115,394	1,695,588	837,502	193,662	22,970	1,054,134	2,749,722
2014	999,177	593,156	110,219	1,702,552	786,778	180,799	17,338	984,915	2,687,467
2015	974,044	575,473	30,000	1,579,517	737,042	167,683	12,028	916,753	2,496,270
2016	1,014,423	592,059	30,000	1,636,482	688,341	155,490	10,528	854,359	2,490,841
2017	1,050,726	592,721	30,000	1,673,447	637,652	142,576	9,028	789,256	2,462,703
2018	1,091,105	604,307	25,000	1,720,412	584,837	129,665	7,528	722,030	2,442,442
2019	1,130,560	611,817	25,000	1,767,377	529,760	116,221	6,278	652,259	2,419,636
2020	690,000	509,341	25,000	1,224,341	483,534	105,176	5,028	593,738	1,818,079
2021	710,000	511,306	25,000	1,246,306	455,446	98,376	4,028	557,850	1,804,156
2022	685,000	513,271	25,000	1,223,271	425,590	91,363	2,997	519,950	1,743,221
2023	705,000	510,236	20,000	1,235,236	396,721	84,351	1,966	483,038	1,718,274
2024	515,000	514,201	3,000	1,032,201	366,196	77,338	1,116	444,650	1,476,851
2025	535,000	516,166	3,000	1,054,166	344,309	70,241	988	415,538	1,469,704
2026	560,000	518,131	3,000	1,081,131	320,963	63,060	859	384,882	1,466,013
2027	500,000	525,096	3,000	1,028,096	296,463	55,754	728	352,945	1,381,041
2028	525,000	528,061	2,000	1,055,061	273,963	48,186	596	322,745	1,377,806
2029	550,000	525,026	2,000	1,077,026	250,338	40,401	506	291,245	1,368,271
2030	575,000	531,991	2,000	1,108,991	225,588	32,841	416	258,845	1,367,836
2031	605,000	533,956	2,000	1,140,956	198,994	24,883	324	224,201	1,365,157
2032	630,000	368,000	2,000	1,000,000	171,013	16,881	231	188,125	1,188,125
2033	665,000	367,000	3,000	1,035,000	141,088	8,418	139	149,645	1,184,645
2034	695,000	185,000	-	880,000	109,500	-	-	109,500	989,500
2035	730,000	185,000	-	915,000	74,750	-	-	74,750	989,750
2036	765,000	-	-	765,000	38,250	-	-	38,250	803,250
TOTALS	\$19,906,601	\$12,604,436	\$716,401	\$33,227,438	\$11,203,296	\$2,327,060	\$168,314	\$13,698,670	\$46,926,108

**CITY OF NEWBURGH
 PERFORMANCE OF THE GOVERNMENT'S ENTERPRISE OPERATIONS*
 IN MEETING OUTSTANDING BONDED DEBT SERVICE
 LAST TEN FISCAL YEARS**

TABLE - 4

Fiscal Year	Principal	Interest	Total Water/Sewer Debt Service	Total Water/Sewer Enterprise Operations Expenditures Budgeted	Ratio of Debt Service To Enterprise Operations Expenditures (Percent)
2010	\$ 342,393	\$ 269,806	\$ 612,199	\$ 10,166,462	6.02%
2009	683,604	289,108	972,712	10,932,710	8.90%
2008	604,468	84,553	689,021	10,698,771	6.44%
2007	589,832	96,748	686,580	10,264,836	6.69%
2006	597,563	109,376	706,939	9,826,093	7.19%
2005	597,593	134,587	732,180	9,411,778	7.78%
2004	601,234	159,848	761,082	9,134,883	8.33%
2003	600,065	185,052	785,117	8,341,714	9.41%
2002	606,917	211,095	818,012	8,653,471	9.45%
2001	482,975	239,534	722,509	8,356,682	8.65%

*Government's enterprise operation is the combination of water and sewer debts and expenditures.

**CITY OF NEWBURGH
GENERAL REVENUES AND OTHER FINANCING SOURCES
LAST TEN FISCAL YEARS**

TABLE - 5

<u>FISCAL YEAR</u>	<u>TOTAL</u>	<u>TAXES</u>	<u>CHARGES FOR SERVICES</u>	<u>STATE AND FEDERAL AID</u>	<u>INTEREST ON INVESTMENTS</u>	<u>OTHER REVENUES (1)</u>
2010	\$ 58,887,980	\$ 24,156,491	\$ 15,427,762	\$ 13,727,138	\$ 319,291	\$ 5,257,298
2009	47,562,432	22,473,351	13,166,414	9,569,238	37,719	2,315,710
2008	44,134,401	21,138,814	12,416,079	9,585,566	363,254	921,500
2007	39,005,228	24,343,476	5,163,370	8,353,315	493,369	651,628
2006	36,978,025	22,732,862	5,074,238	7,704,468	359,589	1,106,868
2005	36,475,982	23,971,709	4,770,471	6,418,343	356,371	959,088
2004	30,181,207	20,829,040	3,901,163	4,345,170	141,462	964,372
2003	30,753,557	20,980,290	3,761,730	4,525,868	188,305	1,297,364
2002	27,419,430	18,484,039	3,647,215	4,686,065	140,762	461,349
2001	26,308,078	16,897,730	3,625,650	4,502,947	475,345	806,406

(1) 2009 includes Marina Ops Settlement of \$1.9 million

**CITY OF NEWBURGH
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

TABLE - 6

Fiscal Year		Total Tax Levy	Current Tax Collections	Percent of Levy Collected
2010	\$	13,203,274	\$ 10,982,741	83.2 %
2009		12,348,739	10,772,596	87.2 %
2008		12,004,562	9,040,588	75.3 %
2007		12,863,702	12,731,486	99.0 %
2006		12,637,518	12,703,456	100.5 %
2005		11,974,683	12,360,866	103.2 %
2004		11,032,444	11,199,058	101.5 %
2003		9,812,444	11,789,542	120.2 %
2002		9,082,954	9,059,727	99.7 %
2001		8,925,455	10,727,254	120.2 %

Note: Only the taxes levied by the City are included in this table.

