

**CITY OF NEWBERRY,
SOUTH CAROLINA**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**FISCAL YEAR ENDED
JUNE 30, 2011**

CITY OF NEWBERRY
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2011

TABLE OF CONTENTS

	<u>PAGE</u>
INTRODUCTORY SECTION	
LETTER OF TRANSMITTAL	1 - 8
CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING	9
ORGANIZATIONAL CHARTS	10 - 11
PRINCIPAL OFFICERS	12
FINANCIAL SECTION	
INDEPENDENT AUDITOR'S REPORT	13 - 14
MANAGEMENT'S DISCUSSION AND ANALYSIS	15 - 27
BASIC FINANCIAL STATEMENTS	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
STATEMENT OF NET ASSETS	28
STATEMENT OF ACTIVITIES	29
FUND FINANCIAL STATEMENTS	
BALANCE SHEET – GOVERNMENTAL FUNDS	30
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET WITH THE STATEMENT OF NET ASSETS	31
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS	32
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	33

FINANCIAL SECTION

BASIC FINANCIAL STATEMENTS

FUND FINANCIAL STATEMENTS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – GENERAL FUND	34
STATEMENT OF NET ASSETS – PROPRIETARY FUND	35 - 36
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS – PROPRIETARY FUND	37
STATEMENT OF CASH FLOWS – PROPRIETARY FUND	38
NOTES TO THE FINANCIAL STATEMENTS	39 - 62

SUPPLEMENTARY INFORMATION

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET	63
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES	64

GENERAL FUND

COMPARATIVE BALANCE SHEETS	65
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	66 - 67
SCHEDULE OF REVENUES – BUDGET AND ACTUAL	70
SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL	71 - 77

SPECIAL REVENUE FUNDS

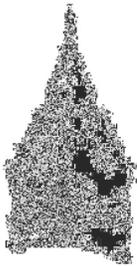
COMBINING BALANCE SHEET	78 - 79
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES	80 - 81
NEWBERRY ALLIED NARCOTICS UNIT – SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL	82
TOURISM FUND – SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL	83

SPECIAL EVENTS FUND – SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL	84
STATE ACCOMODATIONS TAX FUND – SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL	85
CULTURAL ARTS FUND – SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL	86
COMMUNITY HOUSING/DEVELOPMENT FUND – SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	87
STREETSCAPE FUND – SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL	88
TELECOMMUNICATIONS FUND – SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL	89
LOCAL HOSPITALITY/ACCOMODATIONS FEE FUND – SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL	90
VICTIM’S RIGHTS FUND – SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL	91
VICTIM’S RIGHTS FUND – SCHEDULE OF FINES, ASSESSMENTS AND SURCHARGES	92
DEBT SERVICE FUND	
COMPARATIVE BALANCE SHEETS	93
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – 2008 TIF	94
PERMANENT FUND	
COMPARATIVE BALANCE SHEETS	95
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL	96
ENTERPRISE FUND	
COMPARATIVE BALANCE SHEETS	97 - 98
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS – BUDGET AND ACTUAL	99 - 100
SCHEDULE OF EXPENSES – BUDGET AND ACTUAL	101 - 107

COMPARATIVE STATEMENT OF CASH FLOWS	108 - 109
CAPITAL ASSETS – GOVERNMENTAL FUNDS	
COMPARATIVE SCHEDULES OF CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS – BY SOURCE	110
SCHEDULE OF CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS – BY FUNCTION AND ACTIVITY	111
SCHEDULE OF CHANGES IN CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS – BY FUNCTION AND ACTIVITY	112
STATISTICAL SECTION	
NET ASSETS BY COMPONENT	113
CHANGES IN NET ASSETS	114 - 115
GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE	116
FUND BALANCES OF GOVERNMENTAL FUNDS	117
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS	118
UTILITY ENTERPRISE SYSTEM OPERATING REVENUES BY SOURCE	119
GENERAL GOVERNMENT PROPERTY TAX REVENUES BY SOURCE	120
UTILITY CUSTOMER TRENDS – BY SERVICE AND CATEGORY	121
UTILITY ENTERPRISE SYSTEM UNITS SOLD BY SOURCE	122
AVERAGE HISTORIC UTILITY RATES	123
PRINCIPAL UTILITY CUSTOMERS BY TOTAL BILLED	124
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY	125
PROPERTY TAX RATES – DIRECT AND OVERLAPPING GOVERNMENTS	126
PRINCIPAL PROPERTY TAXPAYERS	127
PROPERTY TAX LEVIES AND COLLECTIONS	128
RATIOS OF OUTSTANDING DEBT BY TYPE	129
RATIOS OF GENERAL BONDED DEBT OUTSTANDING	130

DIRECT AND OVERLAPPING GOVERNMENTAL GENERAL OBLIGATION DEBT	131
LEGAL DEBT MARGIN INFORMATION	132
PLEDGED – REVENUE COVERAGE	133 - 134
DEMOGRAPHIC AND ECONOMIC STATISTICS	135
PRINCIPAL EMPLOYERS	136
BUDGETED FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION	137
OPERATING INDICATORS BY FUNCTION	138
CAPITAL ASSET STATISTICS BY FUNCTION	139
SINGLE AUDIT SECTION	
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	140
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	141
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	142
REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	143 – 144
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	145 – 146

INTRODUCTORY SECTION



CITY OF NEWBERRY

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

November 1, 2011

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

State law requires Newberry City Council to provide for an independent annual audit of all financial records and transactions of the City of Newberry. State law further requires that such audits be made by a certified public accountant or public accountant or firm of such accountants who have no personal interest, direct or indirect, in the fiscal affairs of the City or any of its officers. The report of the audit must be made available for public inspection. Pursuant to these requirements, we hereby issue the comprehensive annual financial report of the City of Newberry (City) for the fiscal year ended June 30, 2011.

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

The City's financial statements have been audited by McKinley, Cooper and Company, LLC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2011, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement presentation; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended June 30, 2011, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report. In accordance with Government Auditing Standards, the independent auditor issued his report after consideration of the City of Newberry's internal control over financial reporting and on the auditor's test of

"City of Friendly Folks"

Post Office Box 538 • Newberry, South Carolina 29108 • Phone (803) 321-1007 • FAX (803) 321-1009

www.cityofnewberry.com

www.visitnewberrysc.com

the City's compliance with certain provisions of laws, regulations, contracts, and grants. That report concerning compliance and internal control is located at the end of the comprehensive annual financial report. Also, a schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

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

Profile of the Government

The City of Newberry is located in and is the county seat of Newberry County. The City of Newberry's municipal charter was issued in 1832. The City encompasses an area of approximately seven and a half square miles, while Newberry County encompasses an area of six hundred thirty square miles. The population of the City as registered by the 2010 Census was 10,277, and the population of the County as registered by the 2010 Census was 37,508. Within the limitations established by the State of South Carolina, the City of Newberry is empowered to levy a property tax on both real and personal properties located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by City Council.

The City of Newberry has operated under the council-manager form of government since 1948. The mayor is elected at-large for a term of four years. Policy-making and legislative authority are vested in City Council consisting of the mayor and six other members. Under the City's current single-member district plan, the City has been divided into six districts, each to be represented by a council member. City Council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring both the City's manager and attorney. The City Manager is responsible for implementing the policies of City Council, directing day-to-day business and administrative procedures and appointing departmental officials and other City employees. As of June 30, 2011, the City Manager was assisted by ten staff departments, including Economic and Community Development overseen by the Assistant to the City Manager; Finance; Fire; Human Resources; Information Services; Parks, Recreation, and Tourism; Planning and Development Services; Police; Public Works; and Utilities.

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

The annual budget serves as the foundation for the City's financial planning and control. For 2011-2012 budget preparation, all departments of the City of Newberry were required to submit requests for appropriations to the City Manager by late-March of 2011. The City Manager used these requests as the starting point for developing a proposed budget. The City Manager then presented this proposed budget to the Council for review during May. City Council is required to hold public hearings on the proposed budget and to adopt a final budget before July 1, the beginning of the City's fiscal year. The line-item appropriated budget is prepared by fund and department (e.g., General Fund, Finance Department). Expenditures may not exceed budgeted appropriations for each fund except as authorized by City Council. The City Manager is authorized to transfer amounts between line items within any fund. Transfers between funds require the approval of City Council. Any revisions that increase the total expenditures of any fund also must be approved by City Council. Budget-to-actual comparisons are provided in the report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented on page 34 as part of the basic financial statements for the governmental funds.

Local Economy and Major Initiatives

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

In 1999, three manufacturing facilities opened in the Newberry County Industrial Park located adjacent to the Highway 219-Interstate 26 interchange. F. G. Wilson, a division of Caterpillar Incorporated, invested \$17 million in a 450,000 square foot building. In 2006 Wilson announced plans to occupy the building and create approximately 100 jobs. In March of 2010 Caterpillar announced additional production and the creation of 500 new jobs which will be needed to help facilitate the growth. Confalonieri, an Italian printing operation, and Kiswire, a Korean wire manufacturer, both invested \$10 million in separate facilities. While Kiswire is presently in full production, Confalonieri is no longer in operation. However, in June 2007, Schweitzer-Mauduit purchased the old Confalonieri facility and is now manufacturing coating paper for lower ignition propensity (LIP) cigarettes.

In the summer of 2001, Millennium Teleservices invested \$1 million in a state-of-the-art call center on the U. S. Highway 76 bypass within the City of Newberry, and created approximately 200 jobs. In the fall of 2001, Komatsu, a diversified provider of construction and mining equipment, invested \$20 million in their Newberry County facility, located adjacent to the Newberry County Industrial Park. Two years later, in April 2003, Komatsu added 18 employees when the company's Chicago-based sales and marketing group expanded into the Newberry facility to consolidate sales, marketing and manufacturing

operations under the same roof. Then, in Spring 2009, Komatsu America announced plans to move production lines from its forklift production facility in Covington, Georgia and from its small and medium sized wheel loader production facility in Candiatic, Quebec, Canada. Production of forklifts in the Newberry Komatsu plant began in October 2009.

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

Fiscal year 2004-2005 witnessed retail expansion inside the City limits with the opening of an 111,000 square foot Lowe's Home Center in October 2004. In 2005, the City of Newberry completed a series of annexations which resulted in the incorporation of approximately 1,000 acres. This acreage, bound by S. C. Highway 34 to the north, S.C. Highway 219 to the south, and Interstate 26 to the east, is an area with tremendous economic development potential and is expected to become a significant growth corridor for the City. Included in this area is 17 acres of commercial property on S.C. Highway 219 with Interstate-26 visibility. The tract is currently being actively marketed for commercial development. Cracker Barrel Old Country Stores, Inc. has purchased one of the available lots and as of Summer 2011 has not yet developed the property. Ground was broken on the adjacent lot by developer, Hotel Evolutions, which constructed a 76-plus room Holiday Inn Express, during fiscal year 2008-2009. The hotel officially opened its doors during Summer 2009. Love's Travel Stop announced plans to construct a facility featuring a convenience store and two fast food restaurants on a 25-acre tract, annexed by the City in September 2008, adjacent to the northwest quadrant of the same interchange. Construction began in Summer of 2009 and Love's opened in Fall 2009. The great location has afforded Love's much success since opening. Love's also brought with it a new McDonald's location which has consistently ranked as one of the top grossing restaurants in the City limits each month. Staff is encouraged by the success of the businesses in and around the interchange and is hopeful this will generate more business activity in the area.

In 2007, Kraft Foods, the County's largest employer and City's largest electric customer, announced that over a three-year period, the company would invest approximately \$30 million to build a 75,000 square foot addition to the Louis Rich facility, construct additional production lines and make mechanical and electronic improvements to existing lines. This expansion resulted in the creation of approximately 1,279 new jobs and made its Newberry operation one of the largest Kraft Foods-owned facilities in the world.

Much of the current economic momentum in Newberry has its basis in the renovation of the Newberry Opera House, which was completed in the spring of 1998. The Newberry Opera House, a performing arts and entertainment center is owned by the City but leased to and under the control, operation, and management of the Newberry Opera House Foundation. Indications from the Newberry Opera House Foundation are that the 2010-2011 Newberry Opera House season was a success. The Newberry Opera House project is accomplishing what it was intended to do – namely, to serve as a catalyst for economic

development. The addition of over thirty new businesses, seven restaurants, seventeen second-floor apartments, a 73-room hotel, and the stimulation of numerous public-private partnerships evidence the catalytic impact of the project. The Opera House's spire has now become the symbol synonymous with the City of Newberry through Arnett Muldrow & Associates rebranding efforts in 2005.

The second economic development project aimed at continuing downtown development within the Central Business District consisted of the renovation of the old fire station, located adjacent to the Newberry Opera House on McKibben Street, and its planned reuse as a state-of-the-art meeting and special event facility. The City of Newberry received a Community Development Block Grant (CDBG) from the S.C. Department of Commerce in September 2004 to assist with project funding. This 11,500 square foot facility features a warming kitchen, offices for staff, a main assembly space, a decorative lobby, four breakout meeting rooms, and an executive-styled boardroom. Since its opening in September of 2007, the Newberry Firehouse Conference Center has hosted over 400 events ranging from conferences and business meetings to wedding receptions and community gatherings. Despite the recent economic downturn, the Newberry Firehouse Conference Center continues to perform at a high level, and its performance is forecast to continue to improve during fiscal year 2011-2012.

During the development of the Newberry Firehouse Conference Center, the third economic development project was underway. This consisted of the implementation of streetscape and parking facility improvements in the Central Business District. In December 2005, the City was notified by the S.C. Department of Commerce of its successful application for \$500,000 of Community Development Block Group funding to improve the seven City-owned surface parking lots in the downtown and the side streets linking those parking facilities to Main Street. Additionally, in January 2006 the City was notified by the S.C. Department of Transportation that its request for Transportation Enhancement Program (TEP) funds in the amount of \$163,292 had been approved. The intent of these grant funds was to improve the Friend, Harrington, McKibben and Nance Street corridors in support of the City's Newberry Firehouse Conference Center project, Newberry County's construction of a 23,000 square foot library on Friend Street at its intersection with McKibben Street, the Newberry Opera House, and to stimulate economic investment and redevelopment activity within the 900 block of Main Street. The project was bid in May 2007, constructed in 2007 and completed in June 2008.

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

of 2011, construction of four of the proposed ten detached homes had been completed. The developer has indicated to City staff that implementation of the master plan for the property will continue as financing allows.

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

During fiscal year 2008-2009, an exciting opportunity materialized for the City of Newberry and the residents of Oakland neighborhood. American Fiber & Finishing (AF&F) ceased operations within the Oakland Mill on Fair Avenue and sold the property to West Development of Newberry. Beginning in January of 2010, West Development, upon securing Federal funding for the preservation of the historic mill, rehabilitated and adapted it for mixed occupancy. The uses are to include Newberry College dormitories, market rate apartment units and amenities, to possibly include a wellness center, classrooms and complimentary light commercial activities. The first group of College students occupied the first two floors on the east side of the mill dedicated to college dormitory space during the summer of 2011. West Development will continue the process of finishing out the remaining dormitory space and market rate apartments through the 2011-2012 fiscal year. As of the summer of 2011, the developer estimated that a minimum of \$10 million has been invested in the Oakland Mill facility during the initial phases of the project. The City of Newberry is assisting the developer with the project through the services of a community development consultant currently under contract. Additionally, the City is pursuing improvements within the Oakland neighborhood that are designed to create an environment that is conducive to the long-term success of the mill project and the sustained revitalization of the neighborhood. These improvements include \$560,000 of water and wastewater upgrades, \$1.3 million of functional and aesthetic streetscape enhancements, and \$290,000 of distressed

residential property acquisitions and clearances. This initiative is being underwritten by state and federal grants totaling \$1.7 million from the S.C. Department of Commerce and the S.C. State Housing Finance and Development Authority. Additionally, the City has facilitated \$24,000 of housing rehabilitation activity which was funded by the S.C. State Housing Finance and Development Authority for qualifying owner-occupants.

Long-term financial planning. A continued emphasis on long range financial planning is a cornerstone of the City's success. Options and strategies introduced and continued in fiscal year 2011 include:

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

Relevant Financial Policies

Newberry City Council formally adopted the City of Newberry's Statement of Financial Policies on June 14, 2011. The Statement of Financial Policies covers budget policies, revenue policies, expenditure policies, capital improvement program policies, capital reserve fund policies, debt policies, interfund transfers/borrowings policies, fund balance policies for the General Fund, and accounting, auditing, and financial reporting policies. Two of the most important changes contained in the Statement of Financial Policies are in the areas of budget policies and fund balance policies.

New for fiscal year 2010-2011 in the area of budget policies, the City Manager was provided with expanded authority whereby he may authorize the transfer of appropriations within any fund to achieve the goals of the budget provided that no such transfers increase the total appropriation of any fund. Previously, the City Manager's authority was limited to approval of line item transfers within any department only. The expanded authority will allow the City Manager to respond to events and opportunities which present themselves during the course of the fiscal year while still working to achieve the goals of the budget provided by City Council.

In the area of fund balance policies, the City heretofore had no stated policy. Under the Statement of Financial Policies dated June 14, 2011, the City will strive to maintain the fund balance of the General Fund such that the unassigned portion of fund balance is between 33.0 percent and 67.0 percent of the total audited General Fund expenditures for the most recently audited fiscal year. If, at the end of a fiscal year, the minimum fund balance policy is not met, the City Manager will submit a plan of corrective action to City Council within six months of notification of the shortfall. Unless directed

otherwise by City Council, any amount in excess of the maximum will be transferred to the General Capital Reserve Fund, which is used to fund or finance the acquisition of new or replacement capital items. As of receipt of audited fiscal year 2011 information, the unassigned portion of the fund balance of the General Fund stood at 58.2 percent of the total audited General Fund expenditures.

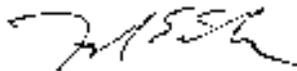
Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Newberry for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2010. This was the eighteenth consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

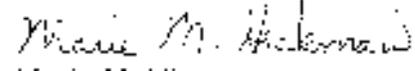
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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

Sincerely,



Jeff S. Shackor
City Manager



Marie M. Hickman
Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Newberry
South Carolina

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2010

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

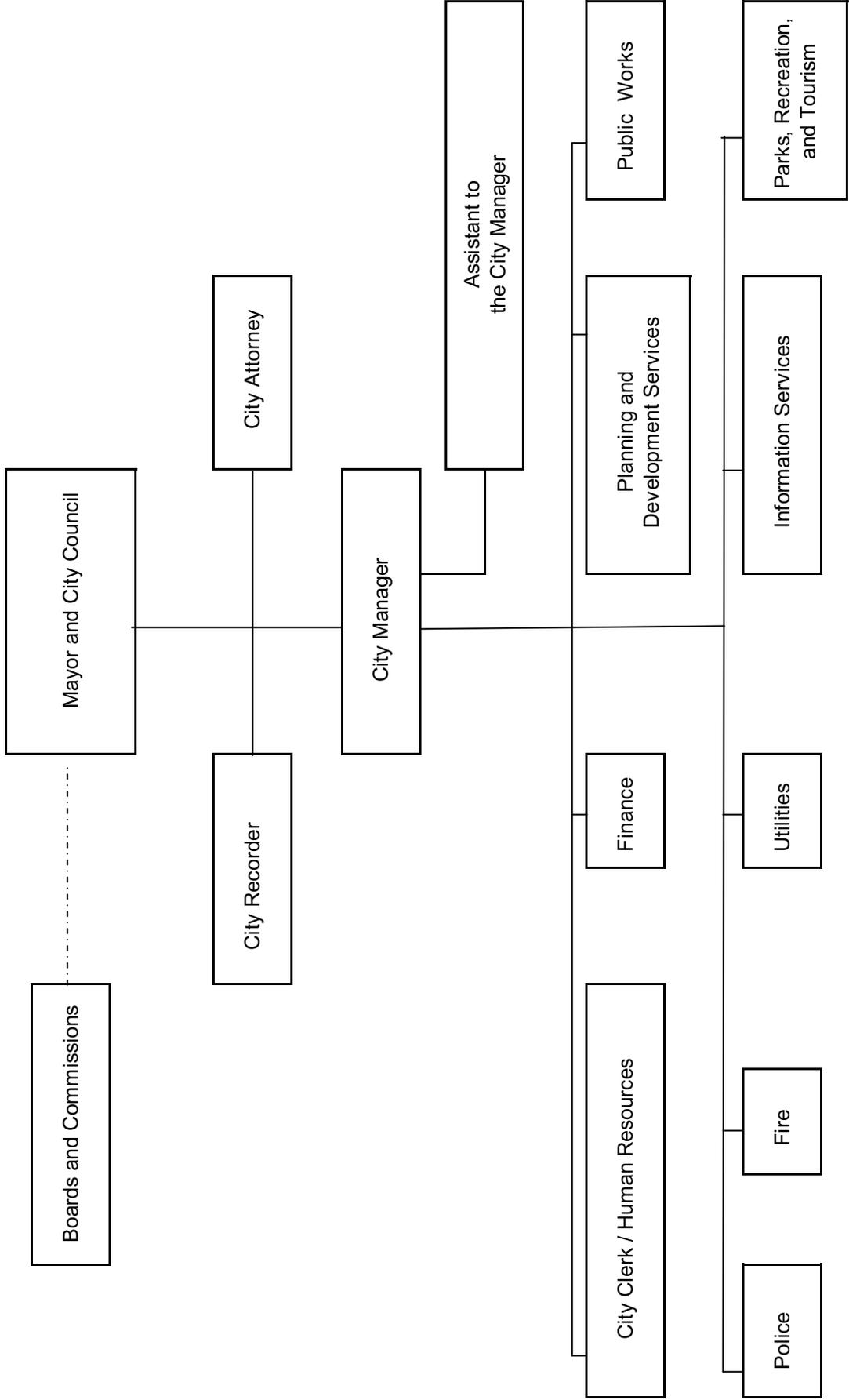


President

Executive Director

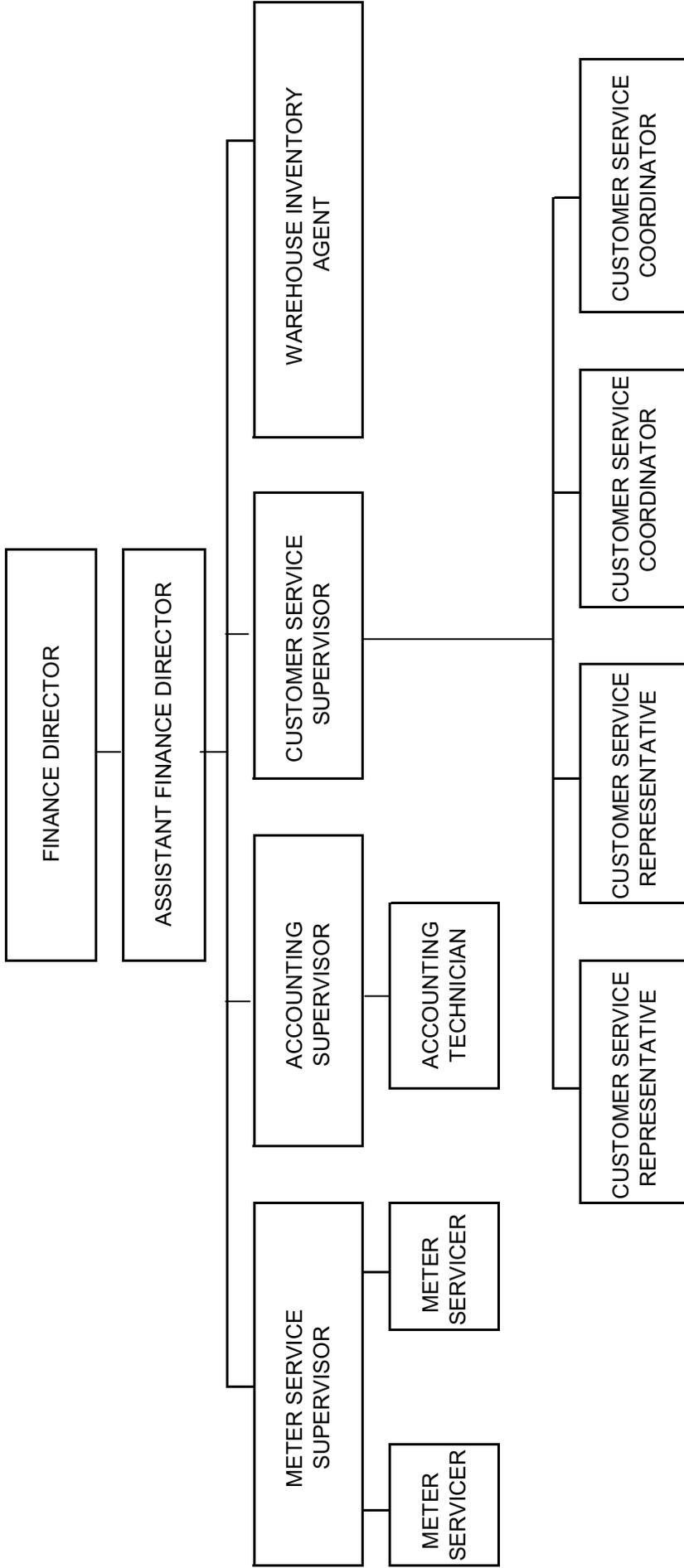
City of Newberry Organizational Chart

June 30, 2011



**City of Newberry
Finance Department
Organizational Chart**

June 30, 2011



CITY OF NEWBERRY, SOUTH CAROLINA

List of Principal Officers

June 30, 2011

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

* Mr. Yandle resigned on October 14, 2011. No successor has yet been named.

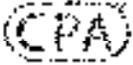
McMINLEY, COOPER & CO., LLC

CERTIFIED PUBLIC ACCOUNTANTS

Since 1958

300 North Greenburg Drive
Greenville, South Carolina 29615-1119

(803) 799-7570 Fax (803) 799-0875



Member,
Association of
Certified Public Accountants
South Carolina Chapter
Chartered March 20, 1958

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Newberry, South Carolina as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Newberry, South Carolina's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Newberry, South Carolina, as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 16, 2011, on our consideration of the City of Newberry, South Carolina's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Newberry, South Carolina's financial statements as a whole. The introductory section, enterprise fund budgetary comparisons, combining and individual nonmajor fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining and individual nonmajor fund financial statements, budgetary comparisons, schedules of the capital assets – governmental funds, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.



September 16, 2011

Management's Discussion and Analysis

As management of the City of Newberry, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2011. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1 - 8 of this report, and the City of Newberry's financial statements and other information, which begin on page 28 of this report.

Financial Highlights

Key financial highlights for fiscal year 2011 are as follows:

- The assets of the City of Newberry, including all governmental and business-type activities, exceeded its liabilities at the close of the most recent fiscal year by \$51,944,172 (net assets), an increase in comparison to the previous fiscal year of \$4,102,123 or 8.6 percent. Of this amount, \$20,590,445 is considered unrestricted. Unrestricted net assets do not include assets with externally imposed restrictions or restrictions imposed by law. The unrestricted net assets of the City's governmental activities are \$7,810,796. The unrestricted net assets of the City's business-type activities are \$12,779,649 and may be used to meet the obligations of the City's combined public utility system consisting of electric, water, and sewer services.
- Revenues and other financing sources totaled \$10,245,256 and expenditures and other financing uses totaled \$9,724,204 for all governmental funds at the fund level. Accordingly, combined revenues and other financing sources exceeded expenditures and other financing uses by 5.4 percent (\$521,052). As of the close of fiscal year 2011, the City of Newberry's governmental funds reported combined ending fund balances of \$7,673,601. On a combined basis, approximately \$407,070 is considered nonspendable, \$984,603 is restricted for specific purposes, \$941,269 has been committed by City Council, \$1,013,386 has been assigned to specific purposes by management, and \$4,327,273 is unassigned at June 30, 2011.
- At the end of fiscal year 2011, unassigned fund balance for the general fund, the City's principal operating fund, was \$4,327,273, an increase of \$253,897 in comparison to the previous fiscal year.
- The City implemented several financial policies during fiscal year 2011, including a fund balance policy for the general fund. Under the fund balance policy, the City will strive to maintain the fund balance of the general fund such that the unassigned portion of fund balance is equal to a minimum of 33 percent of the total audited general fund expenditures for the previous fiscal year. The City will also strive to ensure that the maximum unassigned portion of the fund balance at any audited fiscal year-end not exceed 67 percent of the most recently audited fiscal year's general fund expenditures. For fiscal year 2011, the unassigned portion of fund balance of the City was 58.2 percent of general fund expenditures.

Overview of the Financial Statements

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

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

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

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

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

The government-wide financial statements include only the City itself (known as the primary government) because the City of Newberry has no component units. The government-wide financial statements can be found on pages 28 - 29 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Newberry, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Newberry can be divided into two categories: governmental funds and proprietary funds. Traditional users of governmental financial statements will find the fund financial statements familiar. However, under GASB 34, the focus is on major funds, rather than fund types as in pre-GASB 34 reports.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains fifteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund only, since no other governmental fund is considered to be a major fund. Data from the other fourteen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided on pages 78 - 94 of this report. The City adopts an annual appropriated budget for most of its funds, including its general fund. Annual budgets are not adopted for the volunteer fire fund which can be used only as specified in South Carolina law and, in fiscal year 2011, for the federal equitable sharing fund which saw no activity during the period.

The City adopted Governmental Accounting Standards Board (GASB) Statement No. 54 for the year ended June 30, 2011. GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, was issued in March 2009. This statement is effective for fiscal periods beginning after June 15, 2010. The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the five existing governmental fund type definitions. Because of the newness of the post-GASB 54 reporting model, comparative numbers for all facets of this report are not available in the fiscal year 2011 report, particularly in the statistical section.

