

**CITY OF NEWBERRY,
SOUTH CAROLINA**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**FISCAL YEAR ENDED
JUNE 30, 2012**

CITY OF NEWBERRY
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2012
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INTRODUCTORY SECTION



CITY OF NEWBERRY

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

November 1, 2012

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, 2012.

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, 2012, 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, 2012, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report. In accordance with Government Auditing Standards, the independent auditor issued his report after consideration of the City of Newberry's internal control over financial reporting and on the auditor's test of the City's compliance with certain provisions of laws, regulations, contracts, and grants. That report

"City of Friendly Folks"

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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 is 10,277, and the population of the County as registered by the 2010 Census is 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, 2012, 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 Technology; 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 2012-2013 budget preparation, all departments of the City of Newberry were required to

submit requests for appropriations to the City Manager by mid-February of 2012. 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 April. 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 35 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 undertaken. Through sustained 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 Interstate 26 at the S.C. Highway 219 interchange. F. G. Wilson, a division of Caterpillar Inc, 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 was needed to help facilitate the planned 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 relocated to the Newberry facility to consolidate sales, marketing and manufacturing operations under the same roof. Then, in Spring 2009, Komatsu America announced plans to move production lines from its forklift

production facility in Covington, Georgia and from its small and medium sized wheel loader production facility in Candiac, Quebec, Canada. Production of forklifts 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 2012 has not yet developed the property. Ground was broken on the adjacent lot by developer, Hotel Evolutions, which constructed a 77 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. Love's also brought with it a new McDonald's restaurant which, since opening, has consistently ranked as one of the top grossing restaurants in the City limits. Staff is encouraged by the performance of the businesses adjacent to the interchange and is hopeful this will stimulate additional commercial investment 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 processing 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 2011-2012 Newberry Opera House season was highly successful. 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 are evidence of the catalytic impact of the project.

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 500 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 2012-2013.

The new fiscal year will also see a reinvestment in downtown as the City sees the need to revisit enhancements made some fourteen years ago. Monies have been appropriated to pursue streetscape enhancements within our main downtown corridor to continue to help spur economic growth in one of our City's most historic districts. The City hopes these enhancements will make downtown Newberry a bit more pedestrian scaled and friendly encouraging more foot traffic in the downtown corridor.

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

The fourth economic development project is the development of an in-fill residential project on roughly 2.3 acres of vacant property located on Harrington and Martin Streets near downtown. The property was the former site of a primary school, which was razed decades ago and remained in a vacant state since that time. The Newberry County School Board declared the property surplus to its needs and conveyed the property to the City of Newberry during fiscal year 2005 with the understanding that a traditional neighborhood would be constructed. City Council approved a development master plan for the property in October 2005, as required by S.C. state planning law. A development agreement has been finalized between the City and a private party that has agreed to develop the site, and on-site water, wastewater, electric, and storm water

infrastructure has been installed. The developer is proposing to construct eight townhouses and ten single-family, detached cottages, which will assist in the City's effort to promote downtown living and create significant additional tax base within the Tax Increment Finance District. As of the summer of 2011, construction of four of the proposed ten detached homes had been completed and three of the homes were occupied. The developer has indicated to City staff that implementation of the master plan for the property will continue and staff anticipates continued progress during fiscal year 2012-2013.

The fifth economic development project is the completion of a community-wide telecommunications and broadband study, to include implementation recommendations, and the deployment of telecommunication infrastructure within the City. In December 2006, the City of Newberry was awarded a \$500,000 Community Development Block Grant (CDBG) to construct an outdoor wireless telecommunications infrastructure to support enhanced public safety communications, automated metering, palm device enabled mapping and other mobility applications over a secure, licensed channel, and public access to the Internet over Wi-Fi frequencies. City staff later determined that a more prudent approach to the project would be to engage a consultant capable of evaluating the community, current service offerings and consumer needs, as well as the alternatives available to the City to enhance resident and business access to quality telecommunication services. The City engaged an experienced telecommunications planning professional (Design Nine, Inc.) in the spring of 2007 to perform the analysis. During fiscal year 2007-2008, Design Nine evaluated the community, current broadband services, existing infrastructure, present and future demand for services, and the alternatives available to the City to catalyze telecommunications upgrades. The study was completed in the summer of 2008 and recommended that, building from its current fiber optic network, the City construct a fiber-based telecommunications utility employing an open-access, multi-services business model. While it remains to be seen whether the City will pursue the proposed telecommunications utility, City staff requested authorization from the S. C. Department of Commerce in the fall of 2008 to invest the remaining CDBG funds in an outdoor wireless communications network to support enhanced delivery of police and fire services, improved City communications and public access to the Internet. This request was approved in December 2008 and the system was designed and deployed during the final two quarters of fiscal year 2008-2009. By Summer 2009 the system was operational and testing has determined that the performance of the system is meeting or exceeding design expectations. The City is currently exploring cost-effective ways to enhance the system and new and/or innovative ways to utilize the network including wireless surveillance cameras, in-vehicle technologies, and the deployment of work management software solutions for field personnel.