Source: City Comptroller's Office records.

**CITY OF NEWBURGH
 ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
 LAST SIX YEARS**

TABLE - 7

Assessment Year	Tax Year	Assessed Value	Estimated Actual Value	Ratio of Total Assessed Value To Total Estimated Actual Value (2)	Annual Percent Increase (Decrease) in Value
2009	12/31/2010	\$ 1,336,378,711	\$ 1,336,378,711	100	-16.4%
2008	12/31/2009	1,602,227,884	1,602,227,884	100	11.1%
2007	12/31/2008	288,534,799	1,442,673,995	0.20	20.0%
2006	12/31/2007	288,572,699	1,202,386,246	0.24	20.5%
2005	12/31/2006	289,267,812	997,475,214	0.29	20.4%
2004	12/31/2005	289,967,802	828,479,434	0.35	

Notes:

- (1) Personal property is omitted as it is not taxable in New York State.
- (2) The ratio of total assessed value to total estimated actual value is equal to the State Equalization rate.

Source: City Assessment Rolls.

CITY OF NEWBURGH
 HEALTH INSURANCE - MONTHLY PREMIUMS FOR INDIVIDUAL FAMILY COVERAGE WITH INCREASE PERCENTAGE COST
 LAST EIGHT YEARS

TABLE - 8

EMPIRE PLAN	Prime Rates				Mediprime Rates					
	<u>Individual</u>	<u>Increase %</u>	<u>Family</u>	<u>Increase %</u>	<u>Individual</u>	<u>Increase %</u>	<u>Family 1</u>	<u>Increase %</u>	<u>Family 2</u>	<u>Increase %</u>
January 1, 2010	\$ 612.34	2.3%	\$ 1,330.93	3.8%	\$ 367.37	2.3%	\$ 1,085.94	4.1%	\$ 840.98	4.7%
January 1, 2009	598.58	1.0%	1,282.17	1.9%	359.22	-0.3%	1,042.81	1.6%	803.45	1.1%
January 1, 2008	592.38	4.9%	1,258.78	5.1%	360.41	8.2%	1,026.86	6.3%	794.94	8.2%
January 1, 2007	564.84	6.6%	1,198.07	6.4%	333.18	-1.68%	966.44	3.3%	734.81	-1.29%
January 1, 2006	529.76	10.7%	1,126.19	11.1%	338.88	2.1%	935.32	7.9%	744.45	3.3%
January 1, 2005	478.49	2.7%	1,013.68	3.7%	331.93	-9.4%	867.09	-1.3%	720.53	-7.5%
January 1, 2004	465.86	21.0%	977.92	20.5%	366.33	23.1%	878.40	21.3%	778.87	22.3%
January 1, 2003	384.89	11.7%	811.41	12.1%	297.50	17.2%	724.05	14.4%	636.67	17.4%

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CITY OF NEWBURGH
 NEGOTIATED WAGE SETTLEMENTS FOR CITY UNIONS
 AND NON-BARGAINING GROUP
 LAST TEN YEARS

TABLE - 9

Year	Police Benevolent Association		Police Superior Officers				Fire - I.A.F.F.		CSEA	Non-Bargaining	Year
			Sergeant		Lieutenant						
2010	**		**		**		1/1 - 12/31	0%	4%	-5%	2010
2009	**		**		**		7/1 - 12/31 1/1 - 6/30	2% 2%	\$ 1,950	4%	2009
2008	10/1 - 12/31	2.5%	10/1 - 12/31	\$1,999	10/1 - 12/31	\$2,199	10/1 - 12/31	\$2,000 + 2%	4%	4%	2008
2008	1/1 - 9/30	2%	1/1 - 9/30	\$3,271	1/1 - 9/30	\$3,598	1/1 - 9/30	2%			
2007	7/1 - 12/31	2%	7/1 - 12/31	\$1,504	7/1 - 12/31	\$1,654	10/7 - 12/31	\$1,000 + 2%	4%	4 - 8%	2007
2007	1/1 - 6/30	2%	1/1 - 6/30	3,111	1/1 - 6/30	3,423	1/1 - 10/6	2%			
2006	7/1 - 12/31	2.25%	7/1 - 12/31	1,586	7/1 - 12/31	1,744	10/1 - 12/31	\$750	4%	4%	2006
2006	1/1 - 6/30	1.25%	1/1 - 6/30	3,601	1/1 - 6/30	6,737	1/1 - 9/30	1%			
2005		4.5%		\$2,700		\$2,859		4%	3%	3%	2005
2004		\$2,000 + 4%		4% - 5%				4%	\$2,200	4%	2004
2003		-		2%				2%	0%	0%	2003
2002		-		\$7,500				2% *	4%	4%	2002
2001		3%		3%				3%	3%	3%	2001

* Dollars increased to certain senior positions.