The basic governmental fund financial statements can be found on pages 28 - 33 of this report.

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

The basic proprietary fund financial statements can be found on pages 35 - 38 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 39 - 62 of this report.

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

Other information, including combining and individual fund statements and schedules, begin on page 63 of this report. Statistical tables that provide multi-year historical data begin on page 113.

Government-wide Financial Analysis

The fiscal year 2011 comprehensive annual financial report is the ninth City of Newberry report issued in compliance with Governmental Accounting Standards Board (GASB) Statement 34. Prior to the implementation of GASB 34 in fiscal year 2003, the City was required to report funds and account groups separately, with no meaningful consolidated statements to accurately reflect the operation and net assets of the City as a whole. Under the GASB 34 model for fiscal year 2011, the government-wide statements found on pages 28 - 29 are reported using the economic resources measurement focus and the accrual basis of accounting, the common method of reporting in today's business world. Following the notes to the financial statements, report users will still find individual fund statements and combining statements in the format found in the City's previous comprehensive annual financial reports. Because of the newness of the post-GASB 34 reporting model, comparative numbers for all facets of this report are not available in the fiscal year 2011 report, particularly in the statistical section. When comparative numbers are accessible, they have been included. Comprehensive annual financial reports in years to come will contain more comparative data that will enable users greater opportunity for comparative analysis.

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Newberry, assets exceeded liabilities by \$51,944,172 for fiscal year 2011, an increase of \$4,102,123 in total net assets as compared to fiscal year 2010. Net assets are reported in three categories: Invested in capital assets, net of related debt of \$28,990,763, restricted net assets of \$2,362,964, and unrestricted net assets of \$20,590,445.

The largest portion of the City's net assets (55.8 percent) reflects its investment in capital assets (e.g. land, building, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for

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

The category of restricted net assets represents resources that are subject to restrictions that are externally imposed. At June 30, 2011, the City had \$10,000 restricted for the Japanese Gardens permanent fund, \$1,315,103 restricted for utility system debt service, and \$1,037,861 restricted for maintenance of the utility system.

The balance of unrestricted net assets (\$20,590,445) may be used to meet government's ongoing obligations to citizens and creditors.

The following table presents a summary of the City's net assets as of June 30, 2011, with comparative data for fiscal year 2010.

City of Newberry's Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 8,494,468	\$ 7,970,920	\$ 17,620,864	\$ 16,894,736	\$ 26,115,332	\$ 24,865,656
Capital assets	\$ 9,347,880	\$ 9,739,893	\$ 37,556,856	\$ 30,660,885	\$ 46,904,736	\$ 40,400,778
Total assets	\$17,842,348	\$ 17,710,813	\$ 55,177,720	\$ 47,555,621	\$ 73,020,068	\$ 65,266,434
Long-term liabilities outstanding	\$ 2,689,488	\$ 3,149,031	\$ 14,870,291	\$ 9,018,207	\$ 17,559,779	\$ 12,167,238
Other liabilities	\$ 315,092	\$ 317,856	\$ 3,201,025	\$ 4,939,291	\$ 3,516,117	\$ 5,257,147
Total liabilities	\$ 3,004,580	\$ 3,466,887	\$ 18,071,316	\$ 13,957,498	\$ 21,075,896	\$ 17,424,385
Net assets:						
Invested in capital assets, net of related debt	\$ 7,016,972	\$ 6,934,137	\$ 21,973,791	\$ 21,001,548	\$ 28,990,763	\$ 27,935,685
Restricted	\$ 10,000	\$ 10,000	\$ 2,352,964	\$ 2,473,010	\$ 2,362,964	\$ 2,483,010
Unrestricted	\$ 7,810,796	\$ 7,299,789	\$ 12,779,649	\$ 10,123,565	\$ 20,590,445	\$ 17,423,354
Total net assets	\$14,837,768	\$ 14,243,926	\$ 37,106,404	\$ 33,598,123	\$ 51,944,172	\$ 47,842,049

(Remainder of Page Intentionally Blank)

The following table shows a recap of revenues and expenses for fiscal year 2011, with comparative data for fiscal year 2010:

City of Newberry's Statement of Activities

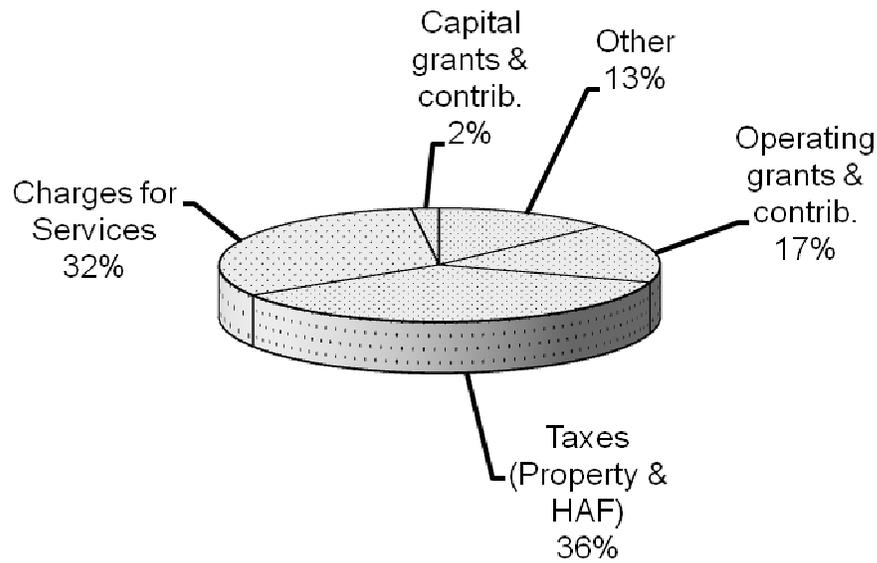
	Governmental		Business-Type		Total 2011	Total 2010
	Activities	Activities	Activities	Activities		
	2011	2010	2011	2010		
Revenue:						
Program revenues:						
Charges for Services	\$ 2,759,200	\$ 2,807,550	\$ 25,817,383	\$ 24,134,113	\$ 28,576,583	\$ 26,941,663
Operating grants and contributions	\$ 1,439,932	\$ 100,667	\$ -	\$ -	\$ 1,439,932	\$ 100,667
Capital grants and contributions	\$ 150,918	\$ 35,278	\$ 1,665,279	\$ 433,533	\$ 1,816,197	\$ 468,811
General Revenues:						
Taxes	\$ 3,115,381	\$ 3,062,344	\$ -	\$ -	\$ 3,115,381	\$ 3,062,344
Grants and contributions not restricted to specific programs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other	\$ 1,147,383	\$ 2,129,812	\$ 228,828	\$ 17,056	\$ 1,376,211	\$ 2,146,868
Total revenues	\$ 8,612,814	\$ 8,135,651	\$ 27,711,490	\$ 24,584,702	\$ 36,324,304	\$ 32,720,353
Expenses:						
General government	\$ 1,659,638	\$ 1,483,407	\$ -	\$ -	\$ 1,659,638	\$ 1,483,407
Public safety	\$ 4,222,019	\$ 4,373,431	\$ -	\$ -	\$ 4,222,019	\$ 4,373,431
Public Works	\$ 1,336,605	\$ 1,090,333	\$ -	\$ -	\$ 1,336,605	\$ 1,090,333
Parks, Recreation, & Tourism	\$ 564,042	\$ 552,199	\$ -	\$ -	\$ 564,042	\$ 552,199
Community development	\$ 1,507,326	\$ 732,863	\$ -	\$ -	\$ 1,507,326	\$ 732,863
Community promotions and projects	\$ 126,390	\$ 101,810	\$ -	\$ -	\$ 126,390	\$ 101,810
Interest on long-term debt	\$ 91,869	\$ 109,088	\$ -	\$ -	\$ 91,869	\$ 109,088
Combined electric, water, and sewer utilities	\$ -	\$ -	\$ 22,714,292	\$ 21,434,088	\$ 22,714,292	\$ 21,434,088
Total expenses	\$ 9,507,889	\$ 8,443,131	\$ 22,714,292	\$ 21,434,088	\$ 32,222,181	\$ 29,877,219
Increase(decrease) in net assets before transfers	\$ (895,075)	\$ (307,480)	\$ 4,997,198	\$ 3,150,614	\$ 4,102,123	\$ 2,843,134
Transfers	\$ 1,488,917	\$ 1,316,780	\$ (1,488,917)	\$ (1,316,780)	\$ -	\$ -
Increase in net assets	\$ 593,842	\$ 1,009,300	\$ 3,508,281	\$ 1,833,834	\$ 4,102,123	\$ 2,843,134
Net assets, July 1	\$ 14,243,926	\$13,234,626	\$ 33,598,123	\$ 31,764,289	\$ 47,842,049	\$ 44,998,915
Net assets, June 30	\$ 14,837,768	\$14,243,926	\$ 37,106,404	\$ 33,598,123	\$ 51,944,172	\$ 47,842,049

Governmental activities. Governmental activities increased the City's net assets by \$593,842. Compared to governmental activity expenses (\$9,507,889), tax-related revenues (\$3,115,381) covered approximately 32.8 percent, and program revenues (\$4,350,050) covered approximately 45.8 percent. Public Safety activities accounted for the greatest percentage of governmental activities at 44.4 percent. The City was the recipient of grants and contributions in the amount of \$1,590,850 used to accomplish upgrades and projects, including the Oakland Streetscape grant of \$914,126. City departments continued to use budgeted funds effectively. However, signs of the continuing effects of the economic recession were visible: (1) building permits and inspections showed a 6.6 percent decrease when compared to fiscal year 2010 and a 43.6 percent decrease when compared to fiscal year 2009; (2) vehicle assessed values decreased by 5.8 percent when compared to fiscal year 2010 and by 20.4 percent when compared to fiscal year 2009.

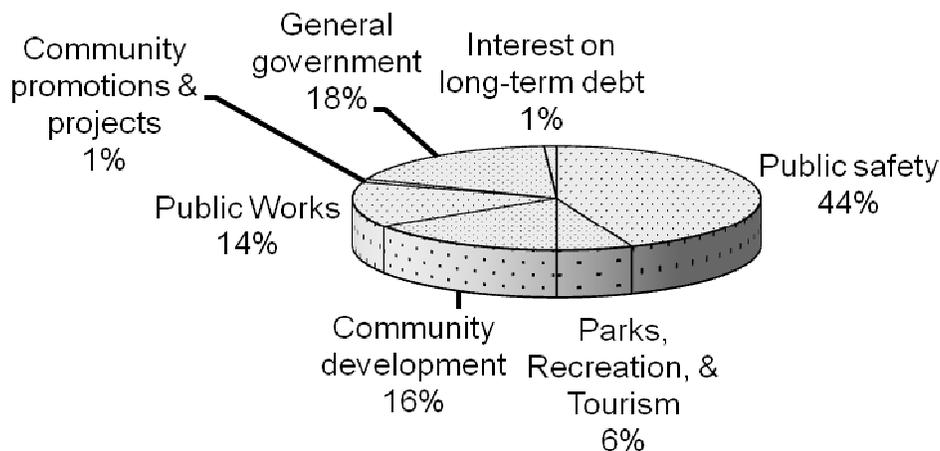
Most revenue sources met expectations, with the largest variance being associated with grants that did not materialize. These grants were related to potential grant-related expenses that likewise did not occur.

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

Governmental Revenues Fiscal Year 2011



Governmental Expenses Fiscal Year 2011



Business-type activities. The sole component of the City's business-type activities is the utility enterprise fund, a combined public utility consisting of electric, water, and sewer services. The total of charges for services, capital grants and contributions, and other general revenue sources at \$27,711,490 exceeded the total expenses and outgoing transfers of \$24,203,209, yielding a positive change in net assets of \$3,508,281 for fiscal year 2011. Of note is the purchase of electricity line item at \$15,409,961, which translates to 67.8 percent of all business-type expenses of \$22,714,292. The size of the purchase of electricity line item can be further appreciated by noting that this single line item is 47.8 percent of total primary government expenses.

- A major factor in the \$3,508,281 increase in net assets was the overall 6.00 percent electric rate increase and 5.00 percent water rate increase, both effective on the July 1, 2010 billing. The City's primary electric supplier, Piedmont Municipal Power Agency, had implemented a rate increase to the City of approximately 6.085 percent, effective May 1, 2010.
- Small increases in units sold in fiscal year 2011 as compared to fiscal year 2010 were reflected in electric kilowatt-hours (up 1.36 percent), in treated sewer cubic feet (up .44 percent) and water cubic feet (up 1.65 percent). Units sold changes were primarily due to weather conditions.
- Fiscal year 2011 saw federal grants revenue in the amount of \$1,195,463 for the purpose of capital upgrades/expansion at the City's wastewater treatment plant. Several smaller grants were also received, including grants for water and sewer upgrades in the Oakland Mill and West End sections of Newberry.
- Fiscal year 2011 saw the receipt of \$6,093,555 in loan proceeds from the State Revolving Fund for the purpose of capital upgrades/expansion at the City's wastewater treatment plant. While the repayment of this loan is scheduled to begin in December 2011, the City has begun incrementally increasing sewer rates to cover the future increase in debt service to avoid major rate shock in fiscal year 2012.

Financial Analysis of the Government's Funds

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

Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Newberry's financing requirements. In fiscal year 2011, GASB 54 was implemented which established five components of fund balance: nonspendable, restricted, committed, assigned, and unassigned. The total of the last three components, which include only resources without a constraint on spending or for which the constraint on spending is imposed by the government itself, may be termed unrestricted fund balance.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balance of \$7,673,601. The City's general fund, with an ending fund balance of \$5,386,345, amounts to 70.2 percent of the total ending fund balance of all governmental funds.

The general fund is the chief operating fund of the City of Newberry. At the end of fiscal year 2011, the unassigned fund balance of the general fund was \$4,327,273, representing 80.3 percent of the total fund balance in the general fund. As a measure of the general fund's liquidity, it may be useful to compare the unassigned portion of fund balance to total fund expenditures. Unassigned fund balance of \$4,327,273 represents 58.2 percent of total general fund expenditures (\$7,430,014).

The fund balance of the City's general fund increased by \$270,496 during fiscal year 2011. Key factors in this growth were the continuation of City policy to index the major part of the transfer from the Utility Enterprise Fund to the General Fund at approximately 5% of prior year utility revenues and short-term personnel vacancies during the fiscal year.

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

Unrestricted net assets of the combined public utility system (electric, water, and sewer operations) at the end of the fiscal year amounted to \$12,779,649 or 34.4 percent of total proprietary fund net assets in the amount of \$37,106,404. The City's largest component of proprietary fund net assets is our investment in capital assets, net of related debt, at \$21,973,791, or 59.2 percent of total net assets. Net assets restricted for debt service as compared to total net assets decreased to 3.5 percent from fiscal year 2010's 4.3 percent. Important information related to the State Revolving fund loan is found under the capital assets and debt administration topic found later in this management's discussion and analysis and in the notes to the financial statements. Other factors concerning the finances of this fund have already been addressed in the discussion of the City of Newberry's business-type activities.

General Fund Budgetary Highlights

The City's original expenditure budget increased by \$66,914 during fiscal year 2011 to reach the final expenditure budget of \$7,944,988. On the expenditure budget side, the largest increase by department of \$73,000 was recorded in the fire department, in large part due to the \$38,404 increase in the building and fixture repair line item due to repairs needed from lightening damage that occurred during the fiscal year. The largest budgetary expenditure decrease (\$59,151) was in the justice and law department, primarily due to our expectation during mid-year budget review of decreased state assessments because of lower expected court fines. On the revenue side, the largest line item budgetary change was a decrease of \$100,000 in the fines and forfeitures line item, primarily because, during mid-year budget review, the City saw a developing declining trend in this line item. The largest budgetary revenue increase (\$65,925) occurred in other miscellaneous revenues, primarily due to the receipt of unanticipated one-time revenue.

During the fiscal year, actual revenues collected were short of budget by \$128,907, with the largest variance occurring in the intergovernmental line item due to postponements in grant-financed projects (street department and fire department). Actual experience on the expenditure side reflected overall expenditures under budget by \$514,974, again with the largest variances related to postponements in grant-financed projects as outlined above. In summary, revenues and other financing sources were 2.1 percent short of budgetary estimates and expenditures and other financing uses were 6.5 percent less than budgetary estimates, thus adding \$270,496 to fund balance instead of using \$117,053 from existing fund balance as reflected in the final budget.

Capital Assets and Debt Administration

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

At the end of fiscal year 2011, the City had a combined total of capital assets of \$46,904,736 (net of accumulated depreciation), an increase of \$6,503,958 when compared to the previous fiscal year. This investment in capital assets includes land, buildings and improvements, machinery and equipment, utility (electric, water and sewer) facilities, streets, sidewalks and bridges.

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

Governmental Activities

\$120,577 for a trash loader in the public works department

Business-type Activities

\$7,147,491 for continuing construction in progress on the rehabilitation and expansion of the City's wastewater treatment plant

\$526,162 on water and sewer line improvements in the Oakland section of the City

The following table shows a recap of the City's capital assets, net of accumulated depreciation, for fiscal year 2011, with comparative data for fiscal year 2010.

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

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land and improvements	\$ 1,763,973	\$ 1,814,673	\$ 400,071	\$ 403,439	\$ 2,164,044	\$ 2,218,112
Buildings, improvements and fixtures	\$ 5,215,414	\$ 5,313,329	\$ 1,657,672	\$ 1,769,748	\$ 6,873,086	\$ 7,083,077
Streets, sidewalks and bridges	\$ 696,008	\$ 609,432	\$ -	\$ -	\$ 696,008	\$ 609,432
Motor vehicles and equipment	\$ 971,715	\$ 1,136,934	\$ 143,082	\$ 202,640	\$ 1,114,797	\$ 1,339,574
Office furniture and equipment	\$ 45,086	\$ 50,781	\$ 102,195	\$ 109,997	\$ 147,281	\$ 160,778
Other equipment	\$ 655,684	\$ 785,465	\$ 141,294	\$ 149,304	\$ 796,978	\$ 934,769
Traffic controls and fire alarm system	\$ -	\$ -	\$ 1	\$ 9,391	\$ 1	\$ 9,391
Street Lighting	\$ -	\$ -	\$ 114,380	\$ 85,847	\$ 114,380	\$ 85,847
Electric distribution system	\$ -	\$ -	\$ 2,652,174	\$ 2,839,190	\$ 2,652,174	\$ 2,839,190
Water distribution system	\$ -	\$ -	\$ 7,096,698	\$ 6,998,311	\$ 7,096,698	\$ 6,998,311
Sewer collection system	\$ -	\$ -	\$ 8,300,864	\$ 8,286,618	\$ 8,300,864	\$ 8,286,618
Construction in progress	\$ -	\$ 29,279	\$ 16,948,425	\$ 9,806,400	\$ 16,948,425	\$ 9,835,679
Total	\$ 9,347,880	\$ 9,739,893	\$ 37,556,856	\$ 30,660,885	\$ 46,904,736	\$ 40,400,778

Additional information on the City's capital assets can be found in note 5 beginning on page 47 of this report.

Debt Administration. At the end of fiscal year 2011, the City of Newberry had total debt outstanding (bonds, notes, capital leases) of \$17,034,160. No part of this amount comprises debt backed by the full faith and credit of the government. All of the City's bonded debt represents bonds secured solely by specified revenue sources (i.e. revenue bonds and tax increment bonds).

The following table shows a recap of the City's outstanding debt for fiscal year 2011, with comparative data for fiscal year 2010:

City of Newberry's Outstanding Debt

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Tax increment financing bonds	\$ 828,719	\$ 1,095,222	\$ -	\$ -	\$ 828,719	\$ 1,095,222
Revenue bonds, loan	\$ -	\$ -	\$ 14,703,252	\$ 8,863,797	\$ 14,703,252	\$ 8,863,797
Capital leases	\$ 1,502,189	\$ 1,710,534	\$ -	\$ -	\$ 1,502,189	\$ 1,710,534
Total	\$ 2,330,908	\$ 2,805,756	\$ 14,703,252	\$ 8,863,797	\$ 17,034,160	\$ 11,669,553

As expected, the City's total debt increased by a large amount (\$5,364,607) during fiscal year 2011. A newly issued capital lease of \$120,577 was for the purchase of a trash loader in the public works department. The majority of the increase in debt was related to the rehabilitation and expansion of the City's wastewater treatment plant financed primarily by a State Revolving Fund loan not to exceed \$19,236,065, plus capitalized interest. During fiscal year 2011, the City had drawn a total of \$14,703,252

of the State Revolving Fund loan, and construction was on track for scheduled completion in fiscal year 2012.

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

State statutes limit the amount of general obligation debt a governmental entity may issue, without a referendum, to 8 percent of its total assessed valuation. For fiscal year 2011, the debt limitation for the City is \$2,066,179, of which none is presently obligated.

Additional information on the City of Newberry’s long-term debt as reported for fiscal year 2011 can be found in note 7 beginning on page 49 of this report.

Economic Factors and Next Year’s Budgets and Rates

At June 30, 2011, unemployment for Newberry County stood at 10.5 percent versus 10.8 percent at June 30, 2010. In comparison, the state’s unemployment rate at June 30, 2011 was 10.5 percent and the national rate was 9.2 percent. Fiscal year 2011 data from the City of Newberry hospitality and accommodations fund also showed improvement when compared to fiscal year 2010 data. Hospitality gross sales increased 8.3 percent, from \$24.906 million for the year ended June 30, 2010, to \$26.974 million for the year ended June 30, 2011. Accommodations gross sales increased 5.9 percent from \$3.095 million for the year ended June 30, 2010, to \$3.277 million for the year ended June 30, 2011.

The City of Newberry began the budgetary process in March 2011, at which time the uncertain economic conditions forecast for fiscal year 2012 were considered.

A general operating tax of 85.3 mills, up from 83.9 mills, was approved by City Council. Additionally, a general capital reserve tax rate of 1.1 mills was levied for the first time, to be used to fund or finance the acquisition of new or replacement capital items as approved by City Council.

At June 30, 2011, the unassigned fund balance of the general fund was \$4,327,273. The City of Newberry has appropriated \$67,196 of fund balance for spending in the FY 2012 original budget. The use of fund balance is being carefully monitored by City administration during the annual budgetary process to prevent dependency on one-time revenues to financially support recurring expenditures.

In the City’s utility enterprise fund, City Council increased overall electric rates by approximately 7.50% and overall sewer rates by approximately 3.50%, effective on the

July 1, 2011 billing. The electric rate change was necessary primarily to offset a wholesale electric cost increase to the City, and the sewer rate change was necessary to begin generating sufficient revenue to replace an existing pump station at Cannons Creek that is reaching the end of its useful life. The rate increases also continued the City's goal of having each service type (electric, water, and sewer) function in a self-supporting manner. No water rate change was made.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF NEWBERRY
STATEMENT OF NET ASSETS
JUNE 30, 2011

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets			
Cash and cash equivalents	\$ 7,087,965	\$ 9,595,675	\$ 16,683,640
Receivables (net of allowances for uncollectibles)			
Taxes	176,125	-	176,125
Accounts	-	3,549,771	3,549,771
Grants	241,698	338,388	580,086
Intergovernmental	448,995	585,493	1,034,488
Other	96,384	2,629	99,013
Internal receivables (payable)	36,231	(36,231)	-
Inventories	52,070	1,067,175	1,119,245
Notes receivable	355,000	-	355,000
Restricted assets			
Cash and cash equivalents	-	2,352,930	2,352,930
Interest receivable	-	34	34
Note receivable - Newberry Opera House Foundation	-	53,008	53,008
Capital assets			
Land and construction in progress	785,620	17,268,769	18,054,389
Other capital assets, net of accumulated depreciation	8,562,260	20,288,087	28,850,347
Bond issuance cost (net of accumulated amortization)	-	111,992	111,992
Total Assets	<u>17,842,348</u>	<u>55,177,720</u>	<u>73,020,068</u>
Liabilities			
Accounts payable	73,222	1,955,951	2,029,173
Due to other government agencies	34,161	-	34,161
Accrued salaries and payroll liabilities	197,737	82,914	280,651
Retainage payable	-	879,813	879,813
Accrued interest payable	9,972	282,347	292,319
Long-term liabilities			
Due within one year	791,443	506,230	1,297,673
Due in more than one year	1,898,045	14,364,061	16,262,106
Total Liabilities	<u>3,004,580</u>	<u>18,071,316</u>	<u>21,075,896</u>
Net Assets			
Investment in capital assets, net of related debt	7,016,972	21,973,791	28,990,763
Restricted for			
Expendable			
Debt service	-	1,315,103	1,315,103
Maintenance	-	1,037,861	1,037,861
Nonexpendable			
Permanent Fund	10,000	-	10,000
Unrestricted	7,810,796	12,779,649	20,590,445
Total Net Assets	<u>\$ 14,837,768</u>	<u>\$ 37,106,404</u>	<u>\$ 51,944,172</u>

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

CITY OF NEWBERRY
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2011

Activities	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		Total	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental		Business-Type
					Activities		Activities
Governmental Activities							
General Government	\$ 1,659,638	\$ 1,377,432	\$ -	\$ -	\$ (282,206)	\$ (282,206)	
Public safety	4,222,019	711,268	177,347	61,683	(3,271,721)	(3,271,721)	
Public works	1,336,605	615,684	-	914,126	193,205	193,205	
Parks, recreation, and tourism	564,042	47,851	21,008	-	(495,183)	(495,183)	
Community development	1,507,326	-	416,686	-	(1,090,640)	(1,090,640)	
Community promotion and projects	126,390	6,965	-	-	(119,425)	(119,425)	
Interest on long-term debt	91,869	-	-	-	(91,869)	(91,869)	
Total Governmental Activities	9,507,889	2,759,200	615,041	975,809	(5,157,839)	(5,157,839)	
Business-Type Activities							
Utility system	22,714,292	25,817,383	-	1,665,279	-	4,768,370	
Total Primary Government	\$ 32,222,181	\$ 28,576,583	\$ 615,041	\$ 2,641,088	(5,157,839)	(389,469)	
General Revenues							
Taxes							
Property taxes, levied for general purposes					2,081,826	2,081,826	
Property taxes, levied for debt service					393,712	393,712	
Local hospitality and accommodations fee					639,843	639,843	
Intergovernmental revenue					905,362	217,650	
Interest revenue					10,978	11,178	
Miscellaneous					231,043	231,043	
Transfers					1,488,917	(1,488,917)	
Total General Revenues and Transfers					5,751,681	(1,260,089)	
Change in Net Assets					593,842	3,508,281	
Net Assets, beginning					14,243,926	33,598,123	
Net Assets, ending					\$ 14,837,768	\$ 37,106,404	

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

FUND FINANCIAL STATEMENTS

CITY OF NEWBERRY
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2011

	<u>General</u>	<u>Other Governmental</u>	<u>Totals June 30, 2011</u>
Assets			
Cash and cash equivalents	\$ 5,427,534	\$ 1,660,431	\$ 7,087,965
Receivables (net of allowance for uncollectibles)			
Taxes	133,868	42,257	176,125
Grants	1,650	240,048	241,698
Intergovernmental	54,842	394,153	448,995
Interest and other	43,675	52,709	96,384
Notes receivable	-	355,000	355,000
Due from other funds	41,479	15,115	56,594
Inventories	52,070	-	52,070
Total Assets	<u>\$ 5,755,118</u>	<u>\$ 2,759,713</u>	<u>\$ 8,514,831</u>
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 17,975	\$ 55,247	\$ 73,222
Intergovernmental	34,161	-	34,161
Accrued salaries and payroll liabilities	197,737	-	197,737
Due to other funds	4,385	15,978	20,363
Deferred revenue	114,515	401,232	515,747
Total Liabilities	<u>368,773</u>	<u>472,457</u>	<u>841,230</u>
Fund Balances			
Nonspendable	52,070	355,000	407,070
Restricted	-	984,603	984,603
Committed	-	941,269	941,269
Assigned	1,007,002	6,384	1,013,386
Unassigned	4,327,273	-	4,327,273
Total Fund Balances	<u>5,386,345</u>	<u>2,287,256</u>	<u>7,673,601</u>
Total Liabilities and Fund Balances	<u>\$ 5,755,118</u>	<u>\$ 2,759,713</u>	<u>8,514,831</u>

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

**CITY OF NEWBERRY
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE
SHEET WITH THE STATEMENT OF NET ASSETS
JUNE 30, 2011**

Fund Balance - Governmental Funds \$ 7,673,601

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

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

The cost of capital assets is	17,327,223	
Accumulated depreciation is	<u>(7,979,343)</u>	9,347,880

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

Accrued interest payable	(9,972)	
Compensated absences payable	(346,494)	
Other post-employment benefits obligation	(12,086)	
Capital lease obligations	(1,502,189)	
Revenue bonds payable	<u>(828,719)</u>	(2,699,460)

Deferred revenue is not a liability in governmental activities	<u>515,747</u>	
--	----------------	--