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 Newberry College students occupied the first two floors on the east side of the mill, which has been reserved for student housing, during the summer of

2011. During fiscal year 2011-2012, West Development completed the process of finishing out the student dormitory units on floors three and four of the east wing of the building. The City of Newberry has assisted the developer with the project through the services of a community development consultant currently under contract. Additionally, the City has pursued 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, and has secured a \$500,000 Community Development Block Grant (CDBG) to complete the final phase of water and wastewater system upgrades in Oakland neighborhood. Those upgrades will be implemented in fiscal year 2012-2013.

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 2012 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.

In fiscal year 2010-2011 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 2012 information, the unassigned portion of the fund balance of the General Fund stood at 62 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, 2011. This was the nineteenth 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. Shacker
City Manager



Shannon D. Smith
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, 2011

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



Linda C. Sandison

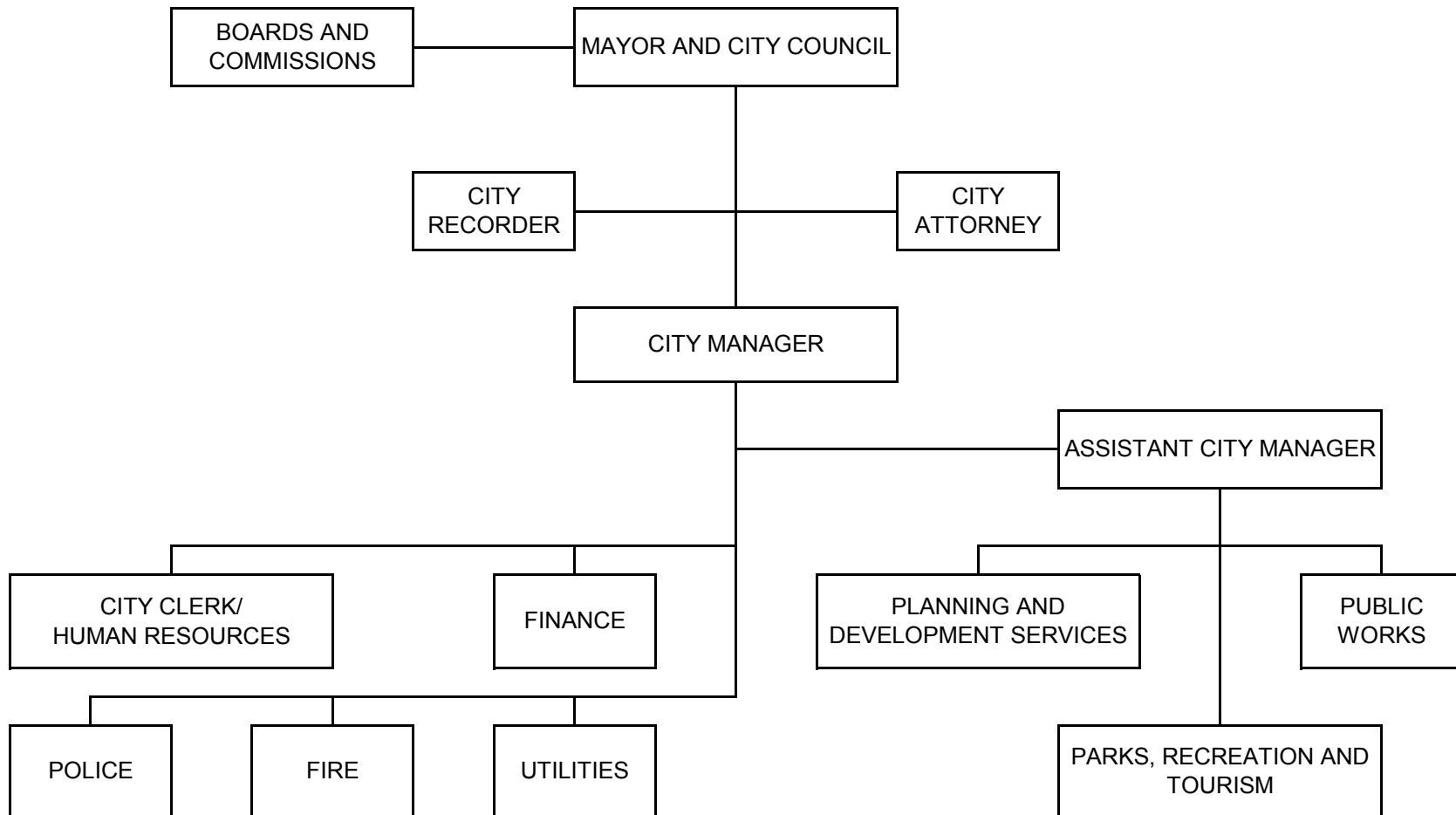
President

Jeffrey R. Enen

Executive Director

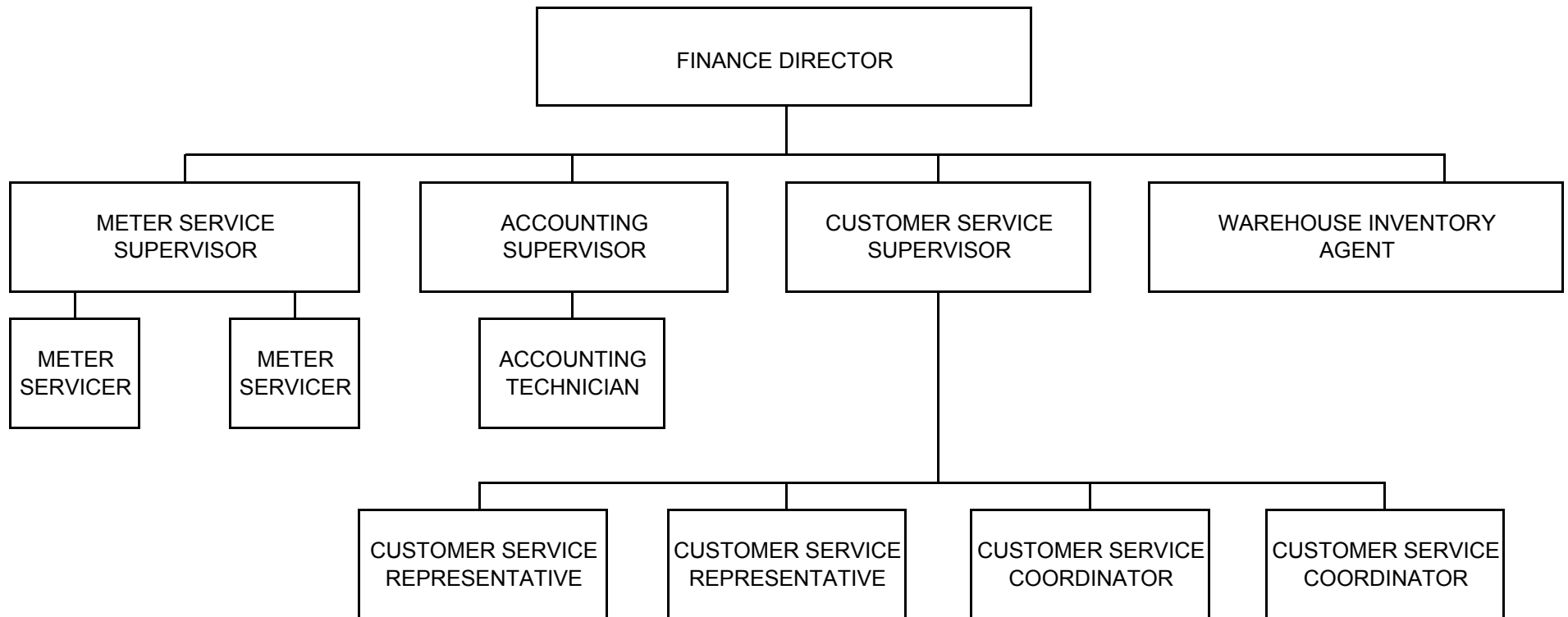
City of Newberry Organizational Chart

June 30, 2012



City of Newberry Finance Department Organizational Chart

June 30, 2012



CITY OF NEWBERRY, SOUTH CAROLINA

List of Principal Officers

June 30, 2012

<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 City Manager	Matthew T. DeWitt
City Clerk/Human Resources Director	Tina P. Wicker
Planning and Development Services Director	C. Ward Braswell
Finance Director	Shannon D. Smith
Fire Chief	Keith K. Minick
Assistant Utilities 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	Vacant

FINANCIAL SECTION

McKINLEY, COOPER & CO., LLC