** Contracts in negotiation.

Source: Unions' Contracts

CITY OF NEWBURGH
ADOPTED BUDGET COMPARISONS
LAST TEN YEARS

TABLE - 10

Year	General Fund	Water Fund	Sewer Fund	Sanitation Fund (1)	Total Appropriations	Increase (Decrease) Amount	Change %
2010	\$ 46,784,484	\$ 5,254,548	\$ 4,911,914	\$ 2,399,819	\$ 59,350,765	\$ 3,744,875	6.7%
2009	44,673,180	5,566,273	5,366,437	n/a	55,605,890	3,041,177	5.8
2008	41,865,942	5,106,341	5,592,430	n/a	52,564,713	2,724,478	5.5
2007	39,408,236	5,099,688	5,332,311	n/a	49,840,235	(892,655)	(1.79)
2006	40,906,797	5,071,849	4,754,244	n/a	50,732,890	6,332,739	14.26
2005	34,988,373	4,913,037	4,498,741	n/a	44,400,151	2,826,296	6.8
2004	32,221,060	4,836,375	4,516,420	n/a	41,573,855	4,477,567	12.1
2003	28,754,574	4,079,164	4,262,550	n/a	37,096,288	2,588,668	7.5
2002	25,854,149	3,882,679	4,770,792	n/a	34,507,620	1,020,761	3.1
2001	25,130,177	3,665,880	4,690,802	n/a	33,486,859	1,715,460	5.4

Notes:

- (1) Sanitation operations removed from General Fund into new proprietary fund effective 1-1-10.
- (2) Source: Each year's respective budget documents.

FORM SF-SAC (5-18-2010)

U.S. DEPT. OF COMM.— Econ. and Stat. Admin.— U.S. CENSUS BUREAU ACTING AS COLLECTING AGENT FOR OFFICE OF MANAGEMENT AND BUDGET

Data Collection Form for Reporting on AUDITS OF STATES, LOCAL GOVERNMENTS, AND NON-PROFIT ORGANIZATIONS for Fiscal Year Ending Dates in 2010, 2011, or 2012

Complete this form, as required by OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations."

PART I GENERAL INFORMATION (To be completed by auditee, except for Items 6, 7, and 8)

1. Fiscal period ending date for this submission (Month Day Year: 12 / 31 / 2010) 2. Type of Circular A-133 audit (1 [X] Single audit, 2 [] Program-specific audit) 3. Audit period covered (1 [X] Annual, 2 [] Biennial, 3 [] Other - Months)

4. Auditee Identification Numbers a. Primary Employer Identification Number (EIN) (14-6802329) b. Are multiple EINs covered in this report? 1 [] Yes 2 [X] No c. If Part I, Item 4b = "Yes," complete Part I, Item 4c on the continuation sheet on Page 4. d. Data Universal Numbering System (DUNS) Number (96-686-4456) e. Are multiple DUNS covered in this report? 1 [] Yes 2 [X] No f. If Part I, Item 4e = "Yes," complete Part I, Item 4f on the continuation sheet on Page 4.

5. AUDITEE INFORMATION a. Auditee name (CITY OF NEWBURGH, NY) b. Auditee address (Number and Street) (83 BROADWAY, CITY NEWBURGH, STATE NY, ZIP + 4 Code 12550) c. Auditee contact Name (CHERYL GROSS), Title (CITY COMPTROLLER) d. Auditee contact telephone ((845) 569-7362) e. Auditee contact FAX (() -) f. Auditee contact E-mail (CGROSS@CITYOFNEWBURGH-NY.GOV)

6. PRIMARY AUDITOR INFORMATION (To be completed by auditor) a. Primary auditor name (O'CONNOR DAVIES MUNNS & DOBBINS, LLP) b. Primary auditor address (Number and street) (500 MAMARONECK AVENUE, SUITE 301, City HARRISON, STATE NY, ZIP + 4 Code 10523) c. Primary auditor contact Name (DOMENICK CONSOLO), Title (PARTNER) d. Primary auditor contact telephone ((914) 381-8900) e. Primary auditor contact FAX ((914) 381-8910) f. Primary auditor contact E-mail (DCONSOLO@ODMD.COM)

g. AUDITEE CERTIFICATION STATEMENT - This is to certify that, to the best of my knowledge and belief, the auditee has: (1) engaged an auditor to perform an audit in accordance with the provisions of OMB Circular A-133 for the period described in Part I, Items 1 and 3; (2) the auditor has completed such audit and presented a signed audit report which states that the audit was conducted in accordance with the provisions of the Circular; and, (3) the information included in Parts I, II, and III of this data collection form is accurate and complete. I declare that the foregoing is true and correct.

g. AUDITOR STATEMENT - The data elements and information included in this form are limited to those prescribed by OMB Circular A-133. The information included in Parts II and III of the form, except for Part III, Items 7, 8, and 9a-9g, was transferred from the auditor's report(s) for the period described in Part I, Items 1 and 3, and is not a substitute for such reports. The auditor has not performed any auditing procedures since the date of the auditor's report(s). A copy of the reporting package required by OMB Circular A-133, which includes the complete auditor's report(s), is available in its entirety from the auditee at the address provided in Part I of this form. As required by OMB Circular A-133, the information in Parts II and III of this form was entered in this form by the auditor based on information included in the reporting package. The auditor has not performed any additional auditing procedures in connection with the completion of this form.