Total Net Assets - Governmental Activities \$ 14,837,768

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

CITY OF NEWBERRY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2011

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds June 30, 2011</u>
Revenues			
Taxes	\$ 2,079,774	\$ 393,712	\$ 2,473,486
Licenses, permits and franchise fees	1,377,432	-	1,377,432
Fines, forfeitures and penalties	640,575	55,977	696,552
Charges for services	663,535	646,808	1,310,343
Intergovernmental	1,072,757	1,438,171	2,510,928
Miscellaneous	89,941	152,080	242,021
Total Revenues	<u>5,924,014</u>	<u>2,686,748</u>	<u>8,610,762</u>
Expenditures			
General government	857,462	-	857,462
Public safety	3,179,489	91,377	3,270,866
Public works	1,126,769	-	1,126,769
Parks, recreation, and tourism	422,809	-	422,809
Community development	-	1,507,326	1,507,326
Non-departmental	1,568,903	254,567	1,823,470
Debt service			
Principal	251,168	344,257	595,425
Interest	23,414	71,663	95,077
Total Expenditures	<u>7,430,014</u>	<u>2,269,190</u>	<u>9,699,204</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,506,000)</u>	<u>417,558</u>	<u>(1,088,442)</u>
Other Financing Sources (Uses)			
Capital leases	120,577	-	120,577
Transfers in (out)			
Permanent fund	(1,550)	1,550	-
Special revenue funds	168,552	(143,552)	25,000
Utility system fund	1,488,917	-	1,488,917
Debt service fund	-	(25,000)	(25,000)
Total Other Financing Sources (Uses)	<u>1,776,496</u>	<u>(167,002)</u>	<u>1,609,494</u>
Net Change in Fund Balances	270,496	250,556	521,052
Fund Balances, beginning	<u>5,115,849</u>	<u>2,036,700</u>	<u>7,152,549</u>
Fund Balances, ending	<u>\$ 5,386,345</u>	<u>\$ 2,287,256</u>	<u>\$ 7,673,601</u>

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

CITY OF NEWBERRY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2011

Net Change in Fund Balances - Total Governmental Funds	\$	521,052
<p>Amounts reported for Governmental Activities in the Statement of Activities are different because (see Note 1, also)</p>		
<p>Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the Statement of Net Assets and allocated over the estimated useful lives as annual depreciation expense in the Statement of Activities. This is the amount by which depreciation exceeded capital outlays in the period.</p>		
Depreciation expense	\$ (819,382)	
Capital outlay	<u>427,369</u>	(392,013)
<p>Principal payments on capital leases are expenditures in the governmental funds, but they reduce long-term liabilities in the Statement of Net Assets and do not affect the Statement of Activities.</p>		
		328,922
<p>In the Statement of Activities, compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for this item are measured by the amount of financial resources used. This is the increase in compensated absences.</p>		
		(10,719)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. This is the increase in liability of other post-employment benefits.</p>		
		(4,586)
<p>The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>		
		266,503
<p>Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as interest accrues, regardless of when due. Interest on bonds decreased by:</p>		
		3,208
<p>Issuance of capital lease debt is reported as other financing sources in the governmental funds and thus contribute to the change in fund balance. In the Statement of Net Assets, however, issuing debt increases long-term liabilities and does not affect the Statement of Activities.</p>		
		(120,577)
<p>Deferred revenue is recorded in governmental funds as a reduction in revenue. Deferred revenue is not recorded in the Statement of Activities, therefore, revenue is different by:</p>		
		<u>2,052</u>
Change in Net Assets of Governmental Activities	\$	<u>593,842</u>

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

CITY OF NEWBERRY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED JUNE 30, 2011

Revenues	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
Taxes	\$ 2,081,400	\$ 2,068,138	\$ 2,079,774	\$ 11,636
Licenses, permits and franchise fees	1,314,750	1,311,498	1,377,432	65,934
Fines and forfeitures	686,100	586,100	640,575	54,475
Charges for services	644,500	656,682	663,535	6,853
Intergovernmental	1,307,896	1,344,078	1,072,757	(271,321)
Miscellaneous	24,000	86,425	89,941	3,516
Total Revenues	6,058,646	6,052,921	5,924,014	(128,907)
Expenditures				
General government				
City council	76,485	79,485	74,072	5,413
City manager	200,637	202,237	198,356	3,881
Human resources	93,232	94,532	91,849	2,683
Finance	253,220	255,420	245,915	9,505
City hall	31,935	31,302	29,290	2,012
Planning and development	249,141	241,641	217,980	23,661
Public safety				
Police department	1,721,986	1,769,873	1,714,341	55,532
Justice and Law	535,904	476,753	489,041	(12,288)
Fire department	1,051,672	1,124,672	976,107	148,565
Public works				
Public works administration	126,437	127,437	122,216	5,221
Streets	536,271	544,271	395,436	148,835
Sanitation	416,519	436,519	431,111	5,408
Building maintenance	49,936	50,036	48,989	1,047
Garage	149,371	136,121	129,017	7,104
Parks, recreation, and tourism				
Parks, recreation, and tourism	431,227	442,027	422,809	19,218
Non-departmental				
General insurance	104,777	73,075	72,275	800
Employee benefits	1,469,703	1,446,985	1,370,238	76,747
Community promotions and projects	106,120	138,020	126,390	11,630
Capitalized lease payments	273,501	274,582	274,582	-
Total Expenditures	7,878,074	7,944,988	7,430,014	514,974
Excess (Deficiency) of Revenues Over Expenditures	(1,819,428)	(1,892,067)	(1,506,000)	386,067
Other Financing Sources (Uses)				
Capital leases	105,000	120,577	120,577	-
Transfers in (out)				
Japanese Gardens fund	(1,550)	(1,550)	(1,550)	-
State accommodations tax fund	26,250	26,250	27,732	1,482
Local hospitality/accommodations fund	133,500	133,500	133,500	-
Victim's Assistance fund	-	7,320	7,320	-
Utility system	1,488,917	1,488,917	1,488,917	-
Total Other Financing Sources (Uses)	1,752,117	1,775,014	1,776,496	1,482
Net Change in Fund Balances	(67,311)	(117,053)	270,496	387,549
Fund Balances, beginning	5,115,849	5,115,849	5,115,849	-
Fund Balances, ending	\$ 5,048,538	\$ 4,998,796	\$ 5,386,345	\$ 387,549

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

**CITY OF NEWBERRY
 PROPRIETARY FUND
 STATEMENT OF NET ASSETS
 JUNE 30, 2011**

Assets

Current Assets

Cash and cash investments	\$	9,595,675
Receivables (net of allowances for uncollectibles)		
Accounts		3,549,771
Grants		338,388
Intergovernmental		585,493
Interest receivable		149
Other		2,480
Inventory		1,067,175
Restricted assets		
Cash and cash investments		670,379
Interest receivable		34
		34

Total Current Assets

15,809,544

Noncurrent Assets

Capital Assets		
Land and land improvements		437,589
Buildings and fixtures		3,568,132
Office furniture and equipment		211,010
Traffic controls and fire alarm system		185,112
Street Lighting		455,238
Other equipment		393,349
Motor vehicles and equipment		2,016,196
Electric distribution system		10,164,156
Water distribution system		16,439,499
Sewer collection system		21,904,265
Construction in progress		16,948,425
		16,948,425

Totals 72,722,971

Less accumulated depreciation (35,166,115)

Total Capital Assets 37,556,856

Bond Issuance Cost 111,992

Restricted Assets

Cash and cash investments		1,682,551
Note receivable - Newberry Opera House Foundation		53,008
		53,008

Total Noncurrent Assets

39,404,407

Total Assets

55,213,951

(Continued)

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

**CITY OF NEWBERRY
 PROPRIETARY FUND
 STATEMENT OF NET ASSETS (CONTINUED)
 JUNE 30, 2011**

Liabilities

Current Liabilities

Accounts payable	\$	1,955,951
Accrued salaries payable		82,914
Compensated absences payable		118,164
Retainage payable		879,813
Due to other funds		36,231
Accrued interest payable		282,347
Revenue bonds payable		91,655
Loans payable		296,411
		296,411

Total Current Liabilities

3,743,486

Noncurrent Liabilities

Loans payable	14,085,200
Revenue bonds payable	229,986
Compensated absences payable	42,861
Other post-employment benefit obligation	6,014
	6,014

Total Noncurrent Liabilities

14,364,061

Total Liabilities

18,107,547

Net Assets

Invested in Capital Assets, Net of Related Debt	21,973,791
Restricted for	
Debt service	1,315,103
Maintenance	1,037,861
Unrestricted	12,779,649
	12,779,649

Total Net Assets

\$ 37,106,404

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

**CITY OF NEWBERRY
 PROPRIETARY FUND
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND
 NET ASSETS
 YEAR ENDED JUNE 30, 2011**

	Business - Type Activities
	Electric, Water, and Sewer
Operating Revenues	
Charges for sales and services	\$ 25,769,002
Miscellaneous	48,381
	<u>25,817,383</u>
Total Operating Revenues	
Operating Expenses	
Costs of sales and services	20,367,304
Administration	586,160
Depreciation	1,715,445
	<u>22,668,909</u>
Total Operating Expenses	
Operating Income	<u>3,148,474</u>
Nonoperating Revenues (Expenses)	
Interest revenue	11,178
Interest expense, bank management fees and amortization	(45,383)
County sales tax	217,650
	<u>183,445</u>
Total Nonoperating Revenues (Expenses)	
Income Before Capital Contributions and Transfers	3,331,919
Capital Contributions	1,665,279
Transfers In (Out)	
General fund	(1,488,917)
	<u>3,508,281</u>
Change in Net Assets	
Net Assets, beginning	<u>33,598,123</u>
Net Assets, ending	<u>\$ 37,106,404</u>

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

**CITY OF NEWBERRY
 PROPRIETARY FUND
 STATEMENT OF CASH FLOWS
 YEAR ENDED JUNE 30, 2011**

Cash Flows from Operating Activities	
Receipts from customers	\$ 25,565,054
Purchase of electricity	(15,409,961)
Payments to suppliers	(3,388,584)
Payments to employees	(1,954,824)
	<hr/>
Net Cash Provided by Operating Activities	4,811,685
	<hr/>
Cash Flows from Noncapital Financing Activities	
Transfers in (out)	(1,488,917)
	<hr/>
Net Cash Used in Noncapital Financing Activities	(1,488,917)
	<hr/>
Cash Flows from Capital and Related Financing Activities	
Acquisition and construction of capital assets	(10,414,961)
Subsidy from federal grants	1,495,095
Proceeds from capital debt	8,532,432
County sales tax	217,650
Principal payments on bonds and notes payable	(254,100)
Interest and other fees paid	(14,189)
	<hr/>
Net Cash Used in Capital and Related Financing Activities	(438,073)
	<hr/>
Cash Flows from Investing Activities	
Interest on investments	11,574
Principal payments received on notes receivable	2,000
	<hr/>
Net Cash Provided by Investing Activities	13,574
	<hr/>
Net Increase in Cash	2,898,269
Cash and Cash Investments, beginning	9,050,336
	<hr/>
Cash and Cash Investments, ending	<u>\$ 11,948,605</u>
	<hr/>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating income	\$ 3,148,474
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation expense	1,715,445
Changes in assets and liabilities	
Receivables, net	(248,490)
Inventories	(10,023)
Accounts payable	193,431
Accrued expenses and due to other funds	12,848
	<hr/>
Net Cash Provided by Operating Activities	<u>\$ 4,811,685</u>
	<hr/>
Noncash Capital Activities	
Acquisition of capital assets on account	<u>\$ 2,515,861</u>
	<hr/>

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

CITY OF NEWBERRY

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2011

Note 1 – Summary of Significant Accounting Policies

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

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

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

Financial Reporting Entity

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

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all activities of the City. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are interfund services provided and used such as charges between the government's utility functions and various other functions of the government. Elimination of these charges would distort the direct costs and program

revenues reported for the various functions concerned. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

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

The City reports the following major governmental fund:

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

The City reports governmental funds according to GASB 54 fund type definitions. Revised definitions applicable to the City of Newberry are as follows:

Special Revenue Funds are used to account for and report specific revenue sources that are restricted or committed to expenditures for specified current purposes other than debt service or capital projects.

Permanent Funds are used to account for and report specific revenue sources that are restricted to the extent that only earnings, and not principal, may be used to support government programs which benefit the government or its citizens.

The City reports the following major proprietary fund:

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

Measurement Focus, Basis of Accounting

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

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The City considers all revenues, except for property taxes, reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Property taxes are considered available if collected within fifteen days after year-end. Property taxes, sales taxes, franchise taxes, licenses, and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Proprietary Fund Financial Statements. The proprietary fund distinguishes *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise fund are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system.

Operating expenses for the enterprise fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Budgetary Control

The City Council adopts an annual budget for the General Fund, certain Special Revenue Funds, Debt Service Fund, Proprietary Fund and Japanese Gardens Fund prior to the beginning of each fiscal year. Annual budgets are not adopted for the Federal Equitable Sharing and Volunteer Fire Special Revenue Funds. The City Manager is authorized to transfer budgeted amounts within any fund as necessary to achieve the goals of the budget provided, however, that no such transfers shall be used to increase the total appropriation of any fund. Any revisions that alter the total expenditures of any fund must be approved by the City Council. For budget administration purposes, the Utility Gross Revenue Fund and any Utility Debt Service or Utility Capital Funds shall be considered a single fund.

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

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

Cash and Investments

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

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

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

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

Inventories

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

Interfund Receivables/Payables

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

Restricted Assets

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

Capital Assets

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

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

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

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

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

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

Compensated Absences

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

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

Fund Balance

The City adopted Governmental Accounting Standards Board (GASB) Statement No. 54 for the year ended June 30, 2011. GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions was issued in March 2009. This statement is effective for fiscal periods beginning after June 15, 2010. The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied.

Fund balance is classified in five categories as follows:

Nonspendable

Nonspendable fund balances include amounts that are not in spendable form or are legally required to remain intact.

Restricted

Restricted fund balances include amounts that have external restrictions by either grantors, debt covenants, laws, or other governments.

Committed

Committed fund balances include amounts that are committed to a specific purpose by council ordinance.

Assigned

Assigned fund balances include amounts that are constrained by limitations resulting from intended uses as established by City Council or by the City Manager.

Unassigned

Unassigned fund balance includes amounts that have not been assigned to any purpose.

Unless specifically designated otherwise, fund expenditures and encumbrances are from restricted fund balance to the extent of restricted fund balance revenue, followed by committed fund balance, assigned fund balance, and unassigned fund balance, respectively.

Minimum/Maximum Fund Balance Policy

The City strives to maintain the fund balance of the General Fund such that the unassigned portion of fund balance is equal to a minimum of 33% of the total audited General Fund expenditures for the previous fiscal year. The City strives to ensure that the maximum unassigned portion of the fund balance at any audited fiscal year-end not exceed 67% of the most recently audited fiscal year's General Fund expenditures. Unless directed otherwise by City Council, any amount in excess of the maximum as defined above will be transferred to the General Capital Reserve account, also known as the General Government Depreciation Reserve Fund, which is assigned for the major repair, replacement, and acquisition of general government capital items.

Statement of Cash Flows

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

Estimates

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

Note 2 – Stewardship, Compliance and Accountability

Budgetary Information

City Council prepares its annual budget on a basis consistent with accounting principles generally accepted in the United States of America for General Fund revenues and expenditures prior to the beginning of each fiscal year. The adopted budget specifies

expenditure limits appropriated to each City department. Departmental expenditures may not exceed amounts appropriated without the approval of the City Council and unexpended appropriations lapse at fiscal yearend. Budget amounts reflected in the accompanying financial statements represent the adopted budget and any revisions approved by Council during the fiscal year.

Note 3 – Deposits and Investments

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

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

As of June 30, 2011, the City had deposits and investments as follows:

Deposits with financial institutions	\$ 15,946,578
Investments with S.C. Local Government Investment Pool	<u>3,806,312</u>
	<u><u>\$ 19,752,890</u></u>

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

Credit risk. As of June 30, 2011, in accordance with its investment policy, the City is invested with the S.C. Local Government Investment Pool as overseen by the State, which invests in instruments allowed under state laws. The Investment Pool is not rated. It’s a money market type pool, which is fully collateralized, and the underlying securities are held by a third party bank for the pool.

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

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. The City’s policy is that all deposits in excess of federal insurance amounts be collateralized with securities held by the pledging financial institution’s trust department or agent in the City’s name. As of June 30, 2011, all deposits are either insured or fully collateralized.

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

accordance with its investment policy, the City invests in the state investment pool which is not subject to custodial risk.

Note 4 – Receivables

Current receivables at June 30, 2011, consist of the following:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Receivables		
Property taxes	\$ 226,714	\$ -
Accounts	-	2,302,224
Grants	241,698	338,388
Unbilled accounts	-	1,669,318
Intergovernmental	448,995	585,493
Interest and other	96,384	2,663
Gross receivables	1,013,791	4,898,086
Less		
Allowance for uncollectibles	(50,589)	(421,771)
Net Receivables	<u><u>\$ 963,202</u></u>	<u><u>\$ 4,476,315</u></u>

Property tax is levied on the assessed value listed for all real and personal property owned on December 31 of each year. Liens attach to the property at that time. These taxes are due without penalty through January 15. Penalties are added to taxes depending on the date paid as follows:

- January 16 through February 1 – 3% of the property taxes
- February 2 through March 16 – additional 7% of the property taxes
- March 17 and thereafter – additional 5% of the property taxes

Current year real property taxes become delinquent on January 16. The levy date for motor vehicle taxes is the first day of the month in which the motor vehicle license expires. These taxes are due by the last day of the same month. Properties are listed with the Newberry County Auditor. These liens are for taxes assessed or to be assessed by the City for the year of assessment. A reserve is established for property taxes which have not been collected in four years.

Only a portion of the taxes uncollected at June 30, 2011, are considered available to liquidate current liabilities. The amounts collected within fifteen days after June 30 are considered to be available to liquidate current liabilities. Therefore, a deferred revenue account has been provided equal to the delinquent accounts in excess of the fifteen day period on the balance sheet of the governmental funds.

Note 5 – Capital Assets

Capital asset activity for the year ended June 30, 2011, was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 785,620	\$ -	\$ -	\$ 785,620
Construction in progress	29,279	-	(29,279)	-
Total Capital Assets Not Being Depreciated	<u>814,899</u>	<u>-</u>	<u>(29,279)</u>	<u>785,620</u>
Capital assets being depreciated:				
Land improvements	1,515,396	-	-	1,515,396
Buildings	7,147,601	75,181	(86,000)	7,136,782
Motor vehicles and equipment	4,456,507	218,617	(50,839)	4,624,285
Office furniture and equipment	118,545	-	-	118,545
Other equipment	1,313,065	44,336	-	1,357,401
Streets, sidewalks and bridges	1,670,680	118,514	-	1,789,194
Total Capital Assets Being Depreciated	<u>16,221,794</u>	<u>456,648</u>	<u>(136,839)</u>	<u>16,541,603</u>
Less accumulated depreciation				
Land improvements	486,343	50,700	-	537,043
Buildings	1,834,272	173,096	(86,000)	1,921,368
Motor vehicles and equipment	3,319,573	383,836	(50,839)	3,652,570
Office furniture and equipment	67,764	5,695	-	73,459
Other equipment	527,600	174,117	-	701,717
Streets, sidewalks and bridges	1,061,248	31,938	-	1,093,186
Total Accumulated Depreciation	<u>7,296,800</u>	<u>819,382</u>	<u>(136,839)</u>	<u>7,979,343</u>
Total Capital Assets Being Depreciated, Net	<u>8,924,994</u>	<u>(362,734)</u>	<u>-</u>	<u>8,562,260</u>
Governmental Activity Capital Assets, Net	<u>\$ 9,739,893</u>	<u>\$ (362,734)</u>	<u>\$ (29,279)</u>	<u>\$ 9,347,880</u>

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Business - Type Activities				
Utility Proprietary Fund				
Capital assets not being depreciated				
Land	\$ 320,344	\$ -	\$ -	\$ 320,344
Construction in progress	9,806,400	7,674,964	(532,939)	16,948,425
Total Capital Assets Not Being Depreciated	<u>10,126,744</u>	<u>7,674,964</u>	<u>(532,939)</u>	<u>17,268,769</u>
Capital assets being depreciated				
Land improvements	117,245	-	-	117,245
Buildings	3,568,132	-	-	3,568,132
Motor vehicles and equipment	1,998,611	17,585	-	2,016,196
Office furniture and equipment	211,010	-	-	211,010
Traffic Controls	185,112	-	-	185,112
Street Lighting	407,124	52,827	(4,713)	455,238
Other equipment	380,819	12,530	-	393,349
Electric distribution system	9,996,966	167,190	-	10,164,156
Water distribution system	15,949,141	573,524	(83,166)	16,439,499
Sewer collection system	21,319,118	643,735	(58,588)	21,904,265
Total Capital Assets Being Depreciated	<u>54,133,278</u>	<u>1,467,391</u>	<u>(146,467)</u>	<u>55,454,202</u>
Less accumulated depreciation				
Land improvements	34,150	3,368	-	37,518
Buildings	1,798,384	112,076	-	1,910,460
Motor vehicles and equipment	1,795,971	77,143	-	1,873,114
Office furniture and equipment	101,013	7,802	-	108,815
Traffic Controls	175,721	9,390	-	185,111
Street Lighting	321,277	24,294	(4,713)	340,858
Other equipment	231,515	20,540	-	252,055
Electric distribution system	7,157,776	354,206	-	7,511,982
Water distribution system	8,950,830	475,137	(83,166)	9,342,801
Sewer collection system	13,032,500	631,489	(60,588)	13,603,401
Total Accumulated Depreciation	<u>33,599,137</u>	<u>1,715,445</u>	<u>(148,467)</u>	<u>35,166,115</u>
Total Capital Assets Being Depreciated, Net	<u>20,534,141</u>	<u>(248,054)</u>	<u>2,000</u>	<u>20,288,087</u>
Business-Type Activities Capital Assets, Net	<u>\$ 30,660,885</u>	<u>\$ 7,426,910</u>	<u>\$ (530,939)</u>	<u>\$ 37,556,856</u>

Depreciation expense was charged to functions as follows:

General Government	\$	365,811
Public Safety		219,029
Public Works		202,928
Recreation		31,614
Total	\$	819,382

Depreciation of general infrastructure assets (streets, sidewalks and bridges) in the amount of \$31,938 was included in the public works function.

At June 30, 2011, the City had outstanding construction and purchase commitments. The business-type activity commitment was \$3,446,577 related to the rehabilitation and expansion of the wastewater treatment plant, \$907,822 related to the West End Water and Sewer Project, and \$563,551 related to other water and sewer projects. The governmental activity commitment was \$115,167 related to the Oakland Streetscape project.

Note 6 – Notes Receivable

Governmental Activities

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

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

Business-Type Activities

The City issued a loan to the Newberry Opera House Foundation during the year ended June 30, 2000. The loan is at 0% interest and payable on demand. At June 30, 2011, the balance of the note receivable is \$53,008.

Note 7 – Long-Term Debt

General Obligation Bonds

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

General obligation bonds are direct obligations and pledge the full faith and credit of the City. The City had no outstanding general obligation bonds at June 30, 2011.

Compensated Absences

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

Utility System Revenue Bonds

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

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

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

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

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

Arbitrage provisions of the Internal Revenue Tax Act of 1986 require the City to rebate excess arbitrage earnings from bond proceeds to the federal government. As of June 30, 2011, the City did not have any excess arbitrage earning to be included in accounts payable of the Proprietary Fund.

Capital Lease Obligations

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

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

Motor Vehicles and Equipment	\$ 1,446,996
Less Accumulated Depreciation	<u>(1,032,405)</u>
	<u>\$ 414,591</u>

The future minimum lease obligations for equipment as of June 30, 2011, were as follows:

Year Ending June 30,	
<u>2012</u>	\$ 235,758
2013	179,980
2014	129,956
2015	<u>88,886</u>
Total Minimum Lease Obligation	634,580
Less Amount Representing Interest	<u>(34,654)</u>
Present Value of Minimum Lease Payments	<u><u>\$ 599,926</u></u>

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

Year ending June 30,	<u>Governmental Activities</u>
<u>2012</u>	\$ 114,689
2013	114,689
2014	114,689
2015	114,689
2016	114,689
Thereafter	<u>506,545</u>
Total Minimum Lease Payments	1,079,990
Less Amount Representing Interest	<u>(177,727)</u>
Present Value of Future Minimum Lease Payments	<u><u>\$ 902,263</u></u>

Special Assessment Debt

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

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

During the year ended June 30, 2011, the City began assessing an additional 2% fee on meals and lodging within the City in order to help, when needed, repay the TIF bonds issued in 1998 and 2008. For the year ended June 30, 2011, \$639,843 in fees were collected.

At June 30, 2011, the City has recorded the outstanding TIF bond in the governmental activities long-term liabilities and the comparable renovations to the Opera House in capital assets since the City retains legal ownership of the property.

Changes in long-term liabilities for the year ended June 30, 2011, are as follows:

	<u>July 1, 2010</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2011</u>	<u>Due Within One Year</u>
Governmental Activities					
Compensated Absences	\$ 335,775	\$ 240,545	\$ (229,826)	\$ 346,494	\$ 220,357
Net Other Post-Employment Benefit Obligation	7,500	4,586	-	12,086	-
Capital Lease Obligations	1,710,534	120,577	(328,922)	1,502,189	299,773
Special Assessment Debt	1,095,222	-	(266,503)	828,719	271,313
Total	<u>\$ 3,149,031</u>	<u>\$ 365,708</u>	<u>\$ (825,251)</u>	<u>\$ 2,689,488</u>	<u>\$ 791,443</u>

	<u>July 1, 2010</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2011</u>	<u>Due Within One Year</u>
Business-Type Activities					
Compensated Absences	\$ 150,697	\$ 135,850	\$ (125,522)	\$ 161,025	\$ 118,164
Other Post-Employment Benefit Obligation	3,713	2,301	-	6,014	-
Refunding Revenue Bonds, Series 2003	272,242	-	(217,969)	54,273	54,273
Revenue Bonds, Series 2007	303,499	-	(36,131)	267,368	37,382
State Revolving Fund Loan	8,288,056	6,093,555	-	14,381,611	411,501
Total	<u>\$ 9,018,207</u>	<u>\$ 6,231,706</u>	<u>\$ (379,622)</u>	<u>\$ 14,870,291</u>	<u>\$ 621,320</u>

The following schedules reflect future principal and interest requirements of the City's outstanding bonds at June 30, 2011.

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

Fiscal Year	Tax Increment Revenue Bonds, Series 2008		
Fiscal Year	Fiscal Year Principal Due	Fiscal Year Interest Due	Total Principal and Interest Due
2012	\$ 271,313	\$ 25,019	\$ 296,332
2013	276,210	15,137	291,347
2014	281,196	5,076	286,272
Total	\$ 828,719	\$ 45,232	\$ 873,951

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

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

Fiscal Year	Revenue Bonds, Series 2007 (1)			Refunding Revenue Bonds, Series 2003 (2)			Grand Total, Series 2007 and Series 2003		
	Fiscal Year	Fiscal Year	Total Principal	Fiscal Year	Fiscal Year	Total Principal	Grand Total	Grand Total	Grand Total
	Principal Due	Interest Due	and Interest Due	Principal Due	Interest Due	and Interest Due	Fiscal Year	Fiscal Year	Total Principal
2012	\$ 37,382	\$ 8,668	\$ 46,050	\$ 54,273	\$ 798	\$ 55,071	\$ 91,655	\$ 9,466	\$ 101,121
2013	38,677	7,373	46,050	-	-	-	38,677	7,373	46,050
2014	40,016	6,033	46,049	-	-	-	40,016	6,033	46,049
2015	41,403	4,647	46,050	-	-	-	41,403	4,647	46,050
2016	42,837	3,213	46,050	-	-	-	42,837	3,213	46,050
2017	44,321	1,729	46,050	-	-	-	44,321	1,729	46,050
2018	22,732	292	23,024	-	-	-	22,733	292	23,025
Total	\$ 267,368	\$ 31,955	\$ 299,323	\$ 54,273	\$ 798	\$ 55,071	\$ 321,641	\$ 32,753	\$ 354,394

These bonds are the responsibility of the Utility Enterprise Fund.

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

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

Note 2: All principal payments are due October 1, of each year, with the aggregate interest payments stated above divided between October 1 and April 1 payment date.
Original Principal: \$3,585,100 (Dated 8-11-03)

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

<u>Fiscal Year</u>	<u>Fiscal Year Principal Due</u>	<u>Fiscal Year Interest Due</u>	<u>Total Principal and Interest Due</u>
2012	\$ 411,501	\$ 296,411	\$ 707,912
2013	561,035	382,848	943,883
2014	575,628	368,255	943,883
2015	590,738	353,145	943,883
2016	606,384	337,499	943,883
2017-2021	3,286,738	1,432,675	4,719,413
2022-2026	3,770,030	949,383	4,719,413
2027-2031	4,345,311	374,102	4,719,413
2032	234,246	1,722	235,968
Total	\$ 14,381,611	\$ 4,496,040	\$ 18,877,651

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

Note 1: On June 24, 2009, the City of Newberry closed on a State Revolving Fund loan in the amount of \$19,236,065. The payment initiation date will be September 11, 2011. Repayment of the principal and interest shall be due in 80 quarterly installments, with the first payment due date scheduled for December 1, 2011. As of June 30, 2011, the City has drawn \$14,381,611 against this loan. The above schedule of principal and interest requirements due represents the pro-rata requirements based on the \$14,381,611 due at June 30, 2011. The City expects to draw the remainder of the proceeds during the next fiscal year as construction on the wastewater treatment plant rehabilitation and expansion is completed.