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Newberry, South Carolina as of and for the year ended June 30, 2012, 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, 2012, 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 November 7, 2012, on our consideration of the City of Newberry, South Carolina's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Newberry, South Carolina's financial statements as a whole. The introductory section, enterprise fund budgetary comparisons, combining and individual nonmajor fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining and individual nonmajor fund financial statements, budgetary comparisons, 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.

McKinley, Cooper & Co., LLC

November 7, 2012

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, 2012. 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 29 of this report.

Financial Highlights

Key financial highlights for fiscal year 2012 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 \$56,477,619 (net assets), an increase in comparison to the previous fiscal year of \$4,533,447 or 8.7 percent. Of this amount, \$21,944,870 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 \$8,523,753. The unrestricted net assets of the City's business-type activities are \$13,421,117 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 \$9,690,460 and expenditures and other financing uses totaled \$8,940,565 for all governmental funds at the fund level. Accordingly, combined revenues and other financing sources exceeded expenditures and other financing uses by 7.3 percent (\$749,895). As of the close of fiscal year 2012, the City of Newberry's governmental funds reported combined ending fund balances of \$8,423,496. On a combined basis, approximately \$403,400 is considered nonspendable, \$1,138,747 is restricted for specific purposes, \$1,015,386 has been committed by City Council, \$934,125 has been assigned to specific purposes by management, and \$4,931,838 is unassigned at June 30, 2012.
- At the end of fiscal year 2012, unassigned fund balance for the general fund, the City's principal operating fund, was \$4,931,838, an increase of \$604,565 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 2012, the unassigned portion of fund balance of the City was 66.1 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 29 - 30 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 79-94 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 2012, for the federal equitable sharing fund which saw no activity during the period.