Auditee certification Date (ELECTRONICALLY CERTIFIED 9/29/2011) Name of certifying official (CHERYL A GROSS) Title of certifying official (COMPTROLLER)

7a. Add Secondary auditor information? (Optional) 1 [] Yes 2 [X] No b. If "Yes," complete Part I, Item 8 on the continuation sheet on page 5. Auditor certification Date (ELECTRONICALLY CERTIFIED 9/27/2011)

PART II FINANCIAL STATEMENTS (To be completed by auditor)

1. Type of audit report

Mark either: 1 Unqualified opinion **OR**
 any combination of: 2 Qualified opinion 3 Adverse opinion 4 Disclaimer of opinion

2. Is a "going concern" explanatory paragraph included in the audit report? 1 Yes 2 No

3. Is a significant deficiency disclosed? 1 Yes 2 No

4. Is a material weakness disclosed? 1 Yes 2 No

5. Is a material noncompliance disclosed? 1 Yes 2 No

PART III FEDERAL PROGRAMS (To be completed by auditor)

1. Does the auditor's report include a statement that the auditee's financial statements include departments, agencies, or other organizational units expending \$500,000 or more in Federal awards that have separate A-133 audits which are not included in this audit? (AICPA Audit Guide, Chapter 13) 1 Yes 2 No

2. What is the dollar threshold to distinguish Type A and Type B programs? (OMB Circular A-133 § 520(b)) \$ 300,000

3. Did the auditee qualify as a low-risk auditee? (§ 530) 1 Yes 2 No

4. Is a significant deficiency disclosed for any major program? (§ 510(a)(1)) 1 Yes 2 No

5. Is a material weakness disclosed for any major program? (§ 510(a)(1)) 1 Yes 2 No

6. Are any known questioned costs reported? (§ 510(a)(3) or (4)) 1 Yes 2 No

7. Were Prior Audit Findings related to **direct** funding shown in the Summary Schedule of Prior Audit Findings? (§ 315(b)) 1 Yes 2 No

8. Indicate which **Federal** agency(ies) have current year audit findings related to **direct** funding or prior audit findings shown in the Summary Schedule of Prior Audit Findings related to **direct** funding. (Mark (X) all that apply or None)

- | | | | |
|--|---|--|---|
| 98 <input type="checkbox"/> U.S. Agency for International Development | 39 <input type="checkbox"/> General Services Administration | 89 <input type="checkbox"/> National Archives and Records Administration | 19 <input type="checkbox"/> U.S. Department of State |
| 10 <input type="checkbox"/> Agriculture | 93 <input type="checkbox"/> Health and Human Services | 05 <input type="checkbox"/> National Endowment for the Arts | 20 <input type="checkbox"/> Transportation |
| 23 <input type="checkbox"/> Appalachian Regional Commission | 97 <input type="checkbox"/> Homeland Security | 06 <input type="checkbox"/> National Endowment for the Humanities | 21 <input type="checkbox"/> Treasury |
| 11 <input type="checkbox"/> Commerce | 14 <input type="checkbox"/> Housing and Urban Development | 47 <input type="checkbox"/> National Science Foundation | 64 <input type="checkbox"/> Veterans Affairs |
| 94 <input type="checkbox"/> Corporation for National and Community Service | 03 <input type="checkbox"/> Institute of Museum and Library Services | 07 <input type="checkbox"/> Office of National Drug Control Policy | 00 <input checked="" type="checkbox"/> None |
| 12 <input type="checkbox"/> Defense | 15 <input type="checkbox"/> Interior | 59 <input type="checkbox"/> Small Business Administration | <input type="checkbox"/> Other - Specify: |
| 84 <input type="checkbox"/> Education | 16 <input type="checkbox"/> Justice | 96 <input type="checkbox"/> Social Security Administration | |
| 81 <input type="checkbox"/> Energy | 17 <input type="checkbox"/> Labor | | |
| 66 <input type="checkbox"/> Environmental Protection Agency | 09 <input type="checkbox"/> Legal Services Corporation | | |
| | 43 <input type="checkbox"/> National Aeronautics and Space Administration | | |