Note 8 – Fund Balance Classifications

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Debt Service Fund</u>	<u>Permanent Fund</u>	<u>Total Governmental Funds</u>
Fund Balances					
Nonspendable					
Inventories	\$ 52,070	\$ -	\$ -	\$ -	\$ 52,070
Long-term receivable	-	355,000	-	-	355,000
Restricted					
In accordance with donor stipulations	-	-	-	10,000	10,000
Debt service	-	-	406,568	-	406,568
Victims' rights	-	95,519	-	-	95,519
State accommodations tax	-	35,518	-	-	35,518
Streetscape	-	217,029	-	-	217,029
Local hospitality	-	219,969	-	-	219,969
Committed					
NANU	-	38,804	-	-	38,804
Federal equitable sharing	-	12,764	-	-	12,764
Tourism	-	133,971	-	-	133,971
Special events	-	13,725	-	-	13,725
Cultural arts	-	33,010	-	-	33,010
Community housing/ development	-	695,649	-	-	695,649
Volunteer fire	-	8,961	-	-	8,961
Victims' rights	-	4,385	-	-	4,385
Assigned					
Depreciation	939,806	-	-	-	939,806
Japanese gardens maintenance	-	-	-	6,384	6,384
Appropriated in FY12	67,196	-	-	-	67,196
Unassigned					
	<u>4,327,273</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,327,273</u>
Total	<u>\$ 5,386,345</u>	<u>\$ 1,864,304</u>	<u>\$ 406,568</u>	<u>\$ 16,384</u>	<u>\$ 7,673,601</u>

Note 9 – Interfund Receivables, Payables, and Transfers

At June 30, 2011, interfund receivables and payables resulting from various interfund transactions were as follows:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 41,479	\$ 4,385
Special Revenue Funds		
Cultural Arts	-	3,460
Victim's Rights	4,385	-
Accommodations Tax	-	12,518
Tourism	10,730	-
Proprietary Fund - Unrestricted	-	36,231
Total	<u>\$ 56,594</u>	<u>\$ 56,594</u>

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

Interfund transfers for the year ended June 30, 2011 were as follows:

Transfer Out:	Transfer In			Total
	General Fund	Special Revenue Fund	Permanent Fund	
General Fund	\$ -	\$ -	\$ 1,550	\$ 1,550
Proprietary Funds	1,488,917	-	-	1,488,917
Special Revenue Funds	168,552	-	-	168,552
Debt Service Funds	-	25,000	-	25,000
	<u>\$ 1,657,469</u>	<u>\$ 25,000</u>	<u>\$ 1,550</u>	<u>\$ 1,684,019</u>

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

Note 10 – Contingent Liabilities and Commitments

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

The City, on behalf of the Proprietary Fund, has entered into a long-term agreement to purchase electrical power from the Piedmont Municipal Power Agency (PMPA), a governmental corporation organized under an act of the State of South Carolina. The agreement expires in 2035 depending on certain contingencies. PMPA’s generating capacity is committed to a group of municipalities, who have their own electrical utility operations, of which the City is a participant. Any excess energy is sold on the open market. The City is committed to purchase all electric power from PMPA, with the exception of the City’s Southeastern Power Administration’s allotment, and has pledged its electric system revenues as security for this commitment to PMPA over the term of the agreement. In fiscal year 2011, the cost of power purchased amounted to \$15,409,961. Because of the nature of the agreement, the aggregate commitments over future years cannot be determined.

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

Note 11 – Deferred Compensation Plan

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

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

Note 12 – Post-Employment HealthCare Benefits

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

Note 13 – Post-Employment HealthCare Plan

Plan Description and Funding Policy

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

The State of South Carolina Health Plan blends the experience of actives and retirees, including spouses and dependents, in determining premiums. Retirees are required by the City to bear both the City share and the participant share of premiums at the blended rate for any coverages elected. The City's exposure is capped under the City's OPEB substantive plan. As a result, the retirees receive an implicit rate subsidy. The required contributions are based on projected pay-as-you-go financing requirements. For fiscal year 2011, the City contributed \$8,100 to the plan. As of July 1, 2010, there were approximately 20 retirees and 4 spouses receiving health benefits from the City's plan. The City's plan does not issue a stand-alone financial report.

Annual OPEB Cost and Net OPEB Obligation

The City's annual other postemployment benefit cost is calculated based on the City's annual required contribution (ARC), an amount actuarially determined in accordance with

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

Schedule of Employer Contributions

Fiscal Year Ending June 30,	Annual Required Contribution	Interest on Net OPEB Obligation	Adjustment to the ARC	Net OPEB Cost	Actual Contribution	Increase in Net OPEB Obligation	Net OPEB Obligation - Beginning of Year	Net OPEB Obligation - End of Year
2011	\$ 14,900	\$ 505	\$ (418)	\$ 14,987	\$ 8,100	\$ 6,887	\$ 11,213	\$ 18,100

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

General Fund (.6677)	\$12,086
Utility Enterprise (.3323)	6,014
	<u>\$ 18,100</u>

The contribution for the fiscal year ended June 30, 2011, consisted of the following:

Explicitly Subsidized Benefits	\$ 1,000
Implicitly Subsidized Benefits	7,100
Total	<u>\$ 8,100</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the three latest years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
06/30/2011	\$14,987	54.0%	\$18,100
06/30/2010	\$31,813	82.4%	\$11,213
06/30/2009	\$31,800	82.4%	\$ 5,600

Funded Status and Funding Progress

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples included assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions

of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits and is presented below:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
July 1, 2010	\$ -	\$ 222,500	\$ 222,500	0%	\$ 5,739,500	4%
July 1, 2007	\$ -	\$ 434,000	\$ 434,000	0%	\$ 5,191,000	8%

Actuarial Methods and Assumptions

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

The following table summarized actuarial methods and assumptions used:

Valuation Date	July 1, 2010
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Percentage of Payroll Amount, Open
Amortization Period	30 years
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Investment Rate of Return	4.50% annual returns net of both investment and non-actuarial administrative expenses
Health Cost Trend Assumption	Getzen Trend Model – 8.20% graded to 4.70% over 80 years
Payroll Growth Rate	4.00%
Inflation Rate	2.75%

Note 14 – Employee Retirement Systems

The City provides pension benefits for all full-time employees through the South Carolina Retirement System. The City participates in the following plans:

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

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

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

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

Both the SCRS and PORS offer retirement, disability, survivor, and group life insurance benefits to eligible member or beneficiaries. Group life insurance benefits are also available to active State ORP participants. Provided that the actuarial assumed rate of investment return adopted by the Budget and Control Board is at or above 8 percent, each July 1, eligible retired members of the SCRS and the PORS receive an automatic cost-of-living adjustment (COLA) of up to 2 percent if the Consumer Price Index (CPI) as of the previous December 31 is at least 2%. If the CPI increase is less than 2%, the COLA will equal the actual increase in the CPI. The State Budget and Control Board, as trustees of the state's pension trust funds, may approve an additional ad hoc COLA, up to a total COLA of 4%, only if certain funding guidelines have been met. The Plans' provisions are established under Title 9 of the SC Code of Laws which requires both employees and employers to contribute to the Plans.

The SCRS plan members are required to contribute 6.5% of their earnable compensation to the plan. The City is required to contribute 9.24% of participant salary to provide retirement benefits and .15% of participant salary to provide group life benefits. The PORS plan members are required to contribute 6.5% of their earnable compensation to the plan. The City is required to contribute 11.13% of participant salary to provide retirement benefits, .2% to provide accidental death benefits and .2% to provide group life benefits.

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

Fiscal Period	SCRS		PORS	
	Required	Percent Contributed	Required	Percent Contributed
2011	\$ 375,500	100%	\$ 234,014	100%
2010	369,663	100%	215,120	100%
2009	365,473	100%	210,366	100%

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

Note 15 – Risk Management and Retention

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

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

There have been no significant reductions in insurance coverage during the fiscal year ended June 30, 2011.

Note 16 – Subsequent Events

Subsequent events have been evaluated through November 30, 2011, which is the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

NONMAJOR GOVERNMENTAL FUNDS

CITY OF NEWBERRY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2011
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2010)

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Permanent</u>	<u>Total June 30, 2011</u>	<u>Total June 30, 2010</u>
Assets					
Cash and investments	\$ 1,237,980	\$ 406,074	\$ 16,377	\$ 1,660,431	\$ 1,776,870
Property taxes receivable, net	-	42,257	-	42,257	29,878
Accounts/fees receivable	52,665	-	-	52,665	52,178
Notes receivable	355,000	-	-	355,000	355,000
Due from other governments	634,201	-	-	634,201	219,542
Interest and other	37	-	7	44	220
Due from other funds	15,115	-	-	15,115	18,577
Total Assets	<u>\$ 2,294,998</u>	<u>\$ 448,331</u>	<u>\$ 16,384</u>	<u>\$ 2,759,713</u>	<u>\$ 2,452,265</u>
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 55,247	\$ -	\$ -	\$ 55,247	\$ 9,178
Deferred revenue	359,469	41,763	-	401,232	390,727
Due to other funds	15,978	-	-	15,978	15,660
Total Liabilities	<u>430,694</u>	<u>41,763</u>	<u>-</u>	<u>472,457</u>	<u>415,565</u>
Fund Balances					
Nonspendable	355,000	-	10,000	365,000	365,000
Restricted	568,035	406,568	-	974,603	764,242
Assigned	941,269	-	6,384	947,653	907,458
Total Fund Balances	<u>1,864,304</u>	<u>406,568</u>	<u>16,384</u>	<u>2,287,256</u>	<u>2,036,700</u>
Total Liabilities and Fund Balances	<u>\$ 2,294,998</u>	<u>\$ 448,331</u>	<u>\$ 16,384</u>	<u>\$ 2,759,713</u>	<u>\$ 2,452,265</u>

CITY OF NEWBERRY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2011
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2010)

	Special Revenue	Debt Service	Permanent	Total June 30, 2011	Total June 30, 2010
Revenues					
Property taxes	\$ -	\$ 393,712	\$ -	\$ 393,712	\$ 367,841
Charges for services	646,808	-	-	646,808	599,084
Intergovernmental	1,405,160	33,011	-	1,438,171	880,866
Fines, forfeitures and penalties	55,977	-	-	55,977	62,978
Donations	5,525	-	-	5,525	3,500
Rental and other	144,863	-	-	144,863	86,848
Interest	1,314	300	78	1,692	2,778
Total Revenues	2,259,647	427,023	78	2,686,748	2,003,895
Expenditures					
Public safety	91,377	-	-	91,377	96,180
Community development	1,505,183	-	2,143	1,507,326	732,863
Non-departmental	254,567	-	-	254,567	249,382
Debt service					
Principal	77,754	266,503	-	344,257	336,555
Interest	36,936	34,727	-	71,663	84,174
Total Expenditures	1,965,817	301,230	2,143	2,269,190	1,499,154
Excess (Deficiency) of Revenues Over Expenditures	293,830	125,793	(2,065)	417,558	504,741
Other Financing Sources (Uses)					
Transfers in (out)	(143,552)	(25,000)	1,550	(167,002)	(157,594)
Total Other Financing Sources (Uses)	(143,552)	(25,000)	1,550	(167,002)	(157,594)
Net Change in Fund Balances	150,278	100,793	(515)	250,556	347,147
Fund Balances, beginning	1,714,026	305,775	16,899	2,036,700	1,689,553
Fund Balances, ending	\$ 1,864,304	\$ 406,568	\$ 16,384	\$ 2,287,256	\$ 2,036,700

GENERAL FUND

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

**CITY OF NEWBERRY
GENERAL FUND
COMPARATIVE BALANCE SHEETS
JUNE 30, 2011 AND 2010**

Assets	2011	2010
Assets		
Cash and investments	\$ 5,427,534	\$ 5,172,803
Receivables (net of allowances for uncollectibles)		
Taxes	133,868	143,239
Intergovernmental	56,492	112,221
Interest receivable	95	347
Other	43,580	28,402
Due from other funds	41,479	50,311
Inventories	52,070	36,112
	<u>5,755,118</u>	<u>5,543,435</u>
Total Assets	\$ 5,755,118	\$ 5,543,435
 Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ 17,975	\$ 13,922
Intergovernmental	34,161	39,210
Accrued salaries and payroll liabilities	197,737	242,366
Due to other funds	4,385	9,120
Deferred revenue	114,515	122,968
	<u>368,773</u>	<u>427,586</u>
Total Liabilities	368,773	427,586
Fund Balances		
Nonspendable	52,070	36,112
Assigned	1,007,002	1,006,361
Unassigned	4,327,273	4,073,376
	<u>5,386,345</u>	<u>5,115,849</u>
Total Fund Balances	5,386,345	5,115,849
Total Liabilities and Fund Balances	\$ 5,755,118	\$ 5,543,435

CITY OF NEWBERRY
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2011
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2010)

	Budgeted Amounts		Actual Amounts	Variance With Final Budget	Year Ended June 30, 2010
	Original	Final			
Revenues					
Taxes	\$ 2,081,400	\$ 2,068,138	\$ 2,079,774	\$ 11,636	\$ 2,093,574
Licenses, permits and franchise fees	1,314,750	1,311,498	1,377,432	65,934	1,379,518
Fines and forfeitures	686,100	586,100	640,575	54,475	692,383
Charges for services	644,500	656,682	663,535	6,853	652,712
Intergovernmental	1,307,896	1,344,078	1,072,757	(271,321)	1,225,875
Miscellaneous	24,000	86,425	89,941	3,516	79,034
Total Revenues	6,058,646	6,052,921	5,924,014	(128,907)	6,123,096
Expenditures					
General government					
City council	76,485	79,485	74,072	5,413	59,032
City manager	200,637	202,237	198,356	3,881	228,496
Human resources	93,232	94,532	91,849	2,683	88,901
Finance	253,220	255,420	245,915	9,505	223,753
City hall	31,935	31,302	29,290	2,012	28,393
Planning and development	249,141	241,641	217,980	23,661	255,355
Public safety					
Police department	1,721,986	1,769,873	1,714,341	55,532	1,566,680
Justice and law	535,904	476,753	489,041	(12,288)	524,829
Fire department	1,051,672	1,124,672	976,107	148,565	1,217,791
Public works					
Public works administration	126,437	127,437	122,216	5,221	128,926
Streets	536,271	544,271	395,436	148,835	411,411
Sanitation	416,519	436,519	431,111	5,408	487,751
Building maintenance	49,936	50,036	48,989	1,047	63,353
Garage	149,371	136,121	129,017	7,104	141,487
Parks, recreation, and tourism	431,227	442,027	422,809	19,218	430,531
Non-departmental					
General insurance	104,777	73,075	72,275	800	84,823
Employee benefits	1,469,703	1,446,985	1,370,238	76,747	1,310,085
Community promotions and projects	106,120	138,020	126,390	11,630	101,810
Capitalized lease payments	273,501	274,582	274,582	-	283,563
Total Expenditures	7,878,074	7,944,988	7,430,014	514,974	7,636,970
Excess (Deficiency) of Revenues Over Expenditures	(1,819,428)	(1,892,067)	(1,506,000)	386,067	(1,513,874)

(Continued)

**CITY OF NEWBERRY
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2011
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2010)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>	<u>Year Ended June 30, 2010</u>
	<u>Original</u>	<u>Final</u>			
Other Financing Sources (Uses)					
Capital leases	\$ 105,000	\$ 120,577	\$ 120,577	\$ -	\$ 191,436
Transfers in (out)					
Japanese Gardens fund	(1,550)	(1,550)	(1,550)	-	(1,550)
State accommodations tax fund	26,250	26,250	27,732	1,482	26,984
Local hospitality/accommodations fund	133,500	133,500	133,500	-	133,500
Victim's assistance fund	-	7,320	7,320	-	(1,340)
Utility system	1,488,917	1,488,917	1,488,917	-	1,316,780
Total Other Financing Sources (Uses)	<u>1,752,117</u>	<u>1,775,014</u>	<u>1,776,496</u>	<u>1,482</u>	<u>1,665,810</u>
Excess (Deficiency) of Revenues and Other Financing Sources (Uses) Over Expenditures	(67,311)	(117,053)	270,496	387,549	151,936
Fund Balances, beginning	<u>5,115,849</u>	<u>5,115,849</u>	<u>5,115,849</u>	<u>-</u>	<u>4,963,913</u>
Fund Balances, ending	<u><u>\$ 5,048,538</u></u>	<u><u>\$ 4,998,796</u></u>	<u><u>\$ 5,386,345</u></u>	<u><u>\$ 387,549</u></u>	<u><u>\$ 5,115,849</u></u>

CITY OF NEWBERRY
GENERAL FUND
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2011
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2010)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>	<u>Year Ended June 30, 2010</u>
	<u>Original</u>	<u>Final</u>			
Taxes					
Vehicle property taxes	\$ 180,000	\$ 150,000	\$ 168,194	\$ 18,194	\$ 189,121
Other current property taxes	1,846,000	1,839,900	1,825,050	(14,850)	1,831,909
Delinquent property tax	39,000	58,838	61,507	2,669	50,841
Tax penalties	15,000	18,000	21,947	3,947	19,117
Fees in lieu of taxes	1,400	1,400	3,076	1,676	2,586
Totals	2,081,400	2,068,138	2,079,774	11,636	2,093,574
Licenses, Permits and Franchise Fees					
Business licenses	1,180,750	1,173,300	1,238,854	65,554	1,241,603
Business license penalties	6,000	6,000	6,213	213	8,916
Building/sign permits	38,000	29,213	28,740	(473)	32,151
Inspections, lot clearing, zoning	20,000	24,935	25,256	321	25,654
Cable TV	60,000	61,500	63,306	1,806	63,988
Franchise Fees	10,000	16,550	15,063	(1,487)	7,206
Totals	1,314,750	1,311,498	1,377,432	65,934	1,379,518
Fines and Forfeitures					
Court fines, forfeitures and other	686,100	586,100	640,575	54,475	692,383
Totals	686,100	586,100	640,575	54,475	692,383
Charges for Services					
Recreation revenues	37,500	42,682	47,851	5,169	40,873
Public works charges	607,000	614,000	615,684	1,684	611,839
Totals	644,500	656,682	663,535	6,853	652,712
Intergovernmental					
Federal government					
Grants/receipts	112,634	174,317	63,333	(110,984)	42,112
State of South Carolina					
Merchants' inventory tax	58,392	58,392	58,392	-	58,392
Local government fund	246,351	246,351	222,157	(24,194)	276,411
Other receipts	138,100	146,775	6,448	(140,327)	91,862
Newberry County and county schools					
Recreation fee	18,000	18,400	21,008	2,608	20,345
County fire contribution	219,419	175,696	175,697	1	220,374
Other	-	4,000	5,575	1,575	-
Economic Development Contribution	20,000	20,000	20,000	-	20,000
Clinton Newberry Natural Gas Authority	495,000	500,147	500,147	-	496,379
Totals	1,307,896	1,344,078	1,072,757	(271,321)	1,225,875
Miscellaneous Revenues					
Sale of unserviceable equipment	3,500	3,500	4,274	774	23,275
Other	7,500	73,425	76,381	2,956	41,297
Interest earned	13,000	9,500	9,286	(214)	14,462
Totals	24,000	86,425	89,941	3,516	79,034
Total Revenues	\$ 6,058,646	\$ 6,052,921	\$ 5,924,014	\$ (128,907)	\$ 6,123,096

**CITY OF NEWBERRY
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2011
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2010)**

	Budgeted Amounts		Actual	Variance With	Year Ended
	Original	Final	Amounts	Final Budget	June 30, 2010
General Government					
City Council					
Salaries and wages	\$ 42,640	\$ 43,079	\$ 41,770	\$ 1,309	\$ 41,622
Overtime	100	-	-	-	-
Printing	2,000	2,000	2,011	(11)	1,517
Office supplies	1,500	1,500	1,014	486	488
Postage	500	500	177	323	209
Membership	350	350	110	240	-
Travel	22,170	21,370	18,739	2,631	11,308
Telecommunications	1,050	1,850	1,845	5	815
Advertising	625	625	402	223	168
Rental/lease of equipment	2,200	2,200	1,690	510	2,229
Employee training	350	350	-	350	150
Municipal election	-	3,000	4,200	(1,200)	126
Codification	3,000	2,661	2,114	547	400
Totals	76,485	79,485	74,072	5,413	59,032
City Manager					
Salaries and wages	170,521	173,824	173,420	404	201,986
Overtime	100	-	-	-	-
Printing	300	100	68	32	281
Office supplies	800	400	200	200	608
Postage	400	200	81	119	289
Membership, dues and subscriptions	2,115	2,115	1,852	263	2,121
Travel	4,551	4,551	3,386	1,165	3,955
Car allowance	10,080	10,080	9,626	454	12,406
Telecommunications	3,020	3,020	2,375	645	2,338
Small equipment purchases	500	-	-	-	150
Advertising	200	-	-	-	34
Rental/lease of equipment	2,600	2,600	2,025	575	2,659
Employee training	5,450	5,347	5,323	24	1,669
Totals	200,637	202,237	198,356	3,881	228,496
Human Resources					
Salaries and wages	85,932	87,497	86,665	832	83,759
Printing	600	850	785	65	560
Office supplies	1,000	685	692	(7)	669
Postage	250	250	115	135	169
Membership, dues and subscriptions	455	455	35	420	50
Travel	1,705	1,705	1,467	238	1,267
Telecommunications	1,040	1,040	599	441	550
Safety training/hygiene	100	-	-	-	-
Advertising	100	-	-	-	-
Rental/lease of equipment	1,800	1,800	1,356	444	1,728
Employee training	250	250	135	115	149
Totals	93,232	94,532	91,849	2,683	88,901

(Continued)

**CITY OF NEWBERRY
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2011
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2010)**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget	Year Ended June 30, 2010
	Original	Final			
General Government (Continued)					
Finance					
Salaries and wages	\$ 197,850	\$ 201,028	\$ 199,978	\$ 1,050	\$ 179,957
Overtime	300	300	-	300	-
Printing	2,465	2,465	2,242	223	834
Office supplies	3,500	3,500	2,102	1,398	3,047
Postage	3,200	3,200	2,811	389	2,785
Membership, dues and subscriptions	540	540	290	250	340
Travel	1,315	1,315	1,147	168	1,014
Telecommunications	1,725	1,725	1,061	664	1,140
Maintenance contracts	14,890	14,890	13,804	1,086	9,939
Equipment repair	500	500	-	500	-
Small equipment purchases	1,040	1,040	83	957	1,111
Advertising	850	850	349	501	701
Rental/lease of equipment	3,910	4,010	3,379	631	4,247
Employee training	485	485	320	165	165
Auditor	11,000	10,968	10,968	-	10,968
Refunds	250	250	-	250	-
Preparation of taxes	7,900	7,900	7,381	519	7,010
Computer programming	1,500	454	-	454	495
Totals	253,220	255,420	245,915	9,505	223,753
City Hall					
Telecommunications	-	27	27	-	126
Service contracts	30,335	29,675	27,810	1,865	28,267
Small equipment purchases	1,600	1,600	1,453	147	-
Totals	31,935	31,302	29,290	2,012	28,393
Planning and Development					
Salaries and wages	170,770	173,128	172,728	400	161,012
Overtime	250	-	-	-	-
Printing	1,400	1,400	740	660	1,660
Office supplies	2,200	2,200	2,282	(82)	2,039
Postage	1,600	1,000	665	335	730
Membership, dues and subscriptions	1,155	1,155	1,105	50	925
Travel	4,770	4,770	3,144	1,626	2,661
Vehicle fuel	2,444	2,444	2,455	(11)	1,689
Vehicle repair	500	500	333	167	178
Tires and tubes	500	400	-	400	-
Utilities - annex	4,770	4,770	3,067	1,703	3,268
Telecommunications	2,832	2,832	1,947	885	1,744
Maintenance contracts	4,630	4,630	4,922	(292)	4,952
Building and fixture repairs	3,000	2,442	591	1,851	2,076
Small hand tools	250	250	154	96	326
Uniforms	800	800	789	11	794
Safety supplies	100	100	12	88	85

(Continued)

CITY OF NEWBERRY
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2011
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2010)

	Budgeted Amounts		Actual Amounts	Variance With Final Budget	Year Ended June 30, 2010
	Original	Final			
General Government (Continued)					
Planning and Development (Continued)					
Advertising	\$ 1,000	\$ 800	\$ 385	\$ 415	\$ 625
Rental/lease of equipment	2,335	2,335	1,662	673	5,162
Employee training	1,585	2,185	1,667	518	680
Boards and commissions	1,000	1,000	874	126	1,000
Refunds	500	500	105	395	-
Code enforcements	38,750	30,000	16,854	13,146	43,225
Computer programming	2,000	2,000	1,499	501	1,499
Automotive equipment	-	-	-	-	19,025
Totals	249,141	241,641	217,980	23,661	255,355
Public Safety					
Police Department					
Salaries and wages	1,352,594	1,354,645	1,323,909	30,736	1,246,400
Holiday pay	46,275	46,275	40,697	5,578	41,538
Training pay	5,500	5,500	6,606	(1,106)	4,929
Court pay	500	500	100	400	200
Overtime	5,500	5,500	6,733	(1,233)	4,305
Callbacks	14,000	18,000	15,550	2,450	9,117
Printing	2,500	2,250	779	1,471	537
Office supplies	2,800	2,714	2,368	346	2,749
Crime prevention	750	750	329	421	655
Postage	500	500	433	67	465
Membership, dues and subscriptions	2,774	2,774	2,464	310	2,529
Travel	1,525	1,525	1,125	400	925
Vehicle fuel	85,232	85,232	91,072	(5,840)	77,430
Vehicle repair	12,000	16,000	24,891	(8,891)	13,264
Tires and tubes	5,000	5,000	6,560	(1,560)	6,836
Utilities	13,295	13,295	11,760	1,535	11,825
Telecommunications	12,374	12,374	4,846	7,528	4,959
Maintenance contracts	4,310	5,595	4,885	710	4,916
Equipment repair	4,000	4,000	1,085	2,915	1,114
Building and fixture repairs	2,300	2,300	2,067	233	4,764
Small hand tools	600	600	49	551	334
Small equipment purchases	24,558	24,558	22,974	1,584	19,009
LEN - small equipment purchases	-	-	-	-	1,263
LEN - other agencies	-	-	-	-	7,541
Uniforms	15,000	15,000	14,708	292	13,763
Safety training/hygiene	3,000	3,000	2,373	627	1,720
Dry cleaning and laundry	3,000	3,000	511	2,489	456
Janitorial services	2,000	2,000	1,420	580	1,583
Medical and lab services	550	550	-	550	17
Prisoner care	4,000	3,000	100	2,900	1,350
Advertising	700	700	415	285	126
Rental/lease of equipment	22,949	12,949	5,358	7,591	6,167
Employee training	3,300	3,300	3,168	132	2,977
Photo supplies	400	400	77	323	223
Special investigation	700	700	330	370	301
Automotive equipment	67,500	67,500	66,555	945	43,958

(Continued)

**CITY OF NEWBERRY
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2011
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2010)**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget	Year Ended June 30, 2010
	Original	Final			
Public Safety (Continued)					
Police Department (Continued)					
Stim grant - public safety	\$ -	\$ 47,887	\$ 48,044	\$ (157)	\$ 25,635
Stim grant HVAC	-	-	-	-	800
Totals	1,721,986	1,769,873	1,714,341	55,532	1,566,680
Justice and Law					
Salaries and wages	94,554	95,389	93,540	1,849	86,180
Overtime	300	69	-	69	-
State assessments	406,640	345,900	369,108	(23,208)	404,708
Printing	1,200	1,200	826	374	902
Office supplies	2,010	2,010	1,403	607	1,260
Postage	1,350	1,350	1,353	(3)	1,486
Memberships, dues and subscriptions	60	60	65	(5)	90
Refund of fines	12,800	11,500	10,153	1,347	9,117
Travel	1,529	1,529	1,536	(7)	1,602
Jury fees	1,300	2,600	2,110	490	2,240
Telecommunications	619	619	212	407	216
Maintenance contracts	1,800	1,285	1,623	(338)	1,800
Small equipment purchases	1,000	1,000	-	1,000	-
Rental/lease of equipment	1,620	3,120	2,407	713	1,614
Employee training	460	460	290	170	268
Legal services	8,662	8,662	4,415	4,247	5,674
Stim grant equipment	-	-	-	-	7,672
Totals	535,904	476,753	489,041	(12,288)	524,829
Fire Department					
Salaries and wages	730,102	743,596	742,831	765	712,601
Training pay	6,000	5,000	4,605	395	4,008
Volunteer pay	9,500	5,000	2,839	2,161	4,042
Overtime	1,000	1,000	-	1,000	161
Callbacks	15,000	13,000	7,007	5,993	10,001
Printing	1,100	1,100	477	623	719
Office supplies	2,400	2,400	1,755	645	2,220
Postage	650	650	529	121	516
Membership, dues and subscriptions	765	765	649	116	730
Travel	6,053	6,053	2,817	3,236	2,816
Vehicle fuel	13,553	13,553	13,911	(358)	10,192
Vehicle repair	10,000	12,000	10,270	1,730	6,560
Tires and tubes	1,000	1,000	561	439	75
Utilities	37,584	37,584	30,893	6,691	30,494
Telecommunications	4,450	4,450	2,895	1,555	3,216
Maintenance contracts	12,000	12,000	11,558	442	11,726
Equipment repair	4,000	4,000	2,770	1,230	3,114
Fire extinguishers	750	750	707	43	445
Building and fixture repairs	7,600	46,004	49,641	(3,637)	5,073
Small hand tools	2,500	2,500	1,786	714	1,947
Small equipment purchases	8,300	8,300	6,546	1,754	7,814
Radio supplies and maintenance	11,550	11,098	10,255	843	6,399

(Continued)

CITY OF NEWBERRY
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2011
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2010)