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 2012 report, particularly in the statistical section.

The basic governmental fund financial statements can be found on pages 29 – 34 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 36 – 39 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 40 – 63 of this report.

Other information. In addition to the basic financial statements and accompanying notes, the report also presents certain required supplementary information in the form of a general fund budgetary comparison. This comparison may be found on pages 35 of this report.

Other information, including combined and individual fund statements and schedules, begin on page 64 of this report. Statistical tables that provide multi-year historical data begin on page 112.

Government-wide Financial Analysis

The fiscal year 2012 Comprehensive Annual Financial Report (CAFR) is the tenth 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 2012, the government-wide statements found on pages 29-30 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 combined statements in the format found in the City's previous comprehensive annual financial reports.

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 \$56,477,619 for fiscal year 2012, an increase of \$4,533,447 in total net assets as compared to fiscal year 2011. Net assets are reported in three categories: Invested in capital assets, net of related debt of \$32,311,906, restricted net assets of \$2,220,843, and unrestricted net assets of \$21,944,870.

The largest portion of the City's net assets (57.2 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, 2012, the City had \$10,000 restricted for the Japanese Gardens permanent fund, \$1,405,107 restricted for utility system debt service, and \$805,736 restricted for maintenance of the utility system.

The balance of unrestricted net assets (\$21,944,870) may be used to meet the City's ongoing obligations to its citizens and creditors.

The following table presents a summary of the City's net assets as of June 30, 2012, with comparative data for fiscal year 2011.

City of Newberry's Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 9,216,761	\$ 8,494,468	\$ 17,999,784	\$ 17,620,864	\$ 27,216,545	\$ 26,115,332
Capital assets	\$ 8,859,845	\$ 9,347,880	\$ 43,747,383	\$ 37,556,856	\$ 52,607,228	\$ 46,904,736
Total assets	\$18,076,606	\$ 17,842,348	\$ 61,747,167	\$ 55,177,720	\$ 79,823,773	\$ 73,020,068
Long-term liabilities outstanding	\$ 2,331,713	\$ 2,689,488	\$ 18,290,930	\$ 14,870,291	\$ 20,622,643	\$ 17,559,779
Other liabilities	\$ 305,374	\$ 315,092	\$ 2,418,137	\$ 3,201,025	\$ 2,723,511	\$ 3,516,117
Total liabilities	\$ 2,637,087	\$ 3,004,580	\$ 20,709,067	\$ 18,071,316	\$ 23,346,154	\$ 21,075,896
Net assets:						
Invested in capital assets, net of related debt	\$ 6,905,766	\$ 7,016,972	\$ 25,406,140	\$ 21,973,791	\$ 32,311,906	\$ 28,990,763
Restricted	\$ 10,000	\$ 10,000	\$ 2,210,843	\$ 2,352,964	\$ 2,220,843	\$ 2,362,964
Unrestricted	\$ 8,523,753	\$ 7,810,796	\$ 13,421,117	\$ 12,779,649	\$ 21,944,870	\$ 20,590,445
Total net assets	\$15,439,519	\$ 14,837,768	\$ 41,038,100	\$ 37,106,404	\$ 56,477,619	\$ 51,944,172

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The following table shows a recap of revenues and expenses for fiscal year 2012, with comparative data for fiscal year 2011:

City of Newberry's Statement of Activities

	Governmental		Business-Type			
	Activities	Activities	Activities	Activities	Total	Total
	2012	2011	2012	2011	2012	2011
Revenue:						
Program revenues:						
Charges for Services	\$ 2,862,751	\$ 2,759,200	\$ 27,130,430	\$ 25,817,383	\$ 29,993,181	\$ 28,576,583
Operating grants and contributions	\$ 543,951	\$ 1,439,932	\$ -	\$ -	\$ 543,951	\$ 1,439,932
Capital grants and contributions	\$ 116,421	\$ 150,918	\$ 401,050	\$ 1,665,279	\$ 517,471	\$ 1,816,197
General Revenues:						
Taxes	\$ 3,201,711	\$ 3,115,381	\$ -	\$ -	\$ 3,201,711	\$ 3,115,381
Grants and contributions not restricted to specific programs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other	\$ 1,004,785	\$ 1,147,383	\$ 2,993,589	\$ 228,828	\$ 3,998,374	\$ 1,376,211
Total revenues	\$ 7,729,619	\$ 8,612,814	\$ 30,525,069	\$ 27,711,490	\$ 38,254,688	\$ 36,324,304
Expenses:						
General government	\$ 1,670,245	\$ 1,659,638	\$ -	\$ -	\$ 1,670,245	\$ 1,659,638
Public safety	\$ 4,281,619	\$ 4,222,019	\$ -	\$ -	\$ 4,281,619	\$ 4,222,019
Public Works	\$ 1,443,578	\$ 1,336,605	\$ -	\$ -	\$ 1,443,578	\$ 1,336,605
Parks, Recreation, & Tourism	\$ 575,679	\$ 564,042	\$ -	\$ -	\$ 575,679	\$ 564,042
Community development	\$ 677,786	\$ 1,507,326	\$ -	\$ -	\$ 677,786	\$ 1,507,326
Community promotions and projects	\$ 87,180	\$ 126,390	\$ -	\$ -	\$ 87,180	\$ 126,390
Interest on long-term debt	\$ 74,523	\$ 91,869	\$ -	\$ -	\$ 74,523	\$ 91,869
Combined electric, water, and sewer utilities	\$ -	\$ -	\$ 24,910,631	\$ 22,714,292	\$ 24,910,631	\$ 22,714,292
Total expenses	\$ 8,810,610	\$ 9,507,889	\$ 24,910,631	\$ 22,714,292	\$ 33,721,241	\$ 32,222,181
Increase(decrease) in net assets before transfers	\$ (1,080,991)	\$ (895,075)	\$ 5,614,438	\$ 4,997,198	\$ 4,533,447	\$ 4,102,123
Transfers	\$ 1,682,742	\$ 1,488,917	\$ (1,682,742)	\$ (1,488,917)	\$ -	\$ -
Increase in net assets	\$ 601,751	\$ 593,842	\$ 3,931,696	\$ 3,508,281	\$ 4,533,447	\$ 4,102,123
Net assets, July 1	\$ 14,837,768	\$ 14,243,926	\$ 37,106,404	\$ 33,598,123	\$ 51,944,172	\$ 47,842,049
Net assets, June 30	\$ 15,439,519	\$ 14,837,768	\$ 41,038,100	\$ 37,106,404	\$ 56,477,619	\$ 51,944,172

Governmental activities. Governmental activities increased the City's net assets by \$601,751. Compared to governmental activity expenses (\$8,810,610), tax-related revenues (\$3,201,711) covered approximately 36.3 percent, and program revenues (\$3,523,123) covered approximately 40.0 percent. Public Safety activities accounted for the greatest percentage of governmental activities at 48.6 percent. The City was the recipient of grants and contributions in the amount of \$660,372 used to accomplish upgrades and projects. City departments continued to use budgeted funds effectively. Signs of recovery from the economic recession were visible: (1) building permits and inspections showed a 38.2 percent increase when compared to fiscal year 2011 and a 41.5 percent increase when compared to

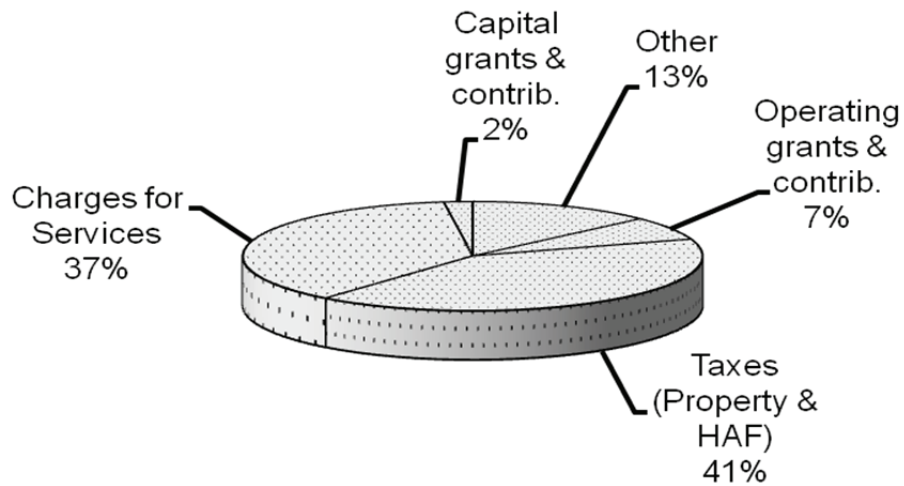
fiscal year 2010; (2) business licenses showed an increase of 5.1 percent compared to fiscal year 2011 and a 4.9 percent increase when compared to fiscal year 2010.

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.