PART III FEDERAL PROGRAMS - Continued

9. FEDERAL AWARDS EXPENDED DURING FISCAL YEAR						10. AUDIT FINDINGS					
Federal Agency Prefix ¹	CFDA Number	Research and development (c)	A R A3 (d)	Name of Federal program (e)	Amount expended (f)	Direct award (g)		Major program (h)		Type(s) of compliance requirement(s) ⁵ (a)	Audit finding reference number(s) ⁶ (b)
						1	2	1	2		
2 0	.205	1 <input checked="" type="checkbox"/> Y 2 <input checked="" type="checkbox"/> N	1 <input checked="" type="checkbox"/> Y 2 <input checked="" type="checkbox"/> N	HIGHWAY PLANNING AND CONSTRUCTION	\$ 3,943,380 .00	1 <input checked="" type="checkbox"/> Y 2 <input checked="" type="checkbox"/> N	1 <input checked="" type="checkbox"/> Y 2 <input checked="" type="checkbox"/> N	1 <input checked="" type="checkbox"/> Y 2 <input checked="" type="checkbox"/> N	U	O	N/A
2 0	.600	1 <input checked="" type="checkbox"/> Y 2 <input checked="" type="checkbox"/> N	1 <input checked="" type="checkbox"/> Y 2 <input checked="" type="checkbox"/> N	STATE AND COMMUNITY HIGHWAY SAFETY	\$ 18,465 .00	1 <input checked="" type="checkbox"/> Y 2 <input checked="" type="checkbox"/> N	1 <input checked="" type="checkbox"/> Y 2 <input checked="" type="checkbox"/> N	1 <input checked="" type="checkbox"/> Y 2 <input checked="" type="checkbox"/> N		O	N/A
2 0	.602	1 <input checked="" type="checkbox"/> Y 2 <input checked="" type="checkbox"/> N	1 <input checked="" type="checkbox"/> Y 2 <input checked="" type="checkbox"/> N	OCUPANT PROTECTION INCENTIVE GRANTS	\$ 6,090 .00	1 <input checked="" type="checkbox"/> Y 2 <input checked="" type="checkbox"/> N	1 <input checked="" type="checkbox"/> Y 2 <input checked="" type="checkbox"/> N	1 <input checked="" type="checkbox"/> Y 2 <input checked="" type="checkbox"/> N		O	N/A
1 6	.738	1 <input checked="" type="checkbox"/> Y 2 <input checked="" type="checkbox"/> N	1 <input checked="" type="checkbox"/> Y 2 <input checked="" type="checkbox"/> N	EDWARD BYRNE MEMORIAL JUSTICE ASSISTANCE GRANT PROGRAM	\$ 113,100 .00	1 <input checked="" type="checkbox"/> Y 2 <input checked="" type="checkbox"/> N	1 <input checked="" type="checkbox"/> Y 2 <input checked="" type="checkbox"/> N	1 <input checked="" type="checkbox"/> Y 2 <input checked="" type="checkbox"/> N	U	O	N/A
1 6	.744	1 <input checked="" type="checkbox"/> Y 2 <input checked="" type="checkbox"/> N	1 <input checked="" type="checkbox"/> Y 2 <input checked="" type="checkbox"/> N	ANTI-GANG INITIATIVE	\$ 1,368 .00	1 <input checked="" type="checkbox"/> Y 2 <input checked="" type="checkbox"/> N	1 <input checked="" type="checkbox"/> Y 2 <input checked="" type="checkbox"/> N	1 <input checked="" type="checkbox"/> Y 2 <input checked="" type="checkbox"/> N		O	N/A
1 6	.710	1 <input checked="" type="checkbox"/> Y 2 <input checked="" type="checkbox"/> N	1 <input checked="" type="checkbox"/> Y 2 <input checked="" type="checkbox"/> N	ARRA PUBLIC SAFETY PARTNERSHIP AND COMMUNITY POLICES GRANTS (ARRA)	\$ 315,888 .00	1 <input checked="" type="checkbox"/> Y 2 <input checked="" type="checkbox"/> N	1 <input checked="" type="checkbox"/> Y 2 <input checked="" type="checkbox"/> N	1 <input checked="" type="checkbox"/> Y 2 <input checked="" type="checkbox"/> N	U	O	N/A
1 6	.609	1 <input checked="" type="checkbox"/> Y 2 <input checked="" type="checkbox"/> N	1 <input checked="" type="checkbox"/> Y 2 <input checked="" type="checkbox"/> N	COMMUNITY PRESECUCTION AND PROJECT SAFE NEIGHBORHOODS	\$ 33,632 .00	1 <input checked="" type="checkbox"/> Y 2 <input checked="" type="checkbox"/> N	1 <input checked="" type="checkbox"/> Y 2 <input checked="" type="checkbox"/> N	1 <input checked="" type="checkbox"/> Y 2 <input checked="" type="checkbox"/> N		O	N/A
1 4	.218	1 <input checked="" type="checkbox"/> Y 2 <input checked="" type="checkbox"/> N	1 <input checked="" type="checkbox"/> Y 2 <input checked="" type="checkbox"/> N	COMMUNITY DEVELOPMENT BLOCK GRANT - SMALL CITIES	\$ 417,741 .00	1 <input checked="" type="checkbox"/> Y 2 <input checked="" type="checkbox"/> N	1 <input checked="" type="checkbox"/> Y 2 <input checked="" type="checkbox"/> N	1 <input checked="" type="checkbox"/> Y 2 <input checked="" type="checkbox"/> N	U	O	N/A
8 4	.287	1 <input checked="" type="checkbox"/> Y 2 <input checked="" type="checkbox"/> N	1 <input checked="" type="checkbox"/> Y 2 <input checked="" type="checkbox"/> N	TWENTY-FIRST CENTURY COMMUNITY LEARNING CENTER	\$ 711,812 .00	1 <input checked="" type="checkbox"/> Y 2 <input checked="" type="checkbox"/> N	1 <input checked="" type="checkbox"/> Y 2 <input checked="" type="checkbox"/> N	1 <input checked="" type="checkbox"/> Y 2 <input checked="" type="checkbox"/> N	U	O	N/A
1 6	.804	1 <input checked="" type="checkbox"/> Y 2 <input checked="" type="checkbox"/> N	1 <input checked="" type="checkbox"/> Y 2 <input checked="" type="checkbox"/> N	EDWARD BYRNE MEMORIAL JUSTICE ASSISTANCE GRANT PROGRAM ARRA	\$ 124,145 .00	1 <input checked="" type="checkbox"/> Y 2 <input checked="" type="checkbox"/> N	1 <input checked="" type="checkbox"/> Y 2 <input checked="" type="checkbox"/> N	1 <input checked="" type="checkbox"/> Y 2 <input checked="" type="checkbox"/> N	U	O	N/A
TOTAL FEDERAL AWARDS EXPENDED					\$ 5,846,401 .00						