	Budgeted Amounts		Actual Amounts	Variance With Final Budget	Year Ended June 30, 2010
	Original	Final			
Public Safety (Continued)					
Fire Department (Continued)					
Uniforms	\$ 7,000	\$ 7,000	\$ 6,183	\$ 817	\$ 6,857
Safety equipment	9,265	9,265	9,126	139	8,390
Safety training/hygiene	1,530	1,530	1,127	403	1,406
Dry cleaning and laundry	500	500	394	106	304
Cleaning and sanitation supplies	2,000	2,000	1,934	66	2,012
Janitorial services	350	350	350	-	343
Medical and lab services	500	500	201	299	376
Advertising	500	500	335	165	400
Rental/lease of equipment	5,386	5,386	3,591	1,795	5,428
Employee training	1,950	1,950	1,559	391	1,923
Physical exams	10,000	10,000	6,908	3,092	2,944
Fire hose supplies	2,500	2,500	2,104	396	2,500
Boarding supplies	3,000	3,000	2,684	316	2,871
Photo supplies	200	200	52	148	31
Fire investigation unit	400	400	100	300	80
Fire prevention	6,000	6,000	5,172	828	5,874
Volunteer firemen	1,900	1,900	1,649	251	1,197
Explorer scout post	200	200	200	-	90
Automobile equipment	-	-	-	-	349,446
Contracts	112,634	112,634	-	112,634	-
Stim grant - Whitaker	-	27,054	27,136	(82)	450
Totals	1,051,672	1,124,672	976,107	148,565	1,217,791
Public Works					
Public Works Administration					
Salaries and wages	98,318	99,513	99,182	331	104,992
Overtime	75	75	-	75	-
Printing	500	400	147	253	-
Office supplies	1,275	1,180	1,241	(61)	1,224
Postage	100	100	93	7	136
Membership, dues and subscriptions	100	100	50	50	-
Travel	200	200	-	200	110
Vehicle fuel	1,719	1,719	988	731	1,090
Vehicle repair	350	350	175	175	481
Tires and tubes	225	225	-	225	206
Utilities	13,200	13,200	12,498	702	13,396
Telecommunications	2,433	2,433	1,931	502	1,383
Maintenance contracts	4,149	4,149	4,010	139	3,937
Equipment repair	300	300	-	300	189
Radio maintenance	150	150	-	150	-
Safety equipment	780	780	732	48	29
Safety training and hygiene	96	96	-	96	-
Cleaning and sanitation	100	100	14	86	27
Advertising	865	865	365	500	265
Rental/lease of equipment	1,003	1,003	669	334	1,003
Employee training	499	499	121	378	458
Totals	126,437	127,437	122,216	5,221	128,926

(Continued)

**CITY OF NEWBERRY
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2011
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2010)**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget	Year Ended June 30, 2010
	Original	Final			
Public Works (Continued)					
Streets					
Salaries and wages	\$ 285,427	\$ 288,690	\$ 288,566	\$ 124	\$ 250,610
Holiday pay	100	100	-	100	-
Overtime	5,500	4,900	3,287	1,613	4,230
Travel	100	100	-	100	-
Vehicle fuel	19,146	19,146	21,165	(2,019)	14,587
Vehicle repair	5,000	4,500	4,661	(161)	2,723
Tires and tubes	6,112	5,487	3,397	2,090	2,884
High school contract	4,000	2,500	2,398	102	1,774
Equipment repair	14,000	24,956	24,962	(6)	15,596
Small hand tools	550	638	574	64	196
Small equipment purchases	1,000	931	931	-	-
Cement and masonry	1,000	1,000	244	756	21
Sidewalk repair	15,000	15,000	3,757	11,243	996
Storm drain and pipe	1,000	1,000	123	877	139
Asphalt supplies and gravel	7,000	6,250	5,313	937	3,769
Radio maintenance	250	312	162	150	-
Uniforms	1,636	1,636	786	850	705
Safety equipment	1,200	5,200	5,001	199	850
Safety training/hygiene	500	500	760	(260)	93
Chemicals	9,000	9,000	8,525	475	7,468
Signs	5,000	5,000	4,430	570	1,137
Employee training	250	250	148	102	214
General supplies	2,000	2,000	1,798	202	1,806
Rights of way	11,500	20,175	14,448	5,727	82,820
Street paving/resurfacing	125,000	125,000	-	125,000	-
Auto equipment	12,000	-	-	-	-
Stormwater management	3,000	-	-	-	18,793
Totals	536,271	544,271	395,436	148,835	411,411
Sanitation					
Salaries and wages	171,766	173,634	174,509	(875)	169,015
Holiday	550	800	994	(194)	697
Overtime	10,000	9,952	6,895	3,057	7,736
Vehicle fuel	60,706	60,706	63,504	(2,798)	51,164
Vehicle repair	19,000	19,000	18,654	346	19,061
Tires and tubes	21,420	21,303	16,926	4,377	14,487
Equipment repair	25,000	25,000	24,747	253	17,269
Small hand tools	170	170	29	141	53
Small equipment purchases	-	2,461	2,461	-	15,649
Radio maintenance	325	442	473	(31)	126
Uniforms	750	750	482	268	315
Safety equipment	400	400	204	196	527
Safety training/hygiene	532	532	502	30	93
Chemicals	250	250	-	250	-
General supplies	650	542	154	388	123
Automotive equipment	105,000	120,577	120,577	-	191,436
Totals	416,519	436,519	431,111	5,408	487,751

(Continued)

**CITY OF NEWBERRY
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2011
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2010)**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget	Year Ended June 30, 2010
	Original	Final			
Public Works (Continued)					
Building Maintenance					
Salaries and wages	\$ 36,766	\$ 37,153	\$ 37,278	\$ (125)	\$ 57,467
Overtime	250	150	53	97	146
Vehicle fuel	2,409	2,409	2,643	(234)	2,505
Vehicle repair	300	428	497	(69)	311
Tires and tubes	436	308	194	114	402
Equipment repairs	100	100	-	100	33
Building and fixture repairs	8,000	8,000	7,524	476	1,258
Small hand tools	350	350	196	154	210
Small equipment purchases	400	225	75	150	150
Radio maintenance	50	50	-	50	27
Uniforms	200	212	212	-	222
Safety equipment	125	125	33	92	40
General supplies	550	526	284	242	582
Totals	49,936	50,036	48,989	1,047	63,353
Garage					
Salaries and wages	98,981	94,123	94,577	(454)	111,896
Overtime	750	750	229	521	726
Membership, dues and subscriptions	35	35	75	(40)	75
Travel	100	100	-	100	29
Vehicle fuel	1,804	1,804	1,502	302	2,000
Vehicle repair	350	350	325	25	262
Tires and tubes	416	416	204	212	103
Grease and oil	8,800	8,515	6,292	2,223	9,391
Telecommunications	300	300	448	(148)	914
Disposal	1,500	1,500	891	609	1,181
Equipment repair	4,000	3,800	3,015	785	3,213
Building and fixture repairs	900	900	861	39	549
Small hand tools	2,000	2,000	1,636	364	1,498
Small equipment purchases	2,500	2,028	2,028	-	624
Radio maintenance	150	150	-	150	-
Uniforms	450	450	23	427	240
Safety equipment	175	175	34	141	212
Safety training/hygiene	150	150	267	(117)	136
Chemicals	1,300	1,700	1,558	142	1,254
Rental/lease of equipment	510	510	334	176	460
Employee training	100	215	115	100	190
General supplies	6,100	7,150	7,369	(219)	6,534
Machines & equipment	18,000	9,000	7,234	1,766	-
Totals	149,371	136,121	129,017	7,104	141,487
Parks, Recreation, and Tourism					
Salaries and wages	299,026	299,564	296,933	2,631	285,372
Overtime	3,000	3,000	4,188	(1,188)	2,534
Printing	1,400	1,400	1,382	18	1,164
Office supplies	1,500	1,500	1,450	50	1,576
Postage	850	750	649	101	609
Membership, dues and subscriptions	630	823	823	-	583

(Continued)

**CITY OF NEWBERRY
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2011
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2010)**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget	Year Ended June 30, 2010
	Original	Final			
Parks, Recreation, and Tourism (Continued)					
Travel	\$ 425	\$ 425	\$ 421	\$ 4	\$ 415
Vehicle fuel	10,846	12,510	12,465	45	9,260
Vehicle repair	2,000	1,926	1,291	635	1,699
Tires and tubes	1,200	1,200	491	709	1,737
Utilities	26,000	26,600	26,738	(138)	26,019
Telecommunications	2,700	2,007	1,874	133	1,832
Maintenance contracts	2,000	2,325	2,320	5	1,459
Equipment repair	3,500	3,800	3,772	28	3,771
Building and fixture repairs	15,000	20,163	19,766	397	10,700
Landscape repair	2,500	1,675	1,248	427	2,499
Small hand tools	700	700	549	151	637
Small equipment purchases	2,000	1,500	1,412	88	1,776
Storm drain/pipe	1,000	350	-	350	-
Asphalt supplies/gravel	1,000	1,000	863	137	619
Radio maintenance	500	-	-	-	-
Uniforms	1,500	950	845	105	1,027
Safety training/hygiene	1,500	1,500	972	528	551
Cleaning and sanitation supplies	850	850	693	157	600
Chemicals	3,000	2,635	2,192	443	2,614
Advertising	1,500	1,250	1,154	96	1,380
Rental/lease of equipment	3,800	3,800	2,830	970	3,627
Employee training	600	-	-	-	160
Football	6,000	4,680	4,675	5	6,133
Baseball	10,000	11,485	11,482	3	10,579
Softball	2,000	3,400	3,384	16	1,638
Basketball	3,200	3,300	3,296	4	3,205
Senior adult programs	2,500	2,000	1,977	23	1,693
Other events	10,000	10,000	9,715	285	10,581
Participant's travel	-	959	959	-	705
Automobile equipment	-	-	-	-	17,787
Buildings/resurface courts	7,000	12,000	-	12,000	13,990
Totals	431,227	442,027	422,809	19,218	430,531
Non-Departmental					
General Insurance					
Claims reimbursement	800	800	-	800	-
SCMIRF	103,977	72,275	72,275	-	84,823
Totals	104,777	73,075	72,275	800	84,823
Employee Benefits					
SC retirement	166,562	166,188	168,764	(2,576)	168,360
SC police retirement	252,042	249,879	234,938	14,941	216,027
Social security	302,924	305,143	283,248	21,895	271,782
City's share of employee insurance	617,600	610,000	595,399	14,601	533,524
Workers' compensation	67,975	54,775	39,886	14,889	57,568

(Continued)

**CITY OF NEWBERRY
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2011
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2010)**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget	Year Ended June 30, 2010
	Original	Final			
Non-Departmental (Continued)					
Employee Benefits (Continued)					
Workers' comp. deductibles	\$ 30,000	\$ 30,000	\$ 23,254	\$ 6,746	\$ 37,955
Unemployment	6,500	3,500	3,520	(20)	6,656
Employer/employee relations	22,000	22,000	16,769	5,231	14,918
Physical exams	1,500	1,500	1,233	267	1,135
Wellness program	2,600	4,000	3,227	773	2,160
Totals	1,469,703	1,446,985	1,370,238	76,747	1,310,085
Community Promotions and Projects					
MASC dues	5,285	5,285	5,285	-	5,285
Small equipment purchases	-	-	-	-	3,583
Council on Aging	5,000	5,000	5,000	-	4,000
PEG access channel	-	20,000	20,000	-	-
Newberry Co. LEOA	1,500	1,500	1,500	-	1,500
Community enhancement	13,500	20,000	19,929	71	9,541
Economic Dev Contributions	5,000	5,000	5,000	-	5,000
Consulting	-	5,400	5,400	-	-
City beautification	67,000	67,000	55,441	11,559	64,066
Parking lot rental	900	900	900	-	900
Regional planning	7,935	7,935	7,935	-	7,935
Totals	106,120	138,020	126,390	11,630	101,810
Capital lease principal and Interest payments	273,501	274,582	274,582	-	283,563
Totals	273,501	274,582	274,582	-	283,563
Grand Totals	\$ 7,878,074	\$ 7,944,988	\$ 7,430,014	\$ 514,974	\$ 7,636,970

SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

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

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

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

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

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

CITY OF NEWBERRY
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2011
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2010)

	<u>NANU</u>	<u>Federal Equitable Sharing</u>	<u>Tourism Fund</u>	<u>Special Events Fund</u>	<u>State Accommodations Tax Fund</u>	<u>Cultural Arts Fund</u>
Assets						
Cash and cash investments	\$ 38,804	\$ 12,764	\$ 132,883	\$ 13,725	\$ 12,270	\$ 41,688
Accounts/fees receivable	-	-	-	-	-	-
Notes receivable	-	-	-	-	-	-
Due from other governments	-	-	-	-	35,766	-
Other	-	-	-	-	-	-
Due from other funds	-	-	10,730	-	-	-
Total Assets	\$ 38,804	\$ 12,764	\$ 143,613	\$ 13,725	\$ 48,036	\$ 41,688
Liabilities and Fund Balances						
Liabilities						
Accounts payable	\$ -	\$ -	\$ 5,173	\$ -	\$ -	\$ 5,218
Deferred revenue	-	-	4,469	-	-	-
Due to other funds	-	-	-	-	12,518	3,460
Total Liabilities	-	-	9,642	-	12,518	8,678
Fund Balances						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	35,518	-
Committed	38,804	12,764	133,971	13,725	-	33,010
Total Liabilities and Fund Balances	\$ 38,804	\$ 12,764	\$ 143,613	\$ 13,725	\$ 48,036	\$ 41,688

Community Housing/ Development	Streetscape Fund	Local Hospitality Fee Fund	Volunteer Fire	Victim's Rights Fund	Totals June 30,2011	Totals June 30,2010
\$ 693,230	\$ 20,695	\$ 167,299	\$ 8,961	\$ 95,661	\$ 1,237,980	\$ 1,455,054
-	-	52,665	-	-	52,665	52,178
355,000	-	-	-	-	355,000	355,000
358,387	240,048	-	-	-	634,201	219,542
32	-	5	-	-	37	176
-	-	-	-	4,385	15,115	18,577
\$ 1,406,649	\$ 260,743	\$ 219,969	\$ 8,961	\$ 100,046	\$ 2,294,998	\$ 2,100,527
\$ 1,000	\$ 43,714	\$ -	\$ -	\$ 142	\$ 55,247	\$ 9,178
355,000	-	-	-	-	359,469	361,663
-	-	-	-	-	15,978	15,660
356,000	43,714	-	-	142	430,694	386,501
355,000	-	-	-	-	355,000	355,000
-	217,029	219,969	-	95,519	568,035	458,467
695,649	-	-	8,961	4,385	941,269	900,559
\$ 1,406,649	\$ 260,743	\$ 219,969	\$ 8,961	\$ 100,046	\$ 2,294,998	\$ 2,100,527

CITY OF NEWBERRY
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2011
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2010)

	<u>NANU</u>	<u>Federal Equitable Sharing</u>	<u>Tourism Fund</u>	<u>Special Events Fund</u>	<u>State Accommodations Tax Fund</u>	<u>Cultural Arts Fund</u>
Revenues						
Fees						
Hospitality	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accommodations	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Intergovernmental						
Public safety	-	-	-	-	-	-
Community development	-	-	-	-	-	-
Grants	-	-	-	-	-	-
Accommodations tax	-	-	-	-	79,632	-
Local						
Other	7,220	-	-	6,965	-	-
Drug seizure	11,905	-	-	-	-	-
Donations	-	-	-	5,525	-	-
Rental and other	-	-	69,915	-	-	67,728
Interest Income	-	-	6	-	-	-
Total Revenues	<u>19,125</u>	<u>-</u>	<u>69,921</u>	<u>12,490</u>	<u>79,632</u>	<u>67,728</u>
Expenditures						
Grants						
Operating expenditures	-	-	-	-	-	-
Capital expenditures	-	-	-	-	-	-
Other						
Operating expenditures	9,086	-	233,737	15,715	-	198,852
Capital expenditures	9,300	-	-	-	-	-
Tourism contribution/NOHF	-	-	-	-	21,000	-
Debt service						
Principal	-	-	77,754	-	-	-
Interest	-	-	36,936	-	-	-
Total Expenditures	<u>18,386</u>	<u>-</u>	<u>348,427</u>	<u>15,715</u>	<u>21,000</u>	<u>198,852</u>
Excess (Deficiency) of Revenues Over Expenditures	739	-	(278,506)	(3,225)	58,632	(131,124)
Other Financing Sources (Uses)						
Transfers in (out)						
General Fund	-	-	-	-	(27,732)	-
Debt Service Funds - TIF	-	-	-	-	-	-
Other Special Revenue Funds	-	-	322,078	5,700	(22,089)	162,934
Fund Balances, beginning	<u>38,065</u>	<u>12,764</u>	<u>90,399</u>	<u>11,250</u>	<u>26,707</u>	<u>1,200</u>
Fund Balances, ending	<u>\$ 38,804</u>	<u>\$ 12,764</u>	<u>\$ 133,971</u>	<u>\$ 13,725</u>	<u>\$ 35,518</u>	<u>\$ 33,010</u>

<u>Community Housing/ Development</u>	<u>Streetscape Fund</u>	<u>Tele- communications Fund</u>	<u>Local Hospitality Fee Fund</u>	<u>Volunteer Fire</u>	<u>Victim's Rights Fund</u>	<u>Totals June 30, 2011</u>	<u>Totals June 30, 2010</u>
\$ -	\$ -	\$ -	\$ 539,487	\$ -	\$ -	\$ 539,487	\$ 498,121
-	-	-	98,316	-	-	98,316	92,856
-	-	-	2,040	-	-	2,040	1,292
-	-	-	-	14,716	-	14,716	13,144
396,686	-	-	-	-	-	396,686	774,173
-	914,126	-	-	-	-	914,126	1,971
-	-	-	-	-	-	79,632	64,682
-	-	-	-	-	44,072	58,257	56,468
-	-	-	-	-	-	11,905	13,625
-	-	-	-	-	-	5,525	3,500
-	-	-	-	-	-	137,643	81,548
1,192	-	-	75	9	32	1,314	2,416
<u>397,878</u>	<u>914,126</u>	<u>-</u>	<u>639,918</u>	<u>14,725</u>	<u>44,104</u>	<u>2,259,647</u>	<u>1,603,796</u>
-	-	-	-	-	-	-	-
-	914,126	-	-	-	-	914,126	189,636
61,240	142,179	-	-	15,088	57,903	733,800	770,242
95,799	-	37,102	-	-	-	142,201	51,047
-	-	-	40,000	-	-	61,000	61,000
-	-	-	-	-	-	77,754	74,777
-	-	-	-	-	-	36,936	39,912
<u>157,039</u>	<u>1,056,305</u>	<u>37,102</u>	<u>40,000</u>	<u>15,088</u>	<u>57,903</u>	<u>1,965,817</u>	<u>1,186,614</u>
240,839	(142,179)	(37,102)	599,918	(363)	(13,799)	293,830	417,182
-	-	-	(133,500)	-	(7,320)	(168,552)	(159,144)
-	-	-	25,000	-	-	25,000	25,653
(236,525)	236,525	-	(468,623)	-	-	-	-
<u>1,046,335</u>	<u>122,683</u>	<u>37,102</u>	<u>197,174</u>	<u>9,324</u>	<u>121,023</u>	<u>1,714,026</u>	<u>1,430,335</u>
<u>\$ 1,050,649</u>	<u>\$ 217,029</u>	<u>\$ -</u>	<u>\$ 219,969</u>	<u>\$ 8,961</u>	<u>\$ 99,904</u>	<u>\$ 1,864,304</u>	<u>\$ 1,714,026</u>

CITY OF NEWBERRY
SPECIAL REVENUE FUNDS - NEWBERRY ALLIED NARCOTICS UNIT
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2011
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2010)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>	<u>Year Ended June 30, 2010</u>
	<u>Original</u>	<u>Final</u>			
Revenues					
Drug seizure	\$ 7,500	\$ 7,500	\$ 11,905	\$ 4,405	\$ 13,625
Other revenue	-	-	7,220	7,220	300
Total Revenues	<u>7,500</u>	<u>7,500</u>	<u>19,125</u>	<u>11,625</u>	<u>13,925</u>
Expenditures					
Drug seizure					
Operating expenditures	20,225	20,225	9,086	11,139	7,117
Capital expenditures	-	-	9,300	(9,300)	-
Total Expenditures	<u>20,225</u>	<u>20,225</u>	<u>18,386</u>	<u>1,839</u>	<u>7,117</u>
Excess (Deficiency) of Revenues Over Expenditures	(12,725)	(12,725)	739	13,464	6,808
Fund Balances, beginning	<u>38,065</u>	<u>38,065</u>	<u>38,065</u>	<u>-</u>	<u>31,257</u>
Fund Balances, ending	<u>\$ 25,340</u>	<u>\$ 25,340</u>	<u>\$ 38,804</u>	<u>\$ 13,464</u>	<u>\$ 38,065</u>

CITY OF NEWBERRY
SPECIAL REVENUE FUNDS - TOURISM FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2011
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2010)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Year Ended June 30, 2010
	Original	Final			
Revenues					
Intergovernmental					
Rental and other	\$ 43,809	\$ 56,792	\$ 69,915	\$ 13,123	\$ 44,463
Interest income	5	9	6	(3)	13
Total Revenues	<u>43,814</u>	<u>56,801</u>	<u>69,921</u>	<u>13,120</u>	<u>44,476</u>
Expenditures					
Other					
Operating expenditures	231,893	255,300	233,737	21,563	202,871
Debt service					
Principal	77,754	77,754	77,754	-	74,777
Interest	36,936	36,936	36,936	-	39,912
Total Expenditures	<u>346,583</u>	<u>369,990</u>	<u>348,427</u>	<u>21,563</u>	<u>317,560</u>
Excess (Deficiency) of Revenues Over Expenditures	(302,769)	(313,189)	(278,506)	34,683	(273,084)
Other Financing Sources (Uses)					
Transfers in					
Other special revenue funds	297,189	313,189	322,078	8,889	286,594
Fund Balances, beginning	<u>90,399</u>	<u>90,399</u>	<u>90,399</u>	<u>-</u>	<u>76,889</u>
Fund Balances, ending	<u>\$ 84,819</u>	<u>\$ 90,399</u>	<u>\$ 133,971</u>	<u>\$ 43,572</u>	<u>\$ 90,399</u>

CITY OF NEWBERRY
SPECIAL REVENUE FUNDS - SPECIAL EVENTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2011
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2010)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>	<u>Year Ended June 30, 2010</u>
	<u>Original</u>	<u>Final</u>			
Revenues					
Local - other	\$ 5,350	\$ 5,385	\$ 6,965	\$ 1,580	\$ 6,815
Donations	3,000	3,000	5,525	2,525	3,500
Total Revenues	<u>8,350</u>	<u>8,385</u>	<u>12,490</u>	<u>4,105</u>	<u>10,315</u>
Expenditures					
Other					
Operating expenditures	<u>10,000</u>	<u>15,016</u>	<u>15,715</u>	<u>(699)</u>	<u>14,913</u>
Total Expenditures	<u>10,000</u>	<u>15,016</u>	<u>15,715</u>	<u>(699)</u>	<u>14,913</u>
Excess (Deficiency) of Revenues Over Expenditures	(1,650)	(6,631)	(3,225)	3,406	(4,598)
Other Financing Sources					
Transfer from					
Other special revenue funds	5,000	5,000	5,700	700	5,000
Fund Balances, beginning	<u>11,250</u>	<u>11,250</u>	<u>11,250</u>	<u>-</u>	<u>10,848</u>
Fund Balances, ending	<u>\$ 14,600</u>	<u>\$ 9,619</u>	<u>\$ 13,725</u>	<u>\$ 4,106</u>	<u>\$ 11,250</u>

CITY OF NEWBERRY
SPECIAL REVENUE FUNDS - STATE ACCOMMODATIONS TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2011
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2010)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>	<u>Year Ended June 30, 2010</u>
	<u>Original</u>	<u>Final</u>			
Revenues					
Intergovernmental					
Accommodations tax	\$ 50,000	\$ 50,000	\$ 79,632	\$ 29,632	\$ 64,682
Total Revenues	<u>50,000</u>	<u>50,000</u>	<u>79,632</u>	<u>29,632</u>	<u>64,682</u>
Expenditures					
Other					
Operating expenditures	20,800	21,007	21,000	7	21,000
Total Expenditures	<u>20,800</u>	<u>21,007</u>	<u>21,000</u>	<u>7</u>	<u>21,000</u>
Excess of Revenues Over Expenditures	29,200	28,993	58,632	29,639	43,682
Other Financing Sources (Uses)					
Transfer to					
General Fund	(26,250)	(26,250)	(27,732)	(1,482)	(26,984)
Other special revenue funds	(7,500)	(13,200)	(22,089)	(8,889)	(16,905)
Fund Balances, beginning	<u>26,707</u>	<u>26,707</u>	<u>26,707</u>	<u>-</u>	<u>26,914</u>
Fund Balances, ending	<u>\$ 22,157</u>	<u>\$ 16,250</u>	<u>\$ 35,518</u>	<u>\$ 19,268</u>	<u>\$ 26,707</u>

CITY OF NEWBERRY
SPECIAL REVENUE FUNDS - CULTURAL ARTS FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2011
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2010)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>	<u>Year Ended June 30, 2010</u>
	<u>Original</u>	<u>Final</u>			
Revenues					
Newberry Opera House reimbursement	\$ 39,637	\$ 39,637	\$ 67,728	\$ 28,091	\$ 37,085
Interest income	-	-	-	-	2
Total Revenues	<u>39,637</u>	<u>39,637</u>	<u>67,728</u>	<u>28,091</u>	<u>37,087</u>
Expenditures					
Other					
Operating expenditures	200,585	202,571	198,852	3,719	194,469
Total Expenditures	<u>200,585</u>	<u>202,571</u>	<u>198,852</u>	<u>3,719</u>	<u>194,469</u>
Excess (Deficiency) of Revenues Over Expenditures	(160,948)	(162,934)	(131,124)	31,810	(157,382)
Other Financing Sources (Uses)					
Transfers in					
Other special revenue funds	160,948	162,934	162,934	-	157,382
Fund Balances, beginning	<u>1,200</u>	<u>1,200</u>	<u>1,200</u>	<u>-</u>	<u>1,200</u>
Fund Balances, ending	<u>\$ 1,200</u>	<u>\$ 1,200</u>	<u>\$ 33,010</u>	<u>\$ 31,810</u>	<u>\$ 1,200</u>

CITY OF NEWBERRY
SPECIAL REVENUE FUNDS - COMMUNITY HOUSING/DEVELOPMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2011
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2010)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>	<u>Year Ended June 30, 2010</u>
	<u>Original</u>	<u>Final</u>			
Revenues					
Intergovernmental					
Community development	\$ 548,087	\$ 395,547	\$ 396,686	\$ 1,139	\$ 774,173
Interest income	1,500	1,300	1,192	(108)	1,957
Total Revenues	<u>549,587</u>	<u>396,847</u>	<u>397,878</u>	<u>1,031</u>	<u>776,130</u>
Expenditures					
Other					
Operating	528,660	515,660	61,240	454,420	283,577
Capital	217,900	96,287	95,799	488	-
Total Expenditures	<u>746,560</u>	<u>611,947</u>	<u>157,039</u>	<u>454,908</u>	<u>283,577</u>
Excess of Revenues Over Expenditures	(196,973)	(215,100)	240,839	455,939	492,553
Other Financing Sources					
Transfer to					
Other special revenue funds	(236,525)	(236,525)	(236,525)	-	(150,000)
Fund Balances, beginning	<u>1,046,335</u>	<u>1,046,335</u>	<u>1,046,335</u>	<u>-</u>	<u>703,782</u>
Fund Balances, ending	<u>\$ 612,837</u>	<u>\$ 594,710</u>	<u>\$ 1,050,649</u>	<u>\$ 455,939</u>	<u>\$ 1,046,335</u>

CITY OF NEWBERRY
SPECIAL REVENUE FUNDS - STREETSCAPE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2011
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2010)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>	<u>Year Ended June 30, 2010</u>
	<u>Original</u>	<u>Final</u>			
Revenues					
Intergovernmental					
Community development grant	\$ 1,000,000	\$ 1,000,000	\$ 914,126	\$ (85,874)	\$ -
Total Revenues	<u>1,000,000</u>	<u>1,000,000</u>	<u>914,126</u>	<u>(85,874)</u>	<u>-</u>
Expenditures					
Grants					
Capital expenditures	1,000,000	1,000,000	914,126	85,874	-
Other					
Operating expenditures	345,435	357,246	142,179	215,067	-
Capital expenditures	-	-	-	-	29,279
Total Expenditures	<u>1,345,435</u>	<u>1,357,246</u>	<u>1,056,305</u>	<u>300,941</u>	<u>29,279</u>
Excess (Deficiency) of Revenues Over Expenditures	(345,435)	(357,246)	(142,179)	215,067	(29,279)
Other Financing Sources (Uses)					
Transfers in					
Other special revenue funds	236,525	236,525	236,525	-	150,000
Fund Balances, beginning	<u>122,683</u>	<u>122,683</u>	<u>122,683</u>	<u>-</u>	<u>1,962</u>
Fund Balances, ending	<u>\$ 13,773</u>	<u>\$ 1,962</u>	<u>\$ 217,029</u>	<u>\$ 215,067</u>	<u>\$ 122,683</u>

CITY OF NEWBERRY
SPECIAL REVENUE FUNDS - TELECOMMUNICATIONS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2011
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2010)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>	<u>Year Ended June 30, 2010</u>
	<u>Original</u>	<u>Final</u>			
Revenues					
Intergovernmental					
Community Development Grant	\$ -	\$ -	\$ -	\$ -	\$ 1,971
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,971</u>
Expenditures					
Other					
Capital expenditures	24,139	37,102	37,102	-	189,636
Total Expenditures	<u>24,139</u>	<u>37,102</u>	<u>37,102</u>	<u>-</u>	<u>189,636</u>
Excess of Revenues Over Expenditures	(24,139)	(37,102)	(37,102)	-	(187,665)
Fund Balances, beginning	<u>37,102</u>	<u>37,102</u>	<u>37,102</u>	<u>-</u>	<u>224,767</u>
Fund Balances, ending	<u>\$ 12,963</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,102</u>