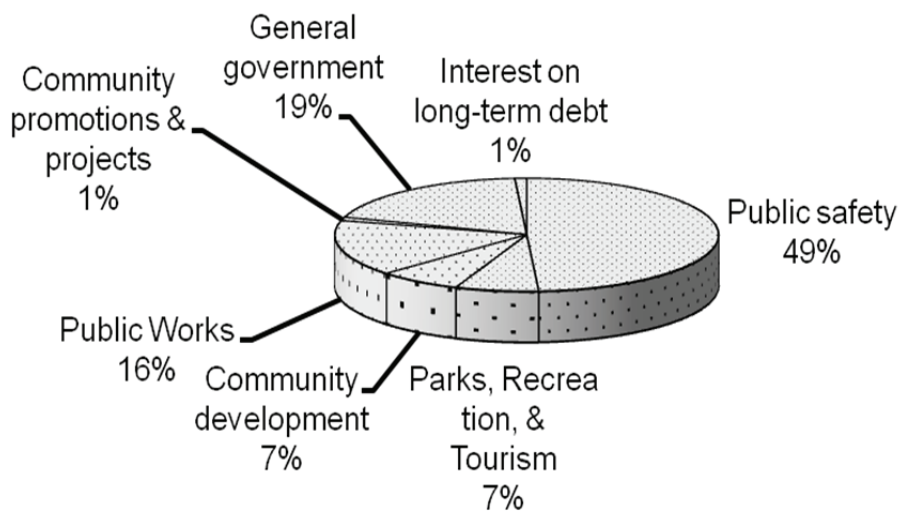
The graphs on the next page show breakdowns by percentages of governmental revenues and expenses.

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Governmental Revenues Fiscal Year 2012



Governmental Expenses Fiscal Year 2012



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 \$30,525,069 exceeded the total expenses and outgoing transfers of \$26,593,373, yielding a positive change in net assets of \$3,931,696 for fiscal year 2012. Of note is the purchase of electricity line item at \$16,294,360, which translates to 65.4 percent of all business-type expenses of \$24,910,631. The size of the purchase of electricity line item can be further appreciated by noting that this single line item is 48.3 percent of total primary government expenses.

- A major factor in the \$3,931,696 increase in net assets was the overall 7.50 percent electric rate increase and 3.50 percent sewer rate increase, both effective on the July 1, 2011 billing. The City's electric rate increase was largely a product of a wholesale electric rate adjustment implemented by the City's supplier, Piedmont Municipal Power Agency, in May 2011.
- Small increases in units sold in fiscal year 2012 as compared to fiscal year 2011 were reflected in treated sewer cubic feet (up 2.69 percent) and water cubic feet (up 1.60 percent). Electric kilowatt-hours showed a decrease, however, of 2.30 percent in fiscal year 2012 when compared to fiscal year 2011. Units sold changes were primarily due to weather conditions.
- Fiscal year 2012 saw federal grants revenue in the amount of \$401,050 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 West End section of Newberry.
- Fiscal year 2012 saw the receipt of \$4,170,275 in loan proceeds from the State Revolving Fund for the purpose of capital upgrades/expansion at the City's wastewater treatment plant.

Financial Analysis of the Government's Funds

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

Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Newberry's financing requirements. In 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 \$8,423,496. The City's general fund, with an ending fund balance of \$5,908,548, amounts to 70.1 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 2012, the unassigned fund balance of the general fund was \$4,931,838, representing 83.5 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 \$4,931,838 represents 66.1 percent of total general fund expenditures (\$7,466,383).

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 \$13,421,117 or 32.7 percent of total proprietary fund net assets in the amount of \$41,038,100. The City's largest component of proprietary fund net assets is our investment in capital assets, net of related debt, at \$25,406,140, or 61.9 percent of total net assets. Net assets restricted for debt service as compared to total net assets decreased to 3.4 percent from fiscal year 2011's 3.5 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 decreased by \$266,279 during fiscal year 2012 to reach the final expenditure budget of \$7,770,452. On the expenditure budget side, the largest increase by department of \$27,850 was recorded in the fire department, in large part due to the \$29,995 increase in the FEMA grant line item for smoke detectors. This expenditure has a similar revenue line item for the grant. The largest budgetary expenditure decrease (\$225,472) was in the public works streets department, primarily due to street paving and resurfacing budgeted that did not materialize. On the revenue side, the largest line item budgetary change was a decrease of \$217,000 in the other receipts line item, primarily because, during mid-year budget review, the City saw that the \$225,000 grant for street resurfacing would not materialize. However, the City was the recipient of an \$8,000 Parks and Recreation Development grant. The net of these resulted in the decrease to revenue of \$217,000. The only budgetary revenue increase (\$28,500) occurred in the federal government grants receipts line item primarily due to the receipt of the FEMA grant for smoke detectors.

During the fiscal year, actual revenues collected exceeded the budget by \$303,362, with the largest variance occurring in the business license line item due to an unexpected slowly growing economy. Conversely, actual expenditures were under budget by \$304,069, with the largest variances related to employee benefits. Fortunately, increases in the cost of worker's compensation and health insurance did not materialize at the levels anticipated during the fiscal year 2011-2012 budget process. In summary, revenues and other financing sources were 5.4 percent in excess of budgetary estimates and expenditures and other financing uses

were 3.9 percent less than budgetary estimates, thus adding \$522,203 to fund balance instead of using \$86,893 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 2012, the City had a combined total of capital assets of \$52,607,228 (net of accumulated depreciation), an increase of \$5,702,492 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

- \$231,950 for an automated sideloader in the public works department

Business-type Activities

- \$3,603,414 for the rehabilitation and expansion of the City's wastewater treatment plant
- \$936,102 on water and sewer line improvements in the West End section of the City

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The following table shows a recap of the City's capital assets, net of accumulated depreciation, for fiscal year 2012, with comparative data for fiscal year 2011.