¹ See Appendix 1 of instructions for valid Federal Agency two-digit prefixes.
² Or other identifying number when the Catalog of Federal Domestic Assistance (CFDA) number is not available. (See Instructions)
³ American Recovery and Reinvestment Act of 2009 (ARRA).
⁴ If major program is marked "Yes," enter only one letter (U = Unqualified opinion, Q = Qualified opinion, A = Adverse opinion, D = Disclaimer of opinion) corresponding to the type of audit report in the adjacent box. If major program is marked "No," leave the type of audit report box blank.
⁵ Enter the letter(s) of all type(s) of compliance requirement(s) that apply to audit findings (i.e., noncompliance, significant deficiency (including material weaknesses), questioned costs, fraud, and other items reported under § .510(a)) reported for each Federal program.
 A. Activities allowed or unallowed
 B. Allowable costs/cost principles
 C. Cash management
 D. Davis - Bacon Act
 E. Eligibility
 F. Equipment and real property management
 G. Matching, level of effort, earmarking
 H. Period of availability of Federal funds
 I. Procurement and suspension
 J. Program income
 K. Real property acquisition and relocation assistance
 L. Reporting
 M. Subrecipient monitoring
 N. Special tests and provisions
 O. None
 P. Other
⁶ N/A for NONE

PART III FEDERAL PROGRAMS - Continued

9. FEDERAL AWARDS EXPENDED DURING FISCAL YEAR

Federal Agency Prefix ¹	CFDA Number	Research and development (c)		A R R A3 (d)		Name of Federal program (e)	Amount expended (f)	Direct award (g)	Major program (h)		If yes, type of audit report 4 (i)	10. AUDIT FINDINGS	
		1 <input type="checkbox"/> Y	2 <input type="checkbox"/> N	1 <input type="checkbox"/> Y	2 <input type="checkbox"/> N				Major program	Type(s) of compliance requirement(s) ⁵ (a)		Audit finding reference number(s) ⁶ (b)	
1 4	.253	1 <input checked="" type="checkbox"/> Y	2 <input type="checkbox"/> N	1 <input checked="" type="checkbox"/> Y	2 <input type="checkbox"/> N	COMMUNITY DEVELOPMENT BLOCK GRANT (ARRA)	\$ 64,010 .00	1 <input checked="" type="checkbox"/> Y 2 <input type="checkbox"/> N	1 <input checked="" type="checkbox"/> Y 2 <input type="checkbox"/> N	U		O	N/A
1 4	.251	1 <input type="checkbox"/> Y	2 <input checked="" type="checkbox"/> N	1 <input type="checkbox"/> Y	2 <input checked="" type="checkbox"/> N	ECONOMIC DEVELOPMENT INITIATIVE - SOCIAL PROJECT, NEIGHBORHOOD INITIATIVE	\$ 32,150 .00	1 <input checked="" type="checkbox"/> Y 2 <input type="checkbox"/> N	1 <input type="checkbox"/> Y 2 <input checked="" type="checkbox"/> N			O	N/A
9 7	.044	1 <input type="checkbox"/> Y	2 <input checked="" type="checkbox"/> N	1 <input type="checkbox"/> Y	2 <input checked="" type="checkbox"/> N	ASSISTANCE TO FIREFIGHTERS	\$ 52,763 .00	1 <input checked="" type="checkbox"/> Y 2 <input type="checkbox"/> N	1 <input type="checkbox"/> Y 2 <input checked="" type="checkbox"/> N			O	N/A
9 3	.276	1 <input type="checkbox"/> Y	2 <input checked="" type="checkbox"/> N	1 <input type="checkbox"/> Y	2 <input checked="" type="checkbox"/> N	DRUG FREE COMMUNITIES SUPPORT GRANT	\$ 12,059 .00	1 <input type="checkbox"/> Y 2 <input checked="" type="checkbox"/> N	1 <input type="checkbox"/> Y 2 <input checked="" type="checkbox"/> N			O	N/A
		1 <input type="checkbox"/> Y	2 <input type="checkbox"/> N	1 <input type="checkbox"/> Y	2 <input type="checkbox"/> N		\$	1 <input type="checkbox"/> Y 2 <input type="checkbox"/> N	1 <input type="checkbox"/> Y 2 <input type="checkbox"/> N				
		1 <input type="checkbox"/> Y	2 <input type="checkbox"/> N	1 <input type="checkbox"/> Y	2 <input type="checkbox"/> N		\$	1 <input type="checkbox"/> Y 2 <input type="checkbox"/> N	1 <input type="checkbox"/> Y 2 <input type="checkbox"/> N				
		1 <input type="checkbox"/> Y	2 <input type="checkbox"/> N	1 <input type="checkbox"/> Y	2 <input type="checkbox"/> N		\$	1 <input type="checkbox"/> Y 2 <input type="checkbox"/> N	1 <input type="checkbox"/> Y 2 <input type="checkbox"/> N				
		1 <input type="checkbox"/> Y	2 <input type="checkbox"/> N	1 <input type="checkbox"/> Y	2 <input type="checkbox"/> N		\$	1 <input type="checkbox"/> Y 2 <input type="checkbox"/> N	1 <input type="checkbox"/> Y 2 <input type="checkbox"/> N				
		1 <input type="checkbox"/> Y	2 <input type="checkbox"/> N	1 <input type="checkbox"/> Y	2 <input type="checkbox"/> N		\$	1 <input type="checkbox"/> Y 2 <input type="checkbox"/> N	1 <input type="checkbox"/> Y 2 <input type="checkbox"/> N				
TOTAL FEDERAL AWARDS EXPENDED							\$ 5,846,401 .00						