CITY OF NEWBERRY
SPECIAL REVENUE FUNDS - LOCAL HOSPITALITY/ACCOMMODATIONS FEE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2011
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2010)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>	<u>Year Ended June 30, 2010</u>
	<u>Original</u>	<u>Final</u>			
Revenues					
Fees					
Hospitality	\$ 506,625	\$ 528,600	\$ 539,487	\$ 10,887	\$ 498,121
Accommodations	92,400	95,500	98,316	2,816	92,856
Penalties	375	1,450	2,040	590	1,292
Interest income	50	50	75	25	195
Total Revenues	<u>599,450</u>	<u>625,600</u>	<u>639,918</u>	<u>14,318</u>	<u>592,464</u>
Expenditures					
Tourism contribution/NOHF	<u>40,000</u>	<u>40,000</u>	<u>40,000</u>	<u>-</u>	<u>40,000</u>
Total Expenditures	<u>40,000</u>	<u>40,000</u>	<u>40,000</u>	<u>-</u>	<u>40,000</u>
Excess of Revenues Over Expenditures	559,450	585,600	599,918	14,318	552,464
Other Financing Sources (Uses)					
Transfer to/from					
Debt service funds - TIF	25,000	25,000	25,000	-	25,653
General fund	(133,500)	(133,500)	(133,500)	-	(133,500)
Other special revenue funds	(450,637)	(468,623)	(468,623)	-	(432,071)
Fund Balances, beginning	<u>197,174</u>	<u>197,174</u>	<u>197,174</u>	<u>-</u>	<u>184,628</u>
Fund Balances, ending	<u>\$ 197,487</u>	<u>\$ 205,651</u>	<u>\$ 219,969</u>	<u>\$ 14,318</u>	<u>\$ 197,174</u>

CITY OF NEWBERRY
SPECIAL REVENUE FUNDS - VICTIM'S RIGHTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2011
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2010)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>	<u>Year Ended June 30, 2010</u>
	<u>Original</u>	<u>Final</u>			
Revenues					
Court fines and assessments	\$ 48,000	\$ 41,000	\$ 44,072	\$ 3,072	\$ 49,353
Interest income	-	50	32	(18)	232
Total Revenues	<u>48,000</u>	<u>41,050</u>	<u>44,104</u>	<u>3,054</u>	<u>49,585</u>
Expenditures					
Drug seizure/other					
Operating expenditures	65,078	60,949	57,903	3,046	53,473
Capital expenditures	-	-	-	-	21,768
Total Expenditures	<u>65,078</u>	<u>60,949</u>	<u>57,903</u>	<u>3,046</u>	<u>75,241</u>
Excess of Revenues Over Expenditures	(17,078)	(19,899)	(13,799)	6,100	(25,656)
Other Financing Sources (Uses)					
Transfer to					
General Fund	-	(7,320)	(7,320)	-	1,340
Fund Balances, beginning	<u>121,023</u>	<u>121,023</u>	<u>121,023</u>	<u>-</u>	<u>145,339</u>
Fund Balances, ending	<u>\$ 103,945</u>	<u>\$ 93,804</u>	<u>\$ 99,904</u>	<u>\$ 6,100</u>	<u>\$ 121,023</u>

**CITY OF NEWBERRY
SCHEDULE OF FINES, ASSESSMENTS AND SURCHARGES
VICTIM'S RIGHTS FUND
YEAR ENDED JUNE 30, 2011**

Municipal Court Revenue to City of Newberry

Court revenue booked in General Fund, excluding Victim's Rights money and other police revenue	\$ 634,150
Court assessments and surcharges to State of South Carolina	(369,108)
Court Refunds	<u>(10,153)</u>
 Net Court Revenue to City of Newberry	 <u><u>\$ 254,889</u></u>

Municipal Court Revenue to State of South Carolina

Court assessments to the State Treasurer	\$ 235,949
DUI assessments to the State Treasurer	326
DUI Spinal Cord Research Surcharges to the State Treasurer	2,718
DUI DPS Pullouts to the State Treasurer	2,718
DUS DPS Pullouts to the State Treasurer	7,433
Drug Surcharges to the State Treasurer	7,149
Law Enforcement Surcharges to State Treasurer	93,460
Criminal Justice Academy Surcharges	18,497
DUI/DUAC Test Conviction Fees	332
Bond Estreatments	<u>526</u>
 Total Court Revenue to State Treasurer	 <u><u>\$ 369,108</u></u>

Victim Services

Court assessments allocated to Victim Services	\$ 29,791
Court surcharges allocated to Victim Services	14,281
Investment income	<u>32</u>
 Funds allocated to Victim Services	 \$ 44,104
Victim Services expenditures and Transfers	<u>(65,223)</u>

Excess of Revenues Over (Under) Expenditures (21,119)

Fund Balances, beginning 121,023

Fund Balances, ending \$ 99,904

DEBT SERVICE FUND

The Debt Service Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for the payment of general long-term debt principal and interest.

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

**CITY OF NEWBERRY
DEBT SERVICE FUND - 2008 TIF
COMPARATIVE BALANCE SHEETS
JUNE 30, 2011**

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

	2011	2010
Assets		
Cash and cash equivalents	\$ 406,074	\$ 304,961
Property taxes receivable (net of allowance for uncollectibles)	42,257	29,878
Total Assets	\$ 448,331	\$ 334,839
Liabilities and Fund Balances		
Liabilities		
Deferred revenue	\$ 41,763	\$ 29,064
Total Liabilities	41,763	29,064
Fund Balances		
Restricted	406,568	305,775
Total Liabilities and Fund Balances	\$ 448,331	\$ 334,839

CITY OF NEWBERRY
DEBT SERVICE FUND - 2008 TIF
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2011
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2010)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>	<u>Year Ended June 30, 2010</u>
	<u>Original</u>	<u>Final</u>			
Revenues					
Property taxes - current	\$ 325,000	\$ 325,000	\$ 375,159	\$ 50,159	\$ 344,864
Property taxes - delinquent	20,000	27,880	31,564	3,684	22,977
School sales tax	20,000	20,000	20,000	-	26,896
Interest	100	150	300	150	226
Total Revenues	<u>365,100</u>	<u>373,030</u>	<u>427,023</u>	<u>53,993</u>	<u>394,963</u>
Expenditures					
Debt service					
Principal	266,503	266,503	266,503	-	261,778
Interest	34,727	34,727	34,727	-	44,262
Total Expenditures	<u>301,230</u>	<u>301,230</u>	<u>301,230</u>	<u>-</u>	<u>306,040</u>
Excess (Deficiency) of Revenues Over Expenditures	63,870	71,800	125,793	53,993	88,923
Other Financing Sources					
Transfer to/from Special Revenue Fund	(25,000)	(25,000)	(25,000)	-	(25,653)
Fund Balances, beginning	<u>305,775</u>	<u>305,775</u>	<u>305,775</u>	<u>-</u>	<u>242,505</u>
Fund Balances, ending	<u>\$ 344,645</u>	<u>\$ 352,575</u>	<u>\$ 406,568</u>	<u>\$ 53,993</u>	<u>\$ 305,775</u>

PERMANENT FUND

Japanese Gardens - Permanent funds are used to account for and report resources that are restricted to the extent that only earnings, and not principal, may be used to support government programs which benefit the government or its citizens. The interest portion of the permanent fund can be used to maintain the Japanese Gardens.

**CITY OF NEWBERRY
PERMANENT FUND - JAPANESE GARDENS
COMPARATIVE BALANCE SHEETS
JUNE 30, 2011 AND 2010**

	2011	2010
Assets		
Cash and investments	\$ 16,377	\$ 16,855
Interest receivable	7	44
Total Assets	\$ 16,384	\$ 16,899
 Liabilities and Fund Balances		
Fund Balances		
Nonspendable	\$ 10,000	\$ 10,000
Assigned	6,384	6,899
Total Liabilities and Fund Balances	\$ 16,384	\$ 16,899

**CITY OF NEWBERRY
JAPANESE GARDENS PERMANENT FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2011
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2010)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>	<u>Year Ended June 30, 2010</u>
	<u>Original</u>	<u>Final</u>			
Operating Revenue					
Interest revenue	\$ 80	\$ 125	\$ 78	\$ (47)	\$ 136
Other	-	-	-	-	5,000
Total revenues	<u>80</u>	<u>125</u>	<u>78</u>	<u>(47)</u>	<u>5,136</u>
Operating Expenses					
Maintenance of Japanese Gardens	2,700	2,700	2,143	557	2,114
Other	-	-	-	-	4,386
Total expenses	<u>2,700</u>	<u>2,700</u>	<u>2,143</u>	<u>557</u>	<u>6,500</u>
Operating Income (Loss)	(2,620)	(2,575)	(2,065)	510	(1,364)
Transfer In					
General Fund	<u>1,550</u>	<u>1,550</u>	<u>1,550</u>	<u>-</u>	<u>1,550</u>
Net Income (Loss)	(1,070)	(1,025)	(515)	510	186
Fund Balances, beginning	<u>16,899</u>	<u>16,899</u>	<u>16,899</u>	<u>-</u>	<u>16,713</u>
Fund Balances, ending	<u>\$ 15,829</u>	<u>\$ 15,874</u>	<u>\$ 16,384</u>	<u>\$ 510</u>	<u>\$ 16,899</u>

ENTERPRISE FUND

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

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

**CITY OF NEWBERRY
ENTERPRISE FUND
COMPARATIVE BALANCE SHEETS
JUNE 30, 2011 AND 2010**

	2011	2010
Assets		
Current Assets		
Cash and cash investments	\$ 9,595,675	\$ 6,577,437
Receivables (net of allowances for uncollectibles)		
Accounts	3,549,771	3,297,442
Grants	338,388	304,442
Intergovernmental	585,493	3,024,380
Interest receivable	149	468
Other	2,480	6,319
Inventory	1,067,175	1,057,152
Restricted Assets		
Cash and cash investments	670,379	284,554
Interest receivable	34	111
Total Current Assets	15,809,544	14,552,305
Noncurrent Assets		
Capital Assets		
Land and land improvements	437,589	437,589
Buildings and fixtures	3,568,132	3,568,132
Office furniture and equipment	211,010	211,010
Traffic controls and fire alarm system	185,112	185,112
Street lighting	455,238	407,124
Other equipment	393,349	380,819
Motor vehicles and equipment	2,016,196	1,998,611
Electric distribution system	10,164,156	9,996,966
Water distribution system	16,439,499	15,949,141
Sewer collection system	21,904,265	21,319,118
Construction in progress	16,948,425	9,806,400
Totals	72,722,971	64,260,022
Less accumulated depreciation	(35,166,115)	(33,599,137)
Total Capital Assets	37,556,856	30,660,885
Bond issuance cost	111,992	143,186
Restricted assets		
Cash and cash investments	1,682,551	2,188,345
Note receivable - Newberry Opera House Foundation	53,008	55,008
Total Noncurrent Assets	39,404,407	33,047,424
Total Assets	55,213,951	47,599,729

(Continued)

**CITY OF NEWBERRY
ENTERPRISE FUND
COMPARATIVE BALANCE SHEETS
JUNE 30, 2011 AND 2010**

	2011	2010
Liabilities		
Current Liabilities		
Accounts payable	\$ 1,955,951	\$ 4,038,367
Accrued salaries payable	82,914	74,818
Compensated absences payable	118,164	123,900
Retainage payable	879,813	795,540
Due to other funds	36,231	44,108
Accrued interest payable	282,347	30,566
Revenue bonds payable	91,655	254,099
Loans payable	296,411	-
	3,743,486	5,361,398
Noncurrent Liabilities		
Loans payable	14,085,200	8,288,056
Revenue bonds payable	229,986	321,642
Compensated absences payable	42,861	26,797
Other post-employment benefit obligation	6,014	3,713
	14,364,061	8,640,208
Total Current Liabilities	3,743,486	5,361,398
Total Noncurrent Liabilities	14,364,061	8,640,208
Total Liabilities	18,107,547	14,001,606
Net Assets		
Invested in capital assets, net of related debt	21,973,791	21,001,548
Restricted for		
Debt service	1,315,103	1,439,476
Maintenance of utility system	1,037,861	1,033,534
Unrestricted	12,779,649	10,123,565
Total Net Assets	\$ 37,106,404	\$ 33,598,123

**CITY OF NEWBERRY
ENTERPRISE FUND
SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2011
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2010)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>	<u>Year Ended June 30, 2010</u>
	<u>Original</u>	<u>Final</u>			
Operating Revenues					
Connection and reconnection fees	\$ 79,000	\$ 79,000	\$ 79,681	\$ 681	\$ 82,485
Water receipts	3,308,900	3,273,900	3,321,964	48,064	3,134,316
Electric receipts	17,901,127	17,901,127	18,460,059	558,932	17,070,818
Sewer receipts	3,196,500	3,193,732	3,219,202	25,470	3,164,150
Sales and use tax	381,841	390,000	391,927	1,927	369,123
Utility penalty	200,000	221,635	243,872	22,237	219,719
Water taps	6,000	13,424	16,224	2,800	6,300
Sewer taps	3,000	2,000	4,100	2,100	4,200
Temporary electric services	8,000	7,250	7,540	290	8,000
Newberry housing authority	1,086	1,086	1,086	-	1,086
Fire flow access fees	23,000	23,000	23,347	347	23,423
Other revenue	12,000	14,000	18,426	4,426	20,838
CATV - pole rental	29,655	29,955	29,955	-	29,655
Total Operating Revenues	<u>25,150,109</u>	<u>25,150,109</u>	<u>25,817,383</u>	<u>667,274</u>	<u>24,134,113</u>
Operating Expense					
City Hall	24,430	26,430	22,707	3,723	24,482
Finance	365,177	381,323	361,359	19,964	324,466
Utility administration	205,384	208,974	202,094	6,880	199,345
Warehouse	47,875	48,373	46,167	2,206	45,165
Information services	99,903	99,903	96,708	3,195	87,248
Electric distribution	873,159	842,699	824,820	17,879	803,299
Water and sewer maintenance	766,234	757,186	767,175	(9,989)	665,275
Water production	1,128,244	1,133,094	1,044,932	88,162	1,127,734
Waste treatment	852,415	911,836	847,471	64,365	767,619
General insurance	104,777	73,075	72,275	800	84,849
Employee fringe benefits	697,475	686,686	673,742	12,944	628,901
Nondepartmental	15,521,276	15,546,235	15,994,014	(447,779)	14,894,018
Depreciation	1,700,000	1,700,000	1,715,445	(15,445)	1,725,296
Total Operating Expenses	<u>22,386,349</u>	<u>22,415,814</u>	<u>22,668,909</u>	<u>(253,095)</u>	<u>21,377,697</u>
Operating Income	<u>2,763,760</u>	<u>2,734,295</u>	<u>3,148,474</u>	<u>414,179</u>	<u>2,756,416</u>

(Continued)

**CITY OF NEWBERRY
ENTERPRISE FUND
SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2011
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2010)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>	<u>Year Ended June 30, 2010</u>
	<u>Original</u>	<u>Final</u>			
Nonoperating Income (Expenses)					
Interest revenue	\$ 10,000	\$ 10,250	\$ 11,178	\$ 928	\$ 17,056
County sales tax	-	-	217,650	217,650	-
Interest expense, bank management fees and amortization	(500)	(1,100)	(45,383)	(44,283)	(56,391)
Total Nonoperating Income (Expenses)	<u>9,500</u>	<u>9,150</u>	<u>183,445</u>	<u>174,295</u>	<u>(39,335)</u>
Income Before Contributions and Transfers	2,773,260	2,743,445	3,331,919	588,474	2,717,081
Capital Contributions	-	1,933,222	1,665,279	(267,943)	433,533
Transfer from (to)					
General fund	(1,488,917)	(1,488,917)	(1,488,917)	-	(1,316,780)
Change in net assets	1,284,343	3,187,750	3,508,281	320,531	1,833,834
Net Assets, beginning	<u>33,598,123</u>	<u>33,598,123</u>	<u>33,598,123</u>	<u>-</u>	<u>31,764,289</u>
Net Assets, ending	<u>\$ 34,882,466</u>	<u>\$ 36,785,873</u>	<u>\$ 37,106,404</u>	<u>\$ 320,531</u>	<u>\$ 33,598,123</u>

**CITY OF NEWBERRY
ENTERPRISE FUND
SCHEDULE OF EXPENSES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2011
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2010)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Year Ended June 30, 2010
	Original	Final			
City Hall					
Utilities	\$ 17,830	\$ 17,830	\$ 18,504	\$ (674)	\$ 16,862
Building and fixture repair	5,500	7,500	3,145	4,355	6,536
Cleaning and sanitation supplies	1,100	1,100	1,058	42	1,084
Totals	24,430	26,430	22,707	3,723	24,482
Finance					
Salaries and wages	245,791	261,656	261,813	(157)	228,682
Overtime	1,500	1,200	5	1,195	35
Printing	500	500	367	133	-
Office supplies	3,500	3,500	2,593	907	3,070
Postage	33,135	33,135	32,876	259	30,445
Membership, dues and subscriptions	195	195	175	20	195
Travel	1,745	1,278	333	945	448
Vehicle fuel	6,226	6,226	6,007	219	5,231
Vehicle repair	1,100	1,100	780	320	1,083
Tires and tubes	1,000	1,000	199	801	714
Telecommunications	2,500	2,500	951	1,549	983
Maintenance contracts	33,300	33,300	30,155	3,145	30,061
Equipment repair	750	750	253	497	244
Small hand tools	500	500	435	65	424
Small equipment purchases	895	5,375	4,944	431	944
Radio supplies	200	200	127	73	-
Uniforms	2,825	2,825	2,525	300	2,547
Safety equipment	200	200	-	200	92
Safety training/hygiene	300	300	81	219	-
Advertising	500	500	-	500	31
Rental/lease of equipment	7,160	7,260	5,542	1,718	7,492
Employee training	855	855	230	625	777
Audit	11,000	10,968	10,968	-	10,968
Computer programming	9,500	6,000	-	6,000	-
Totals	365,177	381,323	361,359	19,964	324,466
Utility Administration					
Salaries and wages	165,338	167,785	167,760	25	162,862
Overtime	250	250	-	250	40
Printing	200	200	-	200	-
Office supplies	1,500	1,500	1,478	22	2,209
Postage	600	600	447	153	591
Membership, dues and subscriptions	5,267	5,267	4,987	280	5,437
Travel	4,210	5,353	5,518	(165)	3,847

(Continued)

CITY OF NEWBERRY
ENTERPRISE FUND
SCHEDULE OF EXPENSES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2011
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2010)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>	<u>Year Ended June 30, 2010</u>
	<u>Original</u>	<u>Final</u>			
Utility Administration (Continued)					
Vehicle fuel	\$ 1,344	\$ 1,344	\$ 1,175	\$ 169	\$ 1,298
Vehicle repair	500	500	1,149	(649)	186
Tires and tubes	200	200	288	(88)	227
Utilities	3,450	3,450	3,071	379	3,065
Telecommunications	2,300	2,300	1,343	957	1,926
Maintenance contracts	5,300	5,300	4,227	1,073	5,252
Building and fixture repairs	750	750	483	267	166
Small equipment purchases	750	750	84	666	1,025
Advertising	7,200	7,200	5,520	1,680	5,640
Rent/lease of equipment	3,000	3,000	2,184	816	3,091
Employee training	725	725	388	337	370
Engineering supplies	2,500	2,500	1,992	508	2,113
Totals	205,384	208,974	202,094	6,880	199,345
Warehouse					
Salaries and wages	36,767	37,402	37,397	5	36,101
Overtime	200	200	-	200	-
Office supplies	1,000	900	731	169	730
Postage	30	30	16	14	18
Membership, dues and subscriptions	30	30	30	-	30
Travel	50	25	-	25	-
Vehicle fuel (forklift)	62	62	39	23	32
Utilities	4,360	4,360	3,671	689	3,544
Telecommunications	320	320	176	144	174
Maintenance contracts	600	600	600	-	600
Equipment repair	50	50	-	50	22
Building and fixture repairs	300	300	123	177	173
Small equipment purchases	130	85	58	27	-
Safety equipment	25	90	86	4	22
Rental/lease of equipment	501	501	334	167	501
Employee training	25	18	18	-	-
Freight and shipping	25	-	-	-	-
Cost of sales	400	400	-	400	188
Inventory loss	3,000	3,000	2,888	112	3,030
Totals	47,875	48,373	46,167	2,206	45,165
Information Services					
Salaries and wages	71,599	72,543	72,532	11	70,192
Printing	150	150	-	150	-
Office supplies	200	200	118	82	20
Postage	200	200	100	100	-
Membership, dues and subscriptions	270	270	113	157	35

(Continued)

**CITY OF NEWBERRY
ENTERPRISE FUND
SCHEDULE OF EXPENSES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2011
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2010)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Year Ended June 30, 2010
	Original	Final			
Information Services (Continued)					
Travel	\$ 2,725	\$ 2,725	\$ 2,085	\$ 640	\$ 6,087
Vehicle fuel	1,940	1,940	483	1,457	-
Vehicle repair	500	500	53	447	38
Tires and tubes	500	500	-	500	-
Telecommunications	2,819	2,819	2,816	3	2,824
Maintenance contracts	5,000	5,000	5,342	(342)	-
Equipment repair	1,000	1,000	1,425	(425)	300
Small equipment purchases	3,000	2,443	2,478	(35)	4,496
Rental/lease of equipment	-	7,113	7,113	-	-
Safety equipment	-	-	-	-	26
Employee training	10,000	2,500	2,050	450	3,230
Totals	99,903	99,903	96,708	3,195	87,248
Electric Distribution					
Salaries and wages	493,162	462,702	468,613	(5,911)	462,218
Overtime and holiday pay	20,500	20,500	20,616	(116)	17,407
Office supplies	300	300	389	(89)	335
Membership, dues and subscriptions	1,510	1,510	1,812	(302)	1,722
Travel	2,085	2,085	2,654	(569)	1,905
Vehicle fuel	26,202	26,202	28,791	(2,589)	22,496
Vehicle repair	17,000	17,000	11,330	5,670	19,965
Tires and tubes	2,000	3,000	3,482	(482)	2,662
Utilities	13,500	13,500	10,796	2,704	14,333
Telecommunications	1,000	1,000	1,142	(142)	1,068
Maintenance contracts	53,000	53,000	54,308	(1,308)	32,893
Contracts - elec. rates/needs	9,000	9,780	16,131	(6,351)	14,533
Meter testing	9,000	9,000	9,000	-	5,152
Equipment repair	3,000	4,000	3,315	685	2,844
Substation repairs	8,500	8,500	8,773	(273)	5,135
Building and fixture repairs	2,000	2,000	1,344	656	755
Small hand tools	3,000	3,000	3,050	(50)	2,157
Small equipment purchases	1,000	1,000	512	488	2,539
Uniforms	10,000	10,000	10,055	(55)	10,367
Safety equipment	3,000	4,000	5,619	(1,619)	3,639
Cleaning and sanitation supplies	1,300	1,300	723	577	1,297
Meters and meter parts	6,000	6,000	2,610	3,390	3,628
Electric materials	125,000	122,500	129,057	(6,557)	121,556
Advertising	500	500	340	160	50
Rental/lease of equipment	1,600	1,600	894	706	1,577
Employee training	5,000	5,000	5,632	(632)	4,950
Engineering	20,000	20,000	4,774	15,226	13,050
Legal expenses	25,000	23,720	17,422	6,298	29,931
Rights of way	10,000	10,000	1,636	8,364	3,135
Totals	873,159	842,699	824,820	17,879	803,299

(Continued)

CITY OF NEWBERRY
ENTERPRISE FUND
SCHEDULE OF EXPENSES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2011
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2010)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Year Ended June 30, 2010
	Original	Final			
Water and Sewer Maintenance					
Salaries and wages	\$ 359,295	\$ 347,470	\$ 335,050	\$ 12,420	\$ 330,175
Overtime and holiday pay	34,600	36,982	32,618	4,364	29,872
Office supplies	400	400	373	27	704
Postage	150	150	6	144	-
Membership, dues and subscriptions	905	905	660	245	450
Travel	3,820	4,215	3,905	310	3,078
Vehicle fuel	30,039	30,039	32,879	(2,840)	24,466
Vehicle repair	12,000	12,000	10,605	1,395	12,147
Tires and tubes	4,500	4,500	3,306	1,194	4,388
Utilities	21,500	21,500	22,323	(823)	19,952
Telecommunications	1,400	1,400	1,117	283	1,313
Maintenance contracts	1,500	1,500	922	578	900
Contract - TV sewer lines	7,500	7,500	200	7,300	4,453
Meter testing	5,000	5,000	550	4,450	-
Equipment repairs	35,000	35,000	67,959	(32,959)	32,304
Building and fixture repairs	2,000	2,000	1,747	253	440
Small hand tools	4,000	4,000	3,818	182	5,185
Small equipment purchases	4,000	4,000	3,362	638	4,918
Cement and masonry	60,000	60,000	55,829	4,171	40,457
Uniforms	7,600	7,600	6,750	850	6,051
Safety equipment	8,000	8,000	9,180	(1,180)	7,792
Cleaning and sanitation supplies	1,500	1,500	1,105	395	1,324
Chemicals	1,800	1,800	1,173	627	628
Meters and meter parts	10,000	10,000	6,553	3,447	7,150
Pipes, fittings and hydrants	103,000	103,000	144,593	(41,593)	101,344
Advertising	900	900	180	720	171
Rental/lease of equipment	1,500	1,500	915	585	1,100
Employee training	1,825	1,825	1,643	182	1,670
Engineering	7,500	7,500	1,488	6,012	6,519
Rights of way	35,000	35,000	16,366	18,634	16,324
Totals	766,234	757,186	767,175	(9,989)	665,275
Water Production					
Salaries and wages	346,989	337,095	335,926	1,169	321,914
Overtime and holiday pay	3,800	3,801	4,104	(303)	4,063
Regulatory fees	16,000	16,000	14,765	1,235	14,845
Printing	2,500	2,500	977	1,523	-
Office supplies	1,250	1,250	1,360	(110)	1,315
Postage	1,400	1,400	637	763	549
Membership, dues and subscriptions	790	790	585	205	835
Travel	1,200	1,200	740	460	678
Vehicle fuel	7,540	7,540	3,109	4,431	2,810
Vehicle repair	500	500	57	443	98

(Continued)

**CITY OF NEWBERRY
ENTERPRISE FUND
SCHEDULE OF EXPENSES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2011
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2010)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Year Ended June 30, 2010
	Original	Final			
Water Production (Continued)					
Tires and tubes	\$ 500	\$ 519	\$ 630	\$ (111)	\$ 178
Diesel Fuel-WTP/WWTP	8,000	10,500	11,874	(1,374)	7,293
Utilities	378,000	378,000	360,115	17,885	344,147
Telecommunications	2,500	2,500	1,532	968	2,623
Maintenance contracts	19,750	19,750	13,029	6,721	9,024
Rate study	3,000	3,000	3,309	(309)	4,500
Sludge handling contract	22,000	22,000	24,800	(2,800)	24,310
Outside lab testing	2,000	2,000	1,682	318	1,782
Equipment repairs	75,000	75,000	48,802	26,198	140,580
Building and fixture repairs	5,000	5,000	4,582	418	5,700
Small hand tools	750	750	448	302	90
Small equipment purchases	1,000	1,000	1,345	(345)	-
Uniforms	1,000	1,000	306	694	556
Safety equipment	2,000	2,000	2,948	(948)	945
Cleaning and sanitation supplies	1,000	1,000	862	138	1,293
Chemicals	185,000	197,224	165,029	32,195	187,892
Medical and lab supplies	18,000	18,000	17,574	426	19,153
Pipes, fittings and hydrants	1,500	1,500	375	1,125	1,532
Electrical materials	1,000	1,000	1,052	(52)	622
Advertising	500	500	164	336	2,445
Rental/lease of equipment	5,000	5,000	3,755	1,245	5,341
Employee training	1,275	1,275	1,482	(207)	630
Engineering	12,500	12,500	16,977	(4,477)	19,991
Totals	1,128,244	1,133,094	1,044,932	88,162	1,127,734
Waste Treatment					
Salaries and wages	230,320	227,163	227,695	(532)	211,334
Overtime and holiday pay	10,400	11,104	9,119	1,985	12,185
Regulatory fees	3,100	3,100	2,970	130	2,970
Office supplies	1,800	1,800	1,763	37	1,548
Postage	350	350	334	16	604
Membership, dues and subscriptions	645	645	575	70	555
Travel	1,800	1,800	1,066	734	444
Vehicle fuel	5,000	5,000	3,410	1,590	3,912
Vehicle repair	500	500	946	(446)	209
Tires and tubes	500	500	-	500	163
Diesel Fuel WTP/WWTP	5,000	6,500	18,186	(11,686)	4,849
Utilities	336,000	336,000	264,002	71,998	259,078
Telecommunications	3,000	3,000	3,416	(416)	2,818
Maintenance contracts	14,000	14,000	3,742	10,258	5,048
Rate study	3,500	3,500	3,309	191	519
Sludge handling contract	90,000	100,374	141,120	(40,746)	108,199
Outside lab testing	15,000	15,000	11,738	3,262	15,202

(Continued)