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

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land and improvements	\$ 1,717,352	\$ 1,763,973	\$ 396,703	\$ 400,071	\$ 2,114,055	\$ 2,164,044
Buildings, improvements and fixtures	\$ 5,050,449	\$ 5,215,414	\$ 12,395,630	\$ 1,657,672	\$17,446,079	\$ 6,873,086
Streets, sidewalks and bridges	\$ 660,449	\$ 696,008	\$ -	\$ -	\$ 660,449	\$ 696,008
Motor vehicles and equipment	\$ 906,455	\$ 971,715	\$ 256,001	\$ 143,082	\$ 1,162,456	\$ 1,114,797
Office furniture and equipment	\$ 39,391	\$ 45,086	\$ 94,576	\$ 102,195	\$ 133,967	\$ 147,281
Other equipment	\$ 485,749	\$ 655,684	\$ 188,205	\$ 141,294	\$ 673,954	\$ 796,978
Traffic controls and fire alarm system	\$ -	\$ -	\$ 1	\$ 1	\$ 1	\$ 1
Street Lighting	\$ -	\$ -	\$ 90,086	\$ 114,380	\$ 90,086	\$ 114,380
Electric distribution system	\$ -	\$ -	\$ 3,046,573	\$ 2,652,174	\$ 3,046,573	\$ 2,652,174
Water distribution system	\$ -	\$ -	\$ 10,391,139	\$ 7,096,698	\$10,391,139	\$ 7,096,698
Sewer collection system	\$ -	\$ -	\$ 16,610,623	\$ 8,300,864	\$16,610,623	\$ 8,300,864
Construction in progress	\$ -	\$ -	\$ 277,846	\$ 16,948,425	\$ 277,846	\$ 16,948,425
Total	\$ 8,859,845	\$ 9,347,880	\$ 43,747,383	\$ 37,556,856	\$52,607,228	\$ 46,904,736

Additional information on the City's capital assets can be found in note 5 beginning on page 48 of this report.

Debt Administration. At the end of fiscal year 2012, the City of Newberry had total debt outstanding (bonds, notes, capital leases) of \$20,085,322. 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 2012, with comparative data for fiscal year 2011:

City of Newberry's Outstanding Debt

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Tax increment financing bonds	\$ 557,406	\$ 828,719	\$ -	\$ -	\$ 557,406	\$ 828,719
Revenue bonds, loan	\$ -	\$ -	\$18,131,243	\$ 14,703,252	\$18,131,243	\$ 14,703,252
Capital leases	\$ 1,396,673	\$ 1,502,189	\$ -	\$ -	\$ 1,396,673	\$ 1,502,189
Total	\$ 1,954,079	\$ 2,330,908	\$18,131,243	\$ 14,703,252	\$20,085,322	\$ 17,034,160

As expected, the City's total debt increased by a large amount (\$3,051,162) during fiscal year 2012. A newly issued capital lease of \$231,950 was for the purchase of an automated sideloader 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 2012, the City had drawn a total of \$17,398,604 of the State Revolving Fund loan, and construction was on track for scheduled completion in fiscal year 2013.

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 2012, the debt limitation for the City is \$2,104,971, of which none is presently obligated.

Additional information on the City of Newberry's long-term debt as reported for fiscal year 2012 can be found in note 7 beginning on page 50 of this report.

Economic Factors and Next Year's Budgets and Rates

At June 30, 2012, unemployment for Newberry County stood at 9.6 percent versus 10.5 percent at June 30, 2011. In comparison, the state's unemployment rate at June 30, 2012 was 9.4 percent and the national rate was 8.2 percent. Fiscal year 2012 data from the City of Newberry hospitality and accommodations fund also showed modest improvement when compared to fiscal year 2011 data. Hospitality gross sales increased 2.6 percent, from \$26.974 million for the year ended June 30, 2011, to \$27.682 million for the year ended June 30, 2012. However, accommodations gross sales decreased 6.0 percent from \$3.277 million for the year ended June 30, 2011, to \$3.091 million for the year ended June 30, 2012.

The City of Newberry began the budgetary process in January 2012, at which time the uncertain economic conditions forecast for fiscal year 2013 were considered. A general operating tax of 85.3 mills was approved by City Council. Additionally, a general capital reserve tax rate of 1.1 mills was levied to be used to fund or finance the acquisition of new or replacement capital items as approved by City Council.