¹ See Appendix 1 of instructions for valid Federal Agency two-digit prefixes.
² Or other identifying number when the Catalog of Federal Domestic Assistance (CFDA) number is not available. (See Instructions)
³ American Recovery and Reinvestment Act of 2009 (ARRA).
⁴ If major program is marked "Yes," enter only one letter (U = Unqualified opinion, Q = Qualified opinion, A = Adverse opinion, D = Disclaimer of opinion) corresponding to the type of audit report in the adjacent box. If major program is marked "No," leave the type of audit report box blank.
⁵ Enter the letter(s) of all type(s) of compliance requirement(s) that apply to audit findings (i.e., noncompliance, significant deficiency (including material weaknesses), questioned costs, fraud, and other items reported under § 510(a)) reported for each Federal program.
A. Activities allowed or unallowed
B. Allowable costs/cost principles
C. Cash management
D. Davis - Bacon Act
E. Eligibility
F. Equipment and real property management
G. Matching, level of effort, earmarking
H. Period of availability of Federal funds
I. Procurement and suspension and debarment
J. Program income
K. Real property acquisition and relocation assistance
L. Reporting
M. Subrecipient monitoring
N. Special tests and provisions
O. None
P. Other
⁶ N/A for NONE

PART I GENERAL INFORMATION - Continued

8. Part I, Item 8. Secondary Auditor's Contact Information. (List the Secondary Auditor's Contact information)

<p>1. a. Secondary Auditor name N / A</p>		<p>2. a. Secondary Auditor name</p>		<p>3. a. Secondary Auditor name</p>	
<p>b. Secondary Auditor address (Number and street)</p>		<p>b. Secondary Auditor address (Number and street)</p>		<p>b. Secondary Auditor address (Number and street)</p>	
<p>City</p>		<p>City</p>		<p>City</p>	
<p>State ZIP + 4 Code</p>		<p>State ZIP + 4 Code</p>		<p>State ZIP + 4 Code</p>	
<p>c. Secondary Auditor contact Name</p>		<p>c. Secondary Auditor contact Name</p>		<p>c. Secondary Auditor contact Name</p>	
<p>Title</p>		<p>Title</p>		<p>Title</p>	
<p>d. Secondary Auditor contact telephone</p>		<p>d. Secondary Auditor contact telephone</p>		<p>d. Secondary Auditor contact telephone</p>	
<p>e. Secondary Auditor contact FAX</p>		<p>e. Secondary Auditor contact FAX</p>		<p>e. Secondary Auditor contact FAX</p>	
<p>f. Secondary Auditor contact E-mail</p>		<p>f. Secondary Auditor contact E-mail</p>		<p>f. Secondary Auditor contact E-mail</p>	
<p>4. a. Secondary Auditor name</p>		<p>5. a. Secondary Auditor name</p>		<p>6. a. Secondary Auditor name</p>	
<p>b. Secondary Auditor address (Number and street)</p>		<p>b. Secondary Auditor address (Number and street)</p>		<p>b. Secondary Auditor address (Number and street)</p>	
<p>City</p>		<p>City</p>		<p>City</p>	
<p>State ZIP + 4 Code</p>		<p>State ZIP + 4 Code</p>		<p>State ZIP + 4 Code</p>	
<p>c. Secondary Auditor contact Name</p>		<p>c. Secondary Auditor contact Name</p>		<p>c. Secondary Auditor contact Name</p>	
<p>Title</p>		<p>Title</p>		<p>Title</p>	
<p>d. Secondary Auditor contact telephone</p>		<p>d. Secondary Auditor contact telephone</p>		<p>d. Secondary Auditor contact telephone</p>	
<p>e. Secondary Auditor contact FAX</p>		<p>e. Secondary Auditor contact FAX</p>		<p>e. Secondary Auditor contact FAX</p>	
<p>f. Secondary Auditor contact E-mail</p>		<p>f. Secondary Auditor contact E-mail</p>		<p>f. Secondary Auditor contact E-mail</p>	



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

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and City Council
City of Newburgh, New York:

Compliance

We have audited the City of Newburgh, New York's ("City") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (*OMB Circular A-133 Compliance Supplement*) that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2010. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2010.

Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of

internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness* in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

Schedule of Expenditures of Federal Awards

We have audited the basic financial statements of the City of Newburgh, New York as of and for the year ended December 31, 2010 and have issued our report thereon dated June 24, 2011 which contained qualified opinions on those financial statements. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the City Council, management, 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.