**CITY OF NEWBERRY
ENTERPRISE FUND
SCHEDULE OF EXPENSES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2011
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2010)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Year Ended June 30, 2010
	Original	Final			
Waste Treatment (Continued)					
Pretreatment program	\$ 21,000	\$ 21,000	\$ 9,499	\$ 11,501	\$ 20,223
Equipment repairs	35,000	35,000	34,258	742	52,010
Building and fixture repairs	3,000	3,000	2,867	133	2,612
Small hand tools	1,000	1,000	182	818	364
Small equipment purchases	1,000	1,000	1,410	(410)	782
Uniforms	1,000	1,000	291	709	1,236
Safety equipment	1,200	1,200	2,707	(1,507)	1,537
Safety training/hygiene	500	500	208	292	-
Cleaning and sanitation supplies	1,000	1,000	1,892	(892)	1,482
Chemicals	40,000	40,000	37,171	2,829	38,254
Medical and lab supplies	12,000	12,000	14,744	(2,744)	16,075
Pipes, fittings and hydrants	750	750	83	667	361
Electrical materials	750	750	310	440	191
Advertising	300	300	-	300	150
Rental/lease of equipment	2,000	2,000	1,099	901	1,616
Employee training	3,500	3,500	1,888	1,612	1,089
Engineering	7,500	7,500	10,466	(2,966)	-
Contracts - infiltration	-	50,000	35,005	14,995	-
Totals	852,415	911,836	847,471	64,365	767,619
General Insurance					
Claims reimbursement	800	800	-	800	26
SCMIRF	103,977	72,275	72,275	-	84,823
Totals	104,777	73,075	72,275	800	84,849
Employee Fringe and Benefits					
SC retirement	189,726	184,335	185,955	(1,620)	180,414
Social security	154,569	152,071	146,996	5,075	141,820
City's share of employee insurance	276,700	276,700	275,359	1,341	241,101
GASB 45 OPEB expense	5,000	5,000	2,301	2,699	1,890
Workers' compensation	33,480	26,980	22,751	4,229	32,149
Workers' compensation deductibles	15,000	20,000	11,456	8,544	18,747
Unemployment claims	5,000	2,500	3,633	(1,133)	-
Employer/employee relations	15,000	15,000	11,469	3,531	9,433
Physical examinations	1,500	1,200	668	532	290
Wellness program	1,500	2,900	2,825	75	1,260
Compensated absences	-	-	10,329	(10,329)	1,797
Totals	697,475	686,686	673,742	12,944	628,901

(Continued)

**CITY OF NEWBERRY
ENTERPRISE FUND
SCHEDULE OF EXPENSES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2011
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2010)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>	<u>Year Ended June 30, 2010</u>
	<u>Original</u>	<u>Final</u>			
Nondepartmental					
Small equipment purchases	\$ -	\$ -	\$ -	\$ -	\$ 3,583
Sales and use tax	381,841	390,000	394,035	(4,035)	367,487
Purchase of electricity	14,992,284	14,992,284	15,409,961	(417,677)	14,379,047
SCE&G water contract	24,000	24,000	23,568	432	22,376
Streetlight charges	5,335	7,135	7,388	(253)	5,423
Refunds	10,000	10,000	8,328	1,672	12,998
Bad debt expense	75,000	75,000	108,693	(33,693)	73,306
Community enhancement	20,000	35,000	34,425	575	22,482
Web site maintenance	10,000	10,000	4,800	5,200	4,500
Lease - Lindsay Drivethru	2,816	2,816	2,816	-	2,816
Totals	<u>15,521,276</u>	<u>15,546,235</u>	<u>15,994,014</u>	<u>(447,779)</u>	<u>14,894,018</u>
Depreciation	<u>1,700,000</u>	<u>1,700,000</u>	<u>1,715,445</u>	<u>(15,445)</u>	<u>1,725,296</u>
Grand Totals	<u>\$ 22,386,349</u>	<u>\$ 22,415,814</u>	<u>\$ 22,668,909</u>	<u>\$ (253,095)</u>	<u>\$ 21,377,697</u>

**CITY OF NEWBERRY
ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2011 AND 2010**

	2011	2010
Cash Flows from Operating Activities		
Receipts from customers	\$ 25,565,054	\$ 23,919,092
Purchase of electricity	(15,409,961)	(14,379,047)
Payments to suppliers	(3,388,584)	(3,287,288)
Payments to employees	(1,954,824)	(1,878,887)
	4,811,685	4,373,870
Cash Flows from Noncapital Financing Activities		
Transfers in (out)	(1,488,917)	(1,316,780)
	(1,488,917)	(1,316,780)
Net Cash Used in Noncapital Financing Activities		
	(1,488,917)	(1,316,780)
Cash Flows from Capital and Related Financing Activities		
Acquisition and construction of capital assets	(10,414,961)	(5,856,142)
Subsidy from federal grants	1,495,095	129,091
Proceeds from capital debt	8,532,432	5,266,315
County sales tax	217,650	-
Principal payments on bonds and notes payable	(254,100)	(635,481)
Interest and other fees paid	(14,189)	(28,503)
	(438,073)	(1,124,720)
Net Cash Used in Capital and Related Financing Activities		
	(438,073)	(1,124,720)
Cash Flows from Investing Activities		
Interest on investments	11,574	17,394
Principal payments received on notes receivable	2,000	2,779
	13,574	20,173
Net Cash Provided by Investing Activities		
	13,574	20,173
Net Increase in Cash	2,898,269	1,952,543
Cash and Cash Investments, Beginning	9,050,336	7,097,793
Cash and Cash Investments, Ending	\$ 11,948,605	\$ 9,050,336

(Continued)

**CITY OF NEWBERRY
ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2011 AND 2010**

	2011	2010
Reconciliation of Operating Income to		
Net Cash Provided by Operating Activities		
Operating Income	\$ 3,148,474	\$ 2,756,416
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation	1,715,445	1,725,296
Decrease (increase) in accounts receivable	(252,329)	(221,649)
Decrease (increase) in inventories	(10,023)	30,811
Decrease (increase) in other receivables	3,839	6,628
Increase (decrease) in accounts payable	193,431	68,288
Increase (decrease) in compensated absences	10,328	1,797
Increase (decrease) in accrued salaries	10,397	10,109
Increase (decrease) in due to other funds	(7,877)	(3,826)
	\$ 4,811,685	\$ 4,373,870
Net Cash Provided by Operating Activities		
	\$ 4,811,685	\$ 4,373,870
Noncash Capital Activities		
Acquisition of capital assets on account	\$ 2,515,861	\$ 3,353,293
	\$ 2,515,861	\$ 3,353,293

CAPITAL ASSETS - GOVERNMENTAL FUNDS

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

**CITY OF NEWBERRY
COMPARATIVE SCHEDULES OF CAPITAL ASSETS
USED IN THE OPERATION OF GOVERNMENTAL FUNDS
BY SOURCE
JUNE 30, 2011 AND 2010**

	2011	2010
Capital Assets		
Land and improvements	\$ 2,301,016	\$ 2,301,016
Buildings, improvements and fixtures	7,136,782	7,147,601
Streets, sidewalks and bridges	1,789,194	1,670,680
Motor vehicles and equipment	4,624,285	4,456,507
Office furniture and equipment	118,545	118,545
Other equipment	1,357,401	1,313,065
Construction in progress	-	29,279
	\$ 17,327,223	\$ 17,036,693
Total Capital Assets	\$ 17,327,223	\$ 17,036,693
Investment in Capital Assets by Source		
General Fund	\$ 7,164,167	\$ 7,021,459
Special Revenue Funds	3,873,695	3,748,058
Capital Projects Funds	983,603	983,603
Donations	4,533,279	4,511,094
Parking Enterprise Funds	374,186	374,186
Contribution by Utility Enterprise Fund	398,293	398,293
	\$ 17,327,223	\$ 17,036,693
Total Investment in Capital Assets	\$ 17,327,223	\$ 17,036,693

CITY OF NEWBERRY
 SCHEDULE OF CAPITAL ASSETS USED IN THE OPERATION OF
 GOVERNMENTAL FUNDS - BY FUNCTION AND ACTIVITY
 YEAR ENDED JUNE 30, 2011

Function and Activity	Land and Land Improvements	Building Improvements and Fixtures	Streets, Sidewalks, and Bridges	Motor Vehicle and Equipment	Office Furniture and Equipment	Other Equipment	Total
General Government							
Council	\$ 1,902,396	\$ 7,102,915	\$ -	\$ -	\$ -	\$ 110,980	\$ 9,116,291
Finance	-	-	-	-	11,240	-	11,240
City Hall	-	-	-	-	63,416	8,850	72,266
Planning and development	-	-	-	56,707	-	-	56,707
Telecommunications	-	-	-	-	-	703,376	703,376
Total General Government	1,902,396	7,102,915	-	56,707	74,656	823,206	9,959,880
Public Safety							
Police	-	3,400	-	821,362	43,889	126,445	995,096
Fire	-	30,467	-	1,739,687	-	127,070	1,897,224
Justice and law	-	-	-	-	-	7,000	7,000
Total Public Safety	-	33,867	-	2,561,049	43,889	260,515	2,899,320
Public Works							
Administration	-	-	-	20,425	-	23,069	43,494
Streets and drainage	-	-	1,789,194	522,723	-	18,108	2,330,025
Sanitation and streets	-	-	-	1,247,733	-	-	1,247,733
Building maintenance	-	-	-	19,955	-	-	19,955
Garage	-	-	-	26,215	-	52,026	78,241
Total Public Works	-	-	1,789,194	1,837,051	-	93,203	3,719,448
Parks, recreation and tourism	398,620	-	-	169,478	-	180,477	748,575
Total Capital Assets	\$ 2,301,016	\$ 7,136,782	\$ 1,789,194	\$ 4,624,285	\$ 118,545	\$ 1,357,401	\$ 17,327,223

CITY OF NEWBERRY
SCHEDULE OF CHANGES IN CAPITAL ASSETS USED IN THE OPERATION
OF GOVERNMENTAL FUNDS - BY FUNCTION AND ACTIVITY
YEAR ENDED JUNE 30, 2011

Function and Activity	Capital Assets June 30, 2010	Additions	Deductions	Capital Assets June 30, 2011
General Government				
Council	\$ 9,156,389	\$ 75,181	\$ 115,279	\$ 9,116,291
Finance	11,240	-	-	11,240
City Hall	72,266	-	-	72,266
Planning and development	56,707	-	-	56,707
Telecommunications	666,274	37,102	-	703,376
Total General Government	9,962,876	112,283	115,279	9,959,880
Public Safety				
Police	947,895	98,040	50,839	995,096
Fire	1,897,224	-	-	1,897,224
Justice and law	7,000	-	-	7,000
Total Public Safety	2,852,119	98,040	50,839	2,899,320
Public Works				
Administration	43,494	-	-	43,494
Streets and drainage	2,211,511	118,514	-	2,330,025
Sanitation and streets	1,127,156	120,577	-	1,247,733
Building maintenance	19,955	-	-	19,955
Garage	71,007	7,234	-	78,241
Total Public Works	3,473,123	246,325	-	3,719,448
Parks, Recreation, and Tourism	748,575	-	-	748,575
Total Capital Assets	\$ 17,036,693	\$ 456,648	\$ 166,118	\$ 17,327,223

STATISTICAL SECTION

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

	Page
Contents	
Financial Trends	113-118
These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	
Revenue Capacity	119-128
These schedules contain information to help the reader assess the government's most significant local revenue source, utility system receipts. Additional data is presented on property tax revenue, the most significant general fund revenue source and a traditional revenue source of interest to readers of this report.	
Debt Capacity	129-134
These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	
Demographic and Economic Information	135-136
These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	
Operating Information	137-139
These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	
Sources:	Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Governmental activities									
Invested in capital assets, net of related debt	3,776,375	3,858,984	4,122,670	3,920,914	5,014,176	5,930,087	6,447,586	6,934,137	7,016,972
Restricted	69,015	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Unrestricted	2,906,765	3,352,803	4,001,053	5,667,899	5,215,684	6,001,866	6,777,040	7,299,789	7,810,796
Total governmental activities net assets	6,752,155	7,221,787	8,133,723	9,598,813	10,239,860	11,941,953	13,234,626	14,243,926	14,837,768
Business-type activities									
Invested in capital assets, net of related debt	17,840,464	18,640,596	18,650,539	18,614,512	18,755,630	19,853,480	21,938,753	21,001,548	21,973,791
Restricted	4,567,490	1,500,134	969,491	1,051,168	1,528,920	1,634,787	2,758,201	2,473,010	2,352,964
Unrestricted	5,152,990	4,548,809	5,529,050	6,483,586	7,217,461	8,995,983	7,067,335	10,123,565	12,779,649
Total business-type activities net assets	27,560,944	24,689,539	25,149,080	26,149,266	27,502,011	30,484,250	31,764,289	33,598,123	37,106,404
Primary government									
Invested in capital assets, net of related debt	21,616,839	22,499,580	22,773,209	22,535,426	23,769,806	25,783,567	28,386,339	27,935,685	28,990,763
Restricted	4,636,505	1,510,134	979,491	1,061,168	1,538,920	1,644,787	2,768,201	2,483,010	2,362,964
Unrestricted	8,059,755	7,901,612	9,530,103	12,151,485	12,433,145	14,997,849	13,844,375	17,423,354	20,590,445
Total primary government net assets	34,313,099	31,911,326	33,282,803	35,748,079	37,741,871	42,426,203	44,998,915	47,842,049	51,944,172

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

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Expenses									
Governmental activities:									
General government	951,461	969,006	1,005,597	1,030,011	1,445,489	1,314,360	1,189,122	1,483,407	1,659,638
Public safety	2,881,264	3,106,543	3,293,811	3,474,702	3,825,223	4,190,713	4,071,407	4,373,431	4,222,019
Public works	1,237,546	1,331,018	1,281,033	1,377,159	1,382,291	1,341,670	1,538,902	1,090,333	1,336,605
Recreation	461,020	480,602	504,492	509,442	533,905	579,420	581,708	552,199	564,042
Community development	35,031	108,710	121,262	188,088	114,662	948,805	785,508	732,863	1,507,326
Community promotions	151,113	160,230	230,180	249,642	234,583	183,867	148,955	101,810	126,390
Interest on long-term debt	128,829	119,846	109,050	129,897	170,940	156,887	130,055	109,088	91,869
Total governmental activities expenses	5,846,264	6,275,955	6,545,425	6,958,941	7,707,093	8,715,722	8,445,657	8,443,131	9,507,889
Business-type activities: Utility system	17,474,698	21,736,601	17,887,156	18,420,267	19,046,776	19,981,290	21,029,294	21,434,088	22,714,292
Total primary government expenses	23,320,962	28,012,556	24,432,581	25,379,208	26,753,869	28,697,012	29,474,951	29,877,219	32,222,181

Program Revenues

Governmental activities:									
Charges for services:									
General government	1,137,848	1,187,358	1,200,276	1,301,029	1,437,771	1,468,790	1,401,080	1,379,518	1,377,432
Public safety	494,673	481,017	665,597	557,813	862,315	988,539	791,774	768,505	711,268
Public works	305,286	334,424	591,701	575,977	579,809	574,127	609,412	611,839	615,684
Parks, Recreation, & Tourism	38,273	41,782	34,972	35,925	41,177	38,399	38,420	40,873	47,851
Community promotion and projects	-	-	-	-	-	2,910	5,395	6,815	6,965
Operating grants and contributions	57,381	96,065	357,807	148,329	18,000	183,563	180,233	100,667	1,439,932
Capital grants and contributions	157	-	-	329,874	114,212	556,620	520,272	35,278	150,918
Total governmental activities program revenues	2,033,618	2,140,646	2,850,353	2,948,947	3,053,284	3,812,948	3,546,586	2,943,495	4,350,050
Business-type activities: Utility system									
Charges for services	18,560,750	19,382,534	18,896,660	19,995,736	20,767,125	22,071,963	23,023,588	24,134,113	25,817,383
Operating grants and contributions	-	15,536	-	-	-	-	-	-	-
Capital grants and contributions	-	367,484	340,836	146,006	189,835	132,329	-	433,533	1,665,279
Total business-type activities program revenues	18,560,750	19,765,554	19,237,496	20,141,742	20,956,960	22,204,292	23,023,588	24,567,646	27,482,662
Total primary government program revenues	20,594,368	21,906,200	22,087,849	23,090,689	24,010,244	26,017,240	26,570,174	27,511,141	31,832,712

	2003	2004	2005	2006	2007	2008	2009	2010	2011
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Net (expense)/revenue									
Governmental activities	(3,812,646)	(4,135,309)	(3,695,072)	(4,009,994)	(4,653,809)	(4,902,774)	(4,899,071)	(5,499,636)	(5,157,839)
Business-type activities	1,086,052	(1,971,047)	1,350,340	1,721,475	1,910,184	2,223,002	1,994,294	3,133,558	4,768,370
Total primary government net expense	(2,726,594)	(6,106,356)	(2,344,732)	(2,288,519)	(2,743,625)	(2,679,772)	(2,904,777)	(2,366,078)	(389,469)
General Revenues and Other Changes in Net Assets									
Governmental activities:									
Property taxes	1,757,023	1,905,091	1,783,419	2,091,233	2,181,578	2,324,532	2,481,874	2,470,075	2,475,538
Local hospitality and accommodation fee	367,676	396,926	442,297	481,809	545,207	557,636	553,178	592,269	639,843
Intergovernmental revenue	903,373	1,302,367	1,179,810	1,708,424	1,098,074	1,861,027	1,741,740	1,957,652	905,362
Interest revenue	26,542	22,402	51,539	160,413	199,890	115,620	36,020	19,172	10,978
Miscellaneous	63,042	25,961	188,712	128,074	189,407	536,811	114,830	152,988	231,043
Transfers	950,000	952,194	961,231	905,131	1,080,700	1,209,241	1,264,102	1,316,780	1,488,917
Total governmental activities	4,067,656	4,604,941	4,607,008	5,475,084	5,294,856	6,604,867	6,191,744	6,508,936	5,751,681
Business-type activities:									
Intergovernmental revenue	-	-	-	-	234,805	1,773,933	491,261	-	217,650
Interest revenue	107,531	51,836	70,432	183,842	273,621	194,545	58,586	17,056	11,178
Miscellaneous	-	-	-	-	14,835	-	-	-	-
Transfers	(950,000)	(952,194)	(961,231)	(905,131)	(1,080,700)	(1,209,241)	(1,264,102)	(1,316,780)	(1,488,917)
Total business-type activities	(842,469)	(900,358)	(890,799)	(721,289)	(557,439)	759,237	(714,255)	(1,299,724)	(1,260,089)
Total primary government	3,225,187	3,704,583	3,716,209	4,753,795	4,737,417	7,364,104	5,477,489	5,209,212	4,491,592
Change in Net Assets									
Government activities	255,010	469,632	911,936	1,465,090	641,047	1,702,093	1,292,673	1,009,300	593,842
Business-type activities	243,583	(2,871,405)	459,541	1,000,186	1,352,745	2,982,239	1,280,039	1,833,834	3,508,281
Total primary government	498,593	(2,401,773)	1,371,477	2,465,276	1,993,792	4,684,332	2,572,712	2,843,134	4,102,123

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

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

<u>Fiscal Year</u>	<u>Property Tax \$</u>
2003	1,757,023
2004	1,905,091
2005	1,783,419
2006	2,091,233
2007	2,181,578
2008	2,324,532
2009	2,481,874
2010	2,470,075
2011	2,475,538

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

City of Newberry
Fund Balances of Governmental Funds
Last Ten Fiscal Years (1)
(modified accrual basis of accounting)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
General fund										
Nonspendable	-	-	-	-	-	-	-	-	-	52,070
Reserved	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-	-
Unreserved	2,706,407	2,651,022	2,879,588	3,190,209	3,680,919	4,262,543	4,601,905	4,963,913	5,115,849	-
Unrestricted:										
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	1,007,002
Unassigned	-	-	-	-	-	-	-	-	-	4,327,273
Total general fund	2,706,407	2,651,022	2,879,588	3,190,209	3,680,919	4,262,543	4,601,905	4,963,913	5,115,849	5,386,345
All other governmental funds										
Nonspendable	-	-	-	-	-	-	-	-	-	355,000
Reserved	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	-
Restricted	-	-	-	-	-	-	-	-	-	984,603
Unreserved, reported in:										
Special revenue funds	359,043	425,061	569,944	632,182	1,787,283	675,608	1,064,410	1,430,335	1,714,026	-
Debt service fund	15,904	59,015	(30,486)	(39,795)	34,444	98,419	188,685	242,505	305,775	-
Permanent fund	4,546	3,719	2,821	1,969	2,783	4,544	6,382	6,713	6,899	-
Unrestricted:										
Committed	-	-	-	-	-	-	-	-	-	941,269
Assigned	-	-	-	-	-	-	-	-	-	6,384
Unassigned	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	389,493	497,795	552,279	604,356	1,834,510	788,571	1,269,477	1,689,553	2,036,700	2,287,256
Total all governmental funds	3,095,900	3,148,817	3,431,867	3,794,565	5,515,429	5,051,114	5,871,382	6,653,466	7,152,549	7,673,601

(1) Reporting coincides with GASB 54 implementation in 2011. GASB 54 eliminated the reserved and unreserved classifications and replaced them with Nonspendable, Restricted, and Unrestricted. Within the Unrestricted category three classifications of fund balance were created: Committed, Assigned, and Unassigned.

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

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenues										
Taxes	1,681,830	1,756,840	1,791,784	1,850,080	2,130,995	2,143,143	2,319,513	2,472,998	2,461,415	2,473,486
Licenses, permits and franchise fees	1,031,366	1,137,848	1,187,358	1,200,276	1,301,029	1,437,771	1,468,790	1,401,080	1,379,518	1,377,432
Fines and forfeitures	555,394	494,673	481,017	665,597	597,539	923,200	975,649	778,615	755,361	696,552
Charges for service	683,008	711,235	773,132	1,068,970	1,095,606	1,172,337	1,173,072	1,206,405	1,251,796	1,310,343
Intergovernmental	1,051,967	952,359	1,390,932	1,537,617	2,184,202	1,244,364	2,614,366	2,455,404	2,106,741	2,510,928
Miscellaneous	108,458	96,292	55,863	248,867	296,892	308,190	298,360	150,850	172,160	242,021
Total revenues	5,112,023	5,149,247	5,680,086	6,571,407	7,606,263	7,229,005	8,809,750	8,465,352	8,126,991	8,610,762
Expenditures										
General government	579,697	605,682	628,223	645,494	663,899	828,763	835,483	940,889	883,930	857,462
Public safety	2,307,620	2,374,084	2,529,513	3,311,386	2,590,447	2,933,901	3,394,144	3,117,160	3,405,480	3,270,866
Public works	961,146	1,090,185	1,219,816	1,121,842	1,156,509	1,192,851	1,336,113	1,408,313	1,232,928	1,126,769
Recreation	361,483	408,817	421,594	439,768	392,754	409,275	454,591	465,227	430,531	422,809
Community development	64,111	20,637	99,849	435,301	1,189,674	1,182,894	948,805	785,508	732,863	1,507,326
Nondepartmental	1,099,958	1,150,333	1,200,264	1,513,303	1,654,863	1,736,804	1,782,737	1,764,466	1,746,100	1,823,470
Debt Service										
Principal	259,093	296,282	334,698	333,719	410,502	487,063	518,789	518,492	592,055	595,425
Interest	154,335	144,130	132,323	122,874	164,111	174,369	160,561	139,615	112,237	95,077
Other charges	-	-	-	-	-	-	-	-	-	-
Total expenditures, including capital	5,787,443	6,090,150	6,566,280	7,923,687	8,222,759	8,945,920	9,431,223	9,139,670	9,136,124	9,699,204
Total capital expenditures only	242,115	383,710	448,644	1,199,977	1,450,870	1,427,464	1,349,556	962,229	894,970	427,369
Excess of revenues over (under) expenditures	(675,420)	(940,903)	(886,194)	(1,352,280)	(616,496)	(1,716,915)	(621,473)	(674,318)	(1,009,133)	(1,088,442)
Other financing sources (uses)										
Transfers in	1,028,847	1,076,850	1,107,967	961,231	1,030,980	1,207,385	1,254,419	1,291,948	1,342,433	1,513,917
Transfers out	(78,847)	(126,850)	(155,773)	-	(125,849)	(126,685)	(45,178)	(27,846)	(25,653)	(25,000)
Issuance of debt/construction loan/costs	81,510	41,975	217,050	753,747	1,432,229	171,900	232,500	1,542,300	191,436	120,577
Repayment of debt/construction loan/costs	-	-	-	-	-	-	-	(1,350,000)	-	-
Total other financing sources (uses)	1,031,510	991,975	1,169,244	1,714,978	2,337,360	1,252,600	1,441,741	1,456,402	1,508,216	1,609,494
Net change in fund balances	356,090	51,072	283,050	362,698	1,720,864	(464,315)	820,268	782,084	499,083	521,052
Debt service as a percentage of noncapital expenditures	7.5%	7.7%	7.6%	6.8%	8.5%	8.8%	8.4%	8.0%	8.5%	7.4%

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

Fiscal Year	Electric Receipts	Percent of Total	Water Receipts	Percent of Total	Sewer Receipts	Percent of Total	Other		Percent of Total	Total Combined Public Utility Operating Revenue
							Operating Revenue	Revenue		
	\$		\$		\$		\$	\$		\$
2002	12,733,045	69.5%	3,074,512	16.8%	1,906,443	10.4%	608,187		3.3%	18,322,188
2003	12,793,345	69.0%	3,074,512	16.6%	1,906,443	10.3%	775,250		4.2%	18,549,551
2004	13,340,502	68.8%	3,073,167	15.9%	2,098,611	10.8%	868,490		4.5%	19,380,771
2005	13,293,635	70.3%	2,725,743	14.4%	2,195,893	11.6%	681,389		3.6%	18,896,660
2006	14,089,562	70.5%	2,854,328	14.3%	2,342,721	11.7%	709,125		3.5%	19,995,736
2007	14,527,809	70.0%	2,932,711	14.1%	2,549,842	12.3%	756,763		3.6%	20,767,125
2008	15,443,718	70.0%	3,101,255	14.1%	2,754,515	12.5%	772,475		3.5%	22,071,963
2009	15,934,946	69.2%	3,218,926	14.0%	3,023,405	13.1%	846,311		3.7%	23,023,588
2010	17,070,818	70.7%	3,134,316	13.0%	3,164,150	13.1%	764,829		3.2%	24,134,113
2011	18,460,059	71.5%	3,321,964	12.9%	3,219,202	12.5%	816,158		3.2%	25,817,383

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

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

<u>Fiscal Year</u>	<u>General Fund Property Tax</u> \$	<u>Debt Service Fund Property Tax</u> \$	<u>Total Property Tax</u> \$
2002	1,590,513	91,317	1,681,830
2003	1,631,656	125,184	1,756,840
2004	1,686,385	105,399	1,791,784
2005	1,678,379	171,701	1,850,080
2006	1,879,017	251,978	2,130,995
2007	1,902,399	240,744	2,143,143
2008	1,991,822	327,691	2,319,513
2009	2,113,261	359,737	2,472,998
2010	2,093,574	367,841	2,461,415
2011	2,079,774	393,712	2,473,486

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

	June 2002	June 2003	June 2004	June 2005	June 2006	June 2007	June 2008	June 2009	June 2010	June 2011
Electric Customers:										
Residential	3,931	3,943	3,992	4,012	4,016	4,055	4,045	4,102	4,054	4,030
Commercial	829	833	845	848	861	874	859	862	873	872
Industrial	14	14	13	13	12	12	12	13	13	13
Total	4,774	4,790	4,850	4,873	4,889	4,941	4,916	4,977	4,940	4,915
Water Customers:										
Residential	4,063	4,046	4,092	4,072	4,088	4,103	4,096	4,147	4,108	4,087
Commercial	675	691	703	715	731	740	740	743	756	760
Industrial	21	23	24	24	25	25	26	26	26	26
Total	4,759	4,760	4,819	4,811	4,844	4,868	4,862	4,916	4,890	4,873
Sewer Customers:										
Residential	3,515	3,510	3,548	3,543	3,552	3,572	3,564	3,602	3,576	3,559
Commercial	535	545	555	561	576	578	570	573	575	579
Industrial	20	22	21	21	21	21	22	22	21	21
Total	4,070	4,077	4,124	4,125	4,149	4,171	4,156	4,197	4,172	4,159
Total Number Utility Customers (1)	5,770	5,771	5,829	5,829	5,865	5,895	5,881	5,946	5,893	5,877

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

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

Fiscal Year	Electric Kilowatt-hours	Percent Change	Water Cubic Feet	Percent Change	Treated Sewer Cubic Feet	Percent Change
2002	166,115,159	-0.45%	222,078,527	-1.15%	90,135,106	-6.11%
2003	169,899,221	2.28%	226,407,707	1.95%	89,452,327	-0.76%
2004	169,664,320	-0.14%	218,340,050	-3.56%	87,962,128	-1.67%
2005	172,980,472	1.95%	203,002,743 (1)	-7.02%	88,825,908	0.98%
2006	179,829,708	3.96%	197,139,999	-2.89%	95,283,833	7.27%
2007	179,341,477	-0.27%	194,384,996	-1.40%	97,589,068	2.42%
2008	194,261,115	8.32%	211,047,410	8.57%	103,006,055	5.55%
2009	191,986,260	-1.17%	217,003,940	2.82%	101,462,795	-1.50%
2010	200,113,268	4.23%	208,160,667	-4.08%	100,458,848	-0.99%
2011	202,835,368	1.36%	211,586,103	1.65%	100,905,062	0.44%

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

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

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

<u>Fiscal Year</u>	<u>Electric</u> \$	<u>Percent Increase</u> %	<u>Water</u> \$	<u>Percent Increase</u> %	<u>Sewer</u> \$	<u>Percent Increase</u> %	<u>TOTAL</u> \$	<u>Percent Increase</u> %
2002	86.86	0.00	17.27	0.00	18.52	5.41	122.65	0.78
2003	87.69	0.96	17.27	0.00	19.5	5.29	124.46	1.48
2004	88.14	0.51	17.27	0.00	20.48	5.03	125.89	1.15
2005	89.89	1.99	17.27	0.00	21.51	5.03	128.67	2.21
2006	89.89	0.00	17.87	3.47	22.46	4.42	130.22	1.20
2007	91.51	1.80	18.47	3.36	23.44	4.36	133.42	2.46
2008	92.50	1.08	18.47	0.00	24.61	4.99	135.58	1.62
2009	94.55	2.22	18.47	0.00	26.54	7.84	139.56	2.94
2010 (2)	99.59	5.33	18.47	0.00	28.52	7.46	146.58	5.03
2011	104.89	5.32	19.29	4.44	28.52	0.00	152.70	4.18

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

(2) Rates reflected for June 30, 2011. An overall increase of 6% on electricity and 5% on water became effective on the July 1, 2010 billing (fiscal year 2011). Additionally, please note that an overall rate increase of 7.50% on electricity and 3.50% on sewer became effective on the July 1, 2011 billing (fiscal year 2012)

City of Newberry
Principal Utility Customers by Total Billed (1)
June 30, 2011

Customer	Fiscal Year 2011			Fiscal Year 2002		
	Total Billed \$	Rank	Percentage of Total Operating Revenue (2)	Total Billed \$	Rank	Percentage of Total Operating Revenue (3)
Louis Rich	6,833,811	1	26.47%	3,742,690	1	20.43%
Newberry College	1,283,084	2	4.97%	380,186	7	2.08%
Saluda Commission of Public Works	878,169	3	3.40%	603,265	2	3.29%
Newberry County Memorial Hospital	538,800	4	2.09%	393,134	6	2.15%
ISE	533,177	5	2.07%	559,776	3	3.06%
Shakespeare	457,874	6	1.77%	443,589	5	2.42%
Newberry Housing Authority-Grant Homes	445,201	7	1.72%			
Packaging Corp. of America, Inc.	384,128	8	1.49%	301,085	9	1.64%
Newberry County Water & Sewer	230,014	9	0.89%	468,446	4	2.56%
Newberry High School	228,729	10	0.89%	221,781	8	1.21%
Winn-Dixie				154,693	10	0.84%
Total	11,812,987		45.76%	7,268,645		39.67%

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

(2) Total audited operating revenue for fiscal year 2011 is \$ 25,817,383 .