O'Connor Davies Munns & Dobbins, LLP

O'Connor Davies Munns & Dobbins, LLP
Harrison, New York
September 26, 2011

CITY OF NEWBURGH, NEW YORK

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ending December 31, 2010

<u>Federal Grantor</u> <u>Program Title</u>	<u>Federal</u> <u>CFDA</u> <u>Number (1)</u>	<u>Non-</u> <u>ARRA (2)</u>	<u>ARRA</u>	<u>Expenditures</u>
<u>U.S. Department of Transportation</u>				
Indirect Program - Passed through New York State Department of Transportation -				
Highway Planning and Construction Grants (ARRA)	20.205	\$	\$ 3,702,498	\$ 3,702,498
Highway Planning and Construction Grants	20.205	240,882		240,882
State and Community Highway Safety Grants	20.600	18,465		18,465
Occupant Protection Incentive Grants	20.602	6,090		6,090
Total U.S. Department of Transportation				3,967,935
<u>U.S. Department of Justice</u>				
Indirect Program - Passed through New York State Department of Justice -				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	113,100		113,100
Edward Byrne Memorial Justice Assistance Grant Program (ARRA)	16.804		124,145	124,145
Public Safety Partnership and Community Policing Grants (ARRA)	16.710		315,686	315,686
Project Safe Neighborhoods Grants	16.609	33,632		33,632
PSN Anti-Gang Initiative Grant	16.744	1,368		1,368
Total U.S. Department of Justice				587,931
<u>U.S. Department of Housing and Urban Development</u>				
Direct Programs:				
Community Development Block Grant	14.218	417,741		417,741
Block Grant (ARRA)	14.253		64,010	64,010
Economic Development Initiative-Special Project, Neighborhood Initiative and Miscellaneous Grants	14.251	32,150		32,150
Total U.S. of Housing and Urban Development				513,901
<u>U.S. Department of Education</u>				
Indirect Program - Passed through New York State Department of Education -				
Twenty-First Century Community Learning Centers	84.287	711,812		711,812
<u>U.S. Department of Homeland Security</u>				
Direct Programs:				
Assistance to Firefighters Grant	97.044	52,763		52,763

CITY OF NEWBURGH, NEW YORK

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
 Year Ending December 31, 2010

<u>Federal Grantor Program Title</u>	<u>Federal CFDA Number (1)</u>	<u>Non- ARRA (2)</u>	<u>ARRA</u>	<u>Expenditures</u>
<u>U.S. Department of Health and Human Services</u>				
Indirect Program - Passed through Catholic Charities Community Services of Orange County -				
Drug-Free Communities Support Program Grants	93.276	<u>12,059</u>	<u> </u>	<u>12,059</u>
Total		<u>\$ 1,640,062</u>	<u>\$ 4,206,339</u>	<u>\$ 5,846,401</u>

- (1) Catalog of Federal Domestic Assistance number.
- (2) American Reinvestment and Recovery Act

NOTE A - SUMMARY OF ACCOUNTING POLICIES

1. *General*

The accompanying Schedule of Expenditures of Federal Awards presents all activity of all Federal awards programs for the year ended December 31, 2010. Federal awards received directly from Federal agencies as well as Federal awards passed through other government agencies are included on the Schedule.

2. *Basis of Accounting*

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting.

3. *Relationship to Financial Statements*

The fund financial statements are presented using the modified accrual basis of accounting.

CITY OF NEWBURGH, NEW YORK

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2010

Finding 09-01: Twenty-First Century Learning Center - Reporting

Federal Agency: U.S. Department of Housing and Urban Development CFDA 84.287 Twenty-First Century Learning Centers

Condition: Per auditor's review, it was noted that the City did not file their FS-10-F for one of the 2008-2009 grants.

Current Status: The City believes it is now current in filing all required reports.

CITY OF NEWBURGH, NEW YORK

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2010

Section I-Summary of Auditor's Results
Financial Statements

Type of auditor's report issued:

Qualified

Internal control over financial reporting:

- Material weakness(es) identified?
- Significant deficiency(ies) identified that are not considered to be material weaknesses?

___ Yes ___ X No

___ Yes ___ X None reported

Noncompliance material to financial statements noted?

___ Yes ___ X No

Federal Awards

Internal Control over major programs:

- Material weakness(es) identified?
- Significant deficiency(ies) identified that are not considered to be material weakness(es)?

___ Yes ___ X No

___ Yes ___ X None reported

Type of auditor's report issued on compliance for major programs:

Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?

___ Yes ___ X No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.218	Community Development Block Grant – Entitlement Grants Cluster
14.253	Community Development Block Grant – Entitlement Grants Cluster ARRA
16.710	Public Safety Partnership and Community Policing Grants
16.738	Edward Byrne Memorial Justice Assistance Grant Program
16.804	Edward Byrne Memorial Justice Assistance Grant Program (ARRA)
20.205	Highway Planning and Construction Cluster
84.287	Twenty-First Century Community Learning Centers

CITY OF NEWBURGH, NEW YORK

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Concluded)
YEAR ENDED DECEMBER 31, 2010

Dollar threshold used to distinguish
between Type A and Type B programs:

\$300,000

Auditee qualified as low-risk auditee?

Yes No

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None



**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 Honorable Mayor and City Council
of the City of Newburgh, New York:

We have audited the financial statements of the City of Newburgh, New York as of and for the year ended December 31, 2010, which collectively comprise the City of Newburgh, New York's basic financial statements and have issued our report thereon dated June 24, 2011. 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 Newburgh, New York's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Newburgh, New York's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Newburgh, New York's internal control over financial reporting.

A *deficiency* in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Newburgh, New York'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.

We noted certain matters that we reported to the management of the City of Newburgh, New York in a separate letter.

This report is intended solely for the information and use of the 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. However, this report is a matter of public record and its distribution is not limited.

O'Connor Davies Munns & Dobbins, LLP

O'Connor Davies Munns & Dobbins, LLP
June 24, 2011