(3) Total audited operating revenue for fiscal year 2002 is \$ 18,322,187 .

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

Fiscal Year	Tax Year	Real Property (2)			Personal Property (3)			Total Taxable Assessed Value	Total Direct Tax Rate (4)	Estimated Actual Taxable Value (5)	Assessed Value as a Percentage of Actual Value
		Residential Property	Commercial Property	Total Real Property	Motor Vehicles	Other Personal Property	Total Personal Property				
		\$	\$	\$	\$	\$	\$	\$	\$	%	
2002	2001	Not Available	Not Available	11,417,990	Not Available	Not Available	6,532,770	94.00	301,576,173	5.95%	
2003	2002	Not Available	Not Available	11,603,540	Not Available	Not Available	6,273,560	94.00	302,863,007	5.90%	
2004	2003	Not Available	Not Available	11,641,550	Not Available	Not Available	6,650,430	94.00	310,825,886	5.88%	
2005	2004	4,914,640	6,779,900	11,694,540	3,003,260	3,628,340	6,631,600	94.00	313,079,010	5.85%	
2006	2005	4,949,970	7,386,260	12,336,230	4,112,215	3,419,720	7,531,935	96.50	342,195,769	5.81%	
2007 (1)	2006	7,228,310	9,214,640	16,442,950	2,364,620	3,878,970	6,243,590	86.00	414,017,506	5.48%	
2008	2007	7,203,750	9,294,700	16,498,450	2,426,050	3,867,140	6,293,190	89.70	416,595,391	5.47%	
2009	2008	7,296,220	9,424,580	16,720,800	2,212,970	3,910,130	6,123,100	93.30	419,076,036	5.45%	
2010	2009	7,266,060	10,117,980	17,384,040	1,871,629	3,734,910	5,606,539	93.30	422,539,353	5.44%	
2011 (1)	2010	7,952,070	11,181,930	19,134,000	1,762,588	3,999,010	5,761,598	83.90	458,062,070	5.43%	

(1) Reassessment.

(2) Source: Newberry County Auditor. \$931,640 in assessed value (\$17,015,916 in estimated actual value) was legally required to be allocated to the Tax Increment Financing District and is not included in the above information. Values related to tax-exempt property are not maintained. The breakdown between residential and commercial real property has not been reported for prior years and is stated beginning in fiscal year 2005.

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

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

(5) Source: Newberry County Auditor.

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

Overlapping Rates

Fiscal Year	City of Newberry			Newberry County (1)			Newberry County School District (1)			Total Direct & Overlapping Rates	
	Operating Millage	Debt Service Millage	Total City Millage	Operating Millage	Debt Service Millage	Total County Millage	Operating Millage	Debt Service Millage	Total School Millage		
2002	94.0	0.0	94.0	81.9	8.9	90.8	165.0	54.5	219.5	2.7	407.0
2003	94.0	0.0	94.0	108.7	7.1	115.8	173.1	53.0	226.1	3.1	439.0
2004	94.0	0.0	94.0	114.3	1.5	115.8	179.5	50.6	230.1	3.1	443.0
2005	94.0	0.0	94.0	114.3	4.2	118.5	185.5	41.7	227.2	3.3	443.0
2006	96.5	0.0	96.5	114.3	11.0	125.3	192.3	53.0	245.3	3.4	470.5
2007 (2)	86.0	0.0	86.0	135.5	9.8	145.3	182.1	53.0	235.1	6.6	473.0
2008	89.7	0.0	89.7	138.0	10.9	148.9	190.0	53.0	243.0	7.1	488.7
2009	93.3	0.0	93.3	141.3	10.4	151.7	194.0	53.0	247.0	7.3	499.3
2010	93.3	0.0	93.3	144.3	4.4	148.7	194.0	53.0	247.0	7.3	496.3
2011 (2)	83.9	0.0	83.9	136.3	6.6	142.9	184.8	53.0	237.8	6.3	470.9

(1) Source: Newberry County Auditor.

(2) Reassessment.

City of Newberry
Principal Property Taxpayers (1)
June 30, 2011

Taxpayer	Fiscal Year 2011 (Tax Year 2010)			Fiscal Year 2002 (Tax Year 2001)		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value (2)	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value (3)
Bellsouth Tele. Inc.	\$ 453,850	1	1.82%	\$ 681,280	1	3.80%
ISE Newberry Inc.	354,830	2	1.43%	212,030	4	1.18%
Lowe's Home Centers	346,410	3	1.39%			-
Wal-Mart Real Est.	320,490	4	1.29%	264,620	2	1.47%
Newberry Dev. LLC	232,390	5	0.93%			
Newberry Atrium	228,530	6	0.92%			
Loves Travel Stops	208,450	7	0.84%			0.00%
Wal-Mart SuperCenter 624	188,450	8	0.76%			0.00%
Newberry Medical	183,660	9	0.74%			
Duke Energy Corp.	170,910	10	0.69%	163,500	5	0.91%
Ellett Brothers Inc.			0.00%	132,330	9	0.74%
Glimcher Properties Lmt. Prtsh.			0.00%	246,950	3	1.38%
American Fiber & Finishing				155,030	6	0.86%
Glimcher Properties Ltd.				135,060	8	0.75%
White Oak Manor Inc.			0.00%	138,040	7	0.77%
145 Associates, Ltd.				115,390	10	0.64%
Total	2,687,970		10.80%	2,244,230		12.50%

(1) Source: Newberry County Auditor.

(2) Total assessed valuation for tax year 2010 is \$24,895,598 .

(3) Total assessed valuation for tax year 2001 is \$17,950,760 .

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

Fiscal Year	Tax Year	Total Tax Levy for Fiscal Year (2)	Collected within the Fiscal Year of the Levy		Collections/ Adjustments in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2002	2001	1,589,256	1,541,502	97.0%	47,613	1,589,115	100.0%
2003	2002	1,615,709	1,562,473	96.7%	52,237	1,614,710	99.9%
2004	2003	1,654,707	1,610,741	97.3%	41,720	1,652,461	99.9%
2005	2004	1,657,919	1,609,570	97.1%	47,045	1,656,615	99.9%
2006	2005	1,862,082	1,795,145	96.4%	62,337	1,857,482	99.8%
2007	2006	1,928,695	1,842,532	95.5%	80,758	1,923,290	99.7%
2008	2007	2,016,572	1,926,514	95.5%	82,067	2,008,581	99.6%
2009	2008	2,097,729	2,013,278	96.0%	73,498	2,086,776	99.5%
2010	2009	2,105,093	2,021,030	96.0%	65,942	2,086,972	99.1%
2011	2010	2,070,696	1,993,244	96.3%	-	1,993,244	96.3%

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

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

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

Fiscal Year	Governmental Activities			Business-Type Activities			Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Special Assessment Bonds (2)	Capital Leases	CPU Bonds (3)	Capital Leases				
	\$	\$	\$	\$	\$	\$	\$		\$
2002	-	2,775,000	289,219	5,736,959	-	8,801,178	5.6%	832	
2003	-	2,600,000	209,912	4,900,632	-	7,710,544	4.7%	728	
2004	-	2,415,000	277,264	3,585,100	-	6,277,364	3.7%	593	
2005	-	2,220,000	892,292	3,092,978	-	6,205,270	3.6%	586	
2006	-	2,020,000	2,114,018	2,562,741	-	6,696,759	3.7%	622	
2007	-	1,810,000	2,008,856	2,016,356	-	5,835,212	3.1%	537	
2008	-	1,585,000	1,947,567	1,826,632	-	5,359,199	2.8%	492	
2009	-	1,357,000	1,849,375	1,211,222	-	4,417,597	2.3%	405	
2010	-	1,095,222	1,710,534	8,863,797	-	11,669,553	6.1%	1055	
2011	-	828,719	1,502,189	14,703,252	-	17,034,160	8.5%	1658	

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

(2) Composed of 1998 Tax Increment Financing Bond (fiscal years 2002-2008), which was refinanced as the 2008 Tax Increment Revenue Refunding Bond in August 2008 (fiscal year 2009-2011).

(3) Composed of Combined Public Utility (CPU) debt as follows: 2007 CPU Bond for fiscal years 2008-2011, 2003 CPU Bond for fiscal years 2004-2011, 1993A Bond and SRF Loan for fiscal years 2002-2003, and 2009 State Revolving Loan for fiscal years 2010-2011.

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

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

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

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

City of Newberry
Direct and Overlapping Governmental General Obligation Debt
As of June 30, 2011

<u>Governmental Unit</u>	<u>Debt Outstanding</u> \$	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u> \$
Debt repaid with property taxes: County (1)	6,440,947	19.68% (2)	1,267,578
Subtotal, overlapping debt			<u>1,267,578</u>
City of Newberry direct debt repaid with property taxes	-	100%	-
Total direct and overlapping debt			<u><u>1,267,578</u></u>

(1) Source: Newberry County Treasurer

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

1995 County General Obligation Bond	\$ Paid Out
2000 County General Obligation Bond	\$ 2,895,000
2007 County General Obligation Bond	\$ 530,000
2007A County General Obligation Bond	\$ 737,533
2010A County General Obligation Bond	\$ 1,037,280
2010B County General Obligation Bond	\$ 251,134
2010C County General Obligation Bond	\$ 990,000
	<u><u>\$ 6,440,947</u></u>

(2) The percentage of general obligation debt applicable to the City of Newberry is based on the percentage of assessed valuation of property located in the City. Newberry County assessed valuation, per the Newberry County Auditor, is \$126,482,949. City of Newberry assessed valuation from the table within this statistical section labeled "Assessed Value and Estimated Actual Value of Taxable Property" is \$24,895,598

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

City of Newberry
Legal Debt Margin Information
Last Ten Fiscal Years

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Debt Limit - 8 percent of total assessed value	1,456,972	1,451,596	1,463,358	1,497,511	1,620,690	1,860,383	1,879,930	1,889,629	1,904,442	2,066,179
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	1,456,972	1,451,596	1,463,358	1,497,511	1,620,690	1,860,383	1,879,930	1,889,629	1,904,442	2,066,179
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Legal Debt Margin Calculation for Fiscal Year 2010

Assessed Value - general	\$ 24,895,598
Assessed Value - tax increment financing district	\$ 931,640
Total assessed value	<u>\$ 25,827,238</u>
Debt limit (8% of total assessed value)	\$ 2,066,179
Debt applicable to limit:	
Total general obligation bonds	<u>\$ -</u>
Legal debt margin	<u>\$ 2,066,179</u>

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

Fiscal Year	TIF Revenue	Contribution (to)/from City Local Hospitality/ Accommodations Fund (2)	Debt Issuance Expenditures	Amount Available for Debt Service	Debt Service Requirements			Coverage (3)
	\$	\$	\$	\$	Principal	Interest	Total	
2002	91,718	224,018	-	315,736	165,000	140,018	305,018	1.04
2003	125,510	224,288	-	349,798	175,000	131,687	306,687	1.14
2004	105,699	112,668	-	218,367	185,000	122,868	307,868	0.71
2005	171,891	127,358	-	299,249	195,000	113,558	308,558	0.97
2006	252,270	125,849	-	378,119	200,000	103,880	303,880	1.24
2007	241,125	126,685	-	367,810	210,000	93,835	303,835	1.21
2008	335,266	63,178	-	398,444	225,000	83,178	308,178	1.29
2009	382,625	(27,846)	-	354,779	235,000	65,959	300,959	1.18
2010	394,963	(25,653)	-	369,310	261,778	44,262	306,040	1.21
2011	427,023	(25,000)	-	402,023	266,503	34,727	301,230	1.33

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

(2) The debt is to be serviced by the tax dollars generated by the tax increment financing district in accordance with State law and contributions from the Newberry Opera House, the renovation of which was partially financed by the proceeds of the bond. While the Newberry Opera House has been a major success as a performing arts center and has covered its operational expenses, there has been no surplus generated from which to make up the difference between the tax revenue and the debt service requirements. The City made annual contributions from its Local Hospitality/Accommodations Fund to the TIF debt service fund from fiscal year 2001 through fiscal year 2008 of this table, with partial repayment from the TIF debt service fund to the Local Hospitality/Accommodations Fund shown in fiscal years 2009-2011.

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

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

Fiscal Year	System Operating Revenues (1)	System Operating Expenses (2)	Amount Available for Debt Service	Audited Debt Service		Total	Coverage (3)
	\$	\$	\$	Principal	Interest		
2002	18,322,187	15,316,639	3,005,548	811,305	260,949	1,072,254	2.80
2003	18,549,550	15,580,108	2,969,442	836,327	227,653	1,063,980	2.79
2004	19,380,770	16,046,641	3,334,129	1,315,532	154,103	1,469,635	2.27
2005	18,896,660	15,765,976	3,130,684	492,122	114,595	606,717	5.16
2006	19,995,736	16,647,305	3,348,431	530,237	99,367	629,604	5.32
2007	20,767,125	17,231,152	3,535,973	546,385	83,425	629,810	5.61
2008	22,071,963	18,013,050	4,058,913	569,724	73,867	643,591	6.31
2009 (4)	23,023,588	19,068,587	3,955,001	615,410	83,514	698,924	5.66
2010 (4)	24,134,113	19,652,401	4,481,712	635,481	44,839	680,320	6.59
2011 (4)	25,817,383	20,953,464	4,863,919	254,100	33,594	287,694	16.91

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

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

(3) Debt Service Requirements for 2007 Bond (FY2008-2011), 2003 Bond (FY 2004-2011), and 1993 A and SRF Loan (FY 2002-2003). Debt service payments on the 2009 South Carolina Water Pollution Control Revolving Fund (SRF) Loan are deferred until FY 2012, coinciding with the scheduled completion of the Wastewater Treatment Plant Rehabilitation/Expansion project. Coverage stated is by fiscal year. Bond indentures require coverage of 120% of annual principal and interest.

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

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

Fiscal Year	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Population	Personal Income	Per Capita Personal Income	Median Household Income	Median Age	Education Level In Years of Formal Schooling	School Enrollment	Unemployment Rate
		\$	\$	\$				%
2002	10,584	157,574,592	14,888	27,864	33.8	12.6	5,938	7.7
2003	10,588	162,917,556	15,387	28,664	33.8	12.6	5,657	7.5
2004	10,591	168,259,217	15,887	29,464	33.8	12.6	5,858	6.9
2005	10,595	173,609,670	16,386	30,264	33.8	12.6	5,678	6.5
2006	10,761	181,699,485	16,885	31,065	33.8	12.6	5,743	7.3
2007	10,874	189,033,616	17,384	31,865	33.8	12.6	5,733	6.1
2008	10,893	194,799,519	17,883	32,665	33.8	12.6	5,766	7.3
2009	10,907	189,421,869	17,367	35,119	33.8	12.6	5,736	13.0
2010	11,061	191,709,252	17,332	35,187	35.0	12.6	5,695	10.8
2011	10,277	200,360,392	19,496	41,023	39.0	12.7	5,595	10.5

- (1) Estimates by City of Newberry Finance Department for fiscal years 2002-2005. Estimates by South Carolina Budget and Control Board for fiscal years 2006-2011.
- (2) Mathematical computation of per capita personal income multiplied by population.
- (3) Estimates by City of Newberry Finance Department for fiscal years 2002-2008. Fiscal years 2009-2011 estimates from Central Midlands Council of Governments.
- (4) Estimates by City of Newberry Finance Department for fiscal years 2002-2008. Fiscal years 2009-2011 estimates from Central Midlands Council of Governments.
- (5) Estimates by City of Newberry Finance Department for fiscal years 2002-2009. Fiscal year 2010-2011 estimates from Central Midlands Council of Governments.
- (6) Sources: Estimates by City of Newberry Finance Department based on 2000 Census for fiscal years 2002-2010. Estimate by Newberry County School District for 2011.
- (7) Source: Newberry County School District.
- (8) Source: South Carolina Department of Employment and Workforce.

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

EMPLOYER	2011			2002		
	EMPLOYEES	RANK	PERCENTAGE OF TOTAL COUNTY EMPLOYMENT (3)	EMPLOYEES	RANK	PERCENTAGE OF TOTAL COUNTY EMPLOYMENT (4)
Louis Rich (*)	2500	1	15.25%	1582	1	9.18%
Newberry County School District (**)	860	2	5.25%	800	2	4.64%
Georgia Pacific (*)	356	3	2.17%	277	7	1.61%
Newberry College	320	4	1.95%			
Newberry County Memorial Hospital (**)	314	5	1.92%	350	6	2.03%
Caterpillar, Inc. (*)	285	6	1.74%			
Wal-Mart	250	7	1.53%			
Springfield Place/JF Hawkins	200	8	1.22%			
Shakespeare Composite Structures (*)	200	9	1.22%	395	5	2.29%
County of Newberry	180	10	1.10%			
McKechnie Vehicle Components (*)				163	10	0.95%
American Fiber and Finishing (*)				500	3	2.90%
International Paper				172	9	1.00%
Renfro				400	4	2.32%
Thomas and Howard				250	8	1.45%

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

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

(3) Percentage calculated using total Newberry County employment from the 2010 Census - 16,393 .

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

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

FUNCTION	BUDGETED FULL-TIME EQUIVALENT EMPLOYEES									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Government										
City Council	7	7	7	7	7	7	7	7	7	7
City Administration (2)	4	4	4	4	4	4	4	4	4	4
Finance	3.5	3.5	3.5	4	4	4	4	4	4	2
Planning and Development	2	2	2	2.5	3	4	4	4	4	4
Public Safety										
Police										
Officers	27	28	28	28	31	32	32	32	32	32
Civilians	3	3	3	3	3	3	3	3	3	3
Justice and Law Civilians	1.75	1.75	1.75	1.75	3.2	3.2	3.2	3.8	3.8	3.8
Fire (3)										
Firefighters and Officers	19	19	19	19	19	19	19	19	19	19
Civilians	1	1	1	1	1	1	1	1	1	1
Public Works										
Public Works Administration	2	2	2	2	2	2	2	2	2	2
Streets	10	10	10	10	10	10	10	10	10	10
Sanitation	9	8	8	7	7	7	7	5	5	5
Building Maintenance	2	2	2	2	2	2	2	2	1	1
Garage	3	3	3	3	3	3	3	3	3	3
Recreation	9	9.5	9.5	11	14	14	10	13	13	13
Utility System										
Administration/Finance/Warehouse/										
Information Services	11	11	11	11	11	11	12	13	13	15
Electric	12	12	12	12	12	12	11	11	11	11
Water/Sewer Maintenance	11	11	11	11	11	11	11	11	11	11
Water Plant	9	9	9	9	9	9	9	9	9	9
Wastewater Plant	6	6	6	6	6	6	6	6	6	6
Total	152.25	152.75	152.75	154.25	162.2	164.2	160.2	162.8	161.8	161.8

(1) Source: City of Newberry Human Resources Director

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

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

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

FUNCTION	FISCAL YEAR									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Government (2)										
Finance										
Businesses with licenses (for last completed calendar year)	1072	1,061	1,099	1,192	1,114	1,147	1,166	1,169	1,143	1,140
Planning and Development										
New construction values per building permits	\$ 656,540	\$ 3,075,955	\$ 5,088,814	\$ 8,362,652	\$ 20,031,345	\$ 20,250,479	\$ 12,229,166	\$ 6,720,921	\$ 805,603	\$ 1,594,436
Public Safety										
Police										
Incidents	10,765	10,009	9,477	11,811	11,277	11,814	12,901	12,742	11,492	11,373
Arrests and traffic violations	5,136	5,027	4,095	5,997	5,207	8,251	7,015	6,304	6,454	6,069
Parking violations	83	155	212	277	245	272	429	542	351	310
Fire										
Volunteer personnel	19	20	21	19	16	18	15	14	18	16
Calls answered	388	488	540	643	593	543	501	491	493	541
Inspections	85	141	100	353	497	583	761	739	595	603
Public Works (3)										
Streets										
Streets resurfaced (miles)	-	1.37	2.23	1.04	1.2	0.90	0.93	1.64	0.51	-
Sanitation										
Refuse collected in tons per year	6,762	7,572	7,277	7,387	8,138	8,707	8,228	7,615	7,715	7,493
Recreation										
# Participants residing within City limits	634	546	803	854	792	805	729	942	859	990
# Participants residing outside City limits	214	174	296	301	209	233	320	338	349	417
# Participants total	848	720	1,099	1,155	1,001	1,038	1,049	1,280	1,208	1,407
Utility System										
Electric										
Maximum monthly non-coincident purchased demand (kW)	36,965	36,303	35,783	31,308	34,714	30,670	30,697	31,314	32,243	32,243
Water										
Average production (gallons per day)	5,351,810	5,194,750	5,049,025	4,488,442	4,677,914	4,543,934	4,797,981	4,959,345	5,051,292	5,245,412
Sewer										
Average treatment (gallons per day)	2,139,900	2,352,745	2,186,575	2,255,724	2,310,800	2,390,000	2,200,000	2,342,925	2,921,639 (5)	2,462,896

(1) Source: Various City of Newberry departments.
(2) General government comprised of City Council, City Manager, Human Resources, Finance and Planning and Development Services, for some of which there are no indicators presently available.
(3) Public Works comprised of Public Works Administration, Street, Sanitation, Building Maintenance and Garage, for some of which there are no indicators presently available.
(4) Newberry County Water and Sewer Authority opened its treatment plant during fiscal year 2005. For comparison purposes, the Authority's fiscal year 2004 total usage was an estimated 866,133 gallons per day.
(5) The majority of the increase in treated gallons per day attributed to infiltration. The City began an infiltration study during fiscal year 2011.

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

FUNCTION (2)	FISCAL YEAR									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Public Safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	35	35	35	37	32	31	38	38	38	38
Fire										
Stations	2	2	2	2	2	2	2	2	2	2
Fire trucks	5	5	5	6	6	6	7	7	7	7
Public Works (3)										
Streets										
Streets within City (miles)	84	84	84	84	84	84	84	87	87	87
Sanitation										
Packer trucks	4	4	4	5	5	5	5	5	5	5
Recreation										
Parks	15	15	15	15	15	15	15	15	15	15
Parks acreage	100	100	100	100	100	100	100	100	100	100
Utility System										
Electric										
Miles of primary conductor	245	253	247	247	247	253	255	259	260	260
Miles of secondary conductor	86	86	86	86	87	88	89	91	92	93
Water										
Miles of water main lines	123	123	125	125	125	125	126	127	127	127
Fire hydrants	476	474	477	479	481	481	482	482	483	486
Maximum daily production capacity (gallons)	8,100,000	8,100,000	8,100,000	8,100,000	8,100,000	8,100,000	8,100,000	8,100,000	8,100,000	8,100,000
Sewer										
Miles of sanitary sewer main lines	121	122	123	123	123	124	124	124	124	124
Maximum daily treatment capacity (gallons)	3,220,000	3,220,000	3,220,000	3,220,000	3,220,000	3,220,000	3,220,000	3,220,000	3,220,000	3,220,000

(1) Source: Various City of Newberry departments.

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

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

SINGLE AUDIT SECTION

CITY OF NEWBERRY

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2011**

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of the City of Newberry.
2. No reportable conditions relating to the audit of the financial statements are reported in the Schedule of Findings and Questioned Costs.
3. No instances of noncompliance material to the financial statements of the City of Newberry were disclosed during the audit.
4. No reportable conditions relating to the audit of the major federal award programs are reported in the Schedule of Findings and Questioned Costs.
5. The auditor's report on compliance for the major federal award programs for the City of Newberry expresses an unqualified opinion.
6. Audit findings relative to the major federal award programs for the City of Newberry are reported in section C of this schedule.
7. The programs that tested as major programs for the year ended June 30, 2011 include:

<u>Program Name</u>	<u>CFDA Number</u>
Clean Water State Revolving Fund	66.458
EPA – Special Appropriations	66.202
EDA – Wastewater Treatment Plant Expansion	11.300
U.S. Department of HUD, Community Development Block Grants	14.255 and 14.228

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

B. FINDINGS – FINANCIAL STATEMENTS AUDIT

None

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

None

CITY OF NEWBERRY

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2011**

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures
US Department of Housing and Urban Development, Community Development Block Grants/Passed Through SC Department of Commerce - Stimulus	14.255	4-S-08-009	\$ 192,978
US Department of Commerce/Economic Development Administration, Public Works Program/Wastewater Treatment Plant Expansion - Stimulus	11.300	04-01-06109	805,125
US Department of Housing and Urban Development, Community Development Block Grants/Passed Through SC Department of Commerce/West End Water and Sewer	14.218	4-A-10-007	140,600
US Department of Energy, Energy Efficiency and Conservation Block Grant/Passed Through SC Budget and Control Board - Stimulus	81.128	EMC-02	61,683
US Department of Housing and Urban Development, Community Development Block Grants/Passed Through SC Department of Commerce - Neighborhood Revitalization - Stimulus	14.228	4-V-09-002	914,126
US Department of Justice, Office of Justice Programs, Bulletproof Vest Program	16.607	1105-7771	1,650
US Environmental Protection Agency, Special Appropriations Projects Grants/Wastewater Treatment Plant Upgrade and Expansion Project - Congressionally Mandated Projects	66.202	XP-95452510-0	390,338
US Environmental Protection Agency/Passed Through SC Budget and Control Board - SC Water Pollution Control Revolving Fund, Loan Number S1-125-09-320-01	66.458	CS-45000109-0	<u>1,477,807</u>
Total Federal Expenditures			<u>\$ 3,984,307</u>

See accompanying notes.

CITY OF NEWBERRY

**NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2011**

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

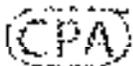
McKEVILLY, COOPER & CO., LLC

CERTIFIED PUBLIC ACCOUNTANTS

Since 1978

127 North Charleston Drive
Columbia, South Carolina 29201-1011

803-733-1836 Fax 803-733-6271



For more information, please visit www.aicpa.org

Member
American Institute of
Certified Public Accountants
and Association of
Certified Public Accountants

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Newberry, South Carolina as of and for the year ended June 30, 2011, which collectively comprise the financial statements and have issued our report thereon dated September 16, 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 Newberry, South Carolina's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Newberry, South Carolina's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

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

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

To the Mayor and Members of City Council
City of Newberry
September 16, 2011

Compliance and Other Matters

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

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

McKivley, Cooper & Co., LLC

September 16, 2011

McKIVLEY, COOPER & CO., LLC
CERTIFIED PUBLIC ACCOUNTANTS
Suite 101
105 North Cassinberry Drive
Clemson, South Carolina 29631-1011
www.mckivley.com
864-733-1830 Fax 864-233-6271

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

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

Compliance

We have audited the City of Newberry, South Carolina's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that that could have a direct and material effect on each major federal program for the year ended June 30, 2011. The City of Newberry, South Carolina's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City of Newberry, South Carolina's management. Our responsibility is to express an opinion on the City of Newberry, South Carolina's compliance based on our audit.

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

In our opinion, the City of Newberry, South Carolina complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

To the Mayor and Members of City Council
City of Newberry
September 16, 2011

Internal Control Over Compliance

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

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

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

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

McKinstry, Cooper & Co., LLP

September 16, 2011