At June 30, 2012, the unassigned fund balance of the general fund was \$4,931,838. The City of Newberry has appropriated \$14,570 of fund balance for spending in the FY 2013 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 4.50% effective on the July 1, 2012 billing. The electric rate change was necessary primarily to offset a wholesale electric cost increase to the City. 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 or sewer rate change was made.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**CITY OF NEWBERRY
STATEMENT OF NET ASSETS
JUNE 30, 2012**

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 8,079,495	\$ 10,842,374	\$ 18,921,869
Receivables (net of allowances for uncollectibles)			
Taxes	152,856	-	152,856
Accounts	-	3,023,037	3,023,037
Grants	2,052	26,936	28,988
Intergovernmental	449,828	659,910	1,109,738
Other	93,641	25,843	119,484
Internal receivables (payable)	35,489	(35,489)	-
Inventories	48,400	1,096,529	1,144,929
Notes receivable	355,000	-	355,000
Restricted assets			
Cash and cash equivalents	-	2,210,839	2,210,839
Interest receivable	-	4	4
Note receivable - Newberry Opera House Foundation	-	51,008	51,008
Capital assets			
Land and construction in progress	785,620	598,190	1,383,810
Other capital assets, net of accumulated depreciation	8,074,225	43,149,193	51,223,418
Bond issuance cost (net of accumulated amortization)	-	98,793	98,793
Total Assets	18,076,606	61,747,167	79,823,773
Liabilities			
Accounts payable	45,768	2,081,401	2,127,169
Due to other government agencies	32,997	-	32,997
Accrued salaries and payroll liabilities	219,902	87,060	306,962
Retainage payable	-	210,000	210,000
Accrued interest payable	6,707	39,676	46,383
Long-term liabilities			
Due within one year	822,179	965,602	1,787,781
Due in more than one year	1,509,534	17,325,328	18,834,862
Total Liabilities	2,637,087	20,709,067	23,346,154
Net Assets			
Investment in capital assets, net of related debt	6,905,766	25,406,140	32,311,906
Restricted for			
Expendable			
Debt service	-	1,405,107	1,405,107
Maintenance	-	805,736	805,736
Nonexpendable			
Permanent Fund	10,000	-	10,000
Unrestricted	8,523,753	13,421,117	21,944,870
Total Net Assets	\$ 15,439,519	\$ 41,038,100	\$ 56,477,619

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

**CITY OF NEWBERRY
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2012**

Activities	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
Governmental Activities							
General Government	\$ 1,670,245	\$ 1,479,788	\$ -	\$ -	\$ (190,457)	\$ -	\$ (190,457)
Public safety	4,281,619	720,042	141,325	30,547	(3,389,705)	-	(3,389,705)
Public works	1,443,578	613,789	-	85,874	(743,915)	-	(743,915)
Parks, recreation, and tourism	575,679	40,132	21,272	-	(514,275)	-	(514,275)
Community development	677,786	-	381,354	-	(296,432)	-	(296,432)
Community promotion and projects	87,180	9,000	-	-	(78,180)	-	(78,180)
Interest on long-term debt	74,523	-	-	-	(74,523)	-	(74,523)
Total Governmental Activities	8,810,610	2,862,751	543,951	116,421	(5,287,487)	-	(5,287,487)
Business-Type Activities							
Utility system	24,910,631	27,130,430	-	401,050	-	2,620,849	2,620,849
Total Primary Government	\$ 33,721,241	\$ 29,993,181	\$ 543,951	\$ 517,471	(5,287,487)	2,620,849	(2,666,638)
General Revenues							
Taxes							
Property taxes, levied for general purposes					2,120,324	-	2,120,324
Property taxes, levied for debt service					433,772	-	433,772
Local hospitality and accommodations fee					647,615	-	647,615
Intergovernmental revenue					870,913	2,989,331	3,860,244
Interest revenue					6,368	4,258	10,626
Miscellaneous					127,504	-	127,504
Transfers					1,682,742	(1,682,742)	-
Total General Revenues and Transfers					5,889,238	1,310,847	7,200,085
Change in Net Assets					601,751	3,931,696	4,533,447
Net Assets, beginning					14,837,768	37,106,404	51,944,172
Net Assets, ending					\$ 15,439,519	\$ 41,038,100	\$ 56,477,619

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

FUND FINANCIAL STATEMENTS

CITY OF NEWBERRY
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2012

	<u>General</u>	<u>Other Governmental</u>	<u>Totals June 30, 2012</u>
Assets			
Cash and cash equivalents	\$ 5,992,974	\$ 2,086,521	\$ 8,079,495
Receivables (net of allowance for uncollectibles)			
Taxes	131,106	21,750	152,856
Grants	2,052	-	2,052
Intergovernmental	49,203	400,625	449,828
Interest and other	40,418	53,223	93,641
Notes receivable	-	355,000	355,000
Due from other funds	43,368	16,048	59,416
Inventories	48,400	-	48,400
Total Assets	<u>\$ 6,307,521</u>	<u>\$ 2,933,167</u>	<u>\$ 9,240,688</u>
 Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 29,860	\$ 15,908	\$ 45,768
Intergovernmental	32,997	-	32,997
Accrued salaries and payroll liabilities	219,902	-	219,902
Due to other funds	7,505	16,422	23,927
Deferred revenue	108,709	385,889	494,598
Total Liabilities	<u>398,973</u>	<u>418,219</u>	<u>817,192</u>
Fund Balances			
Nonspendable	48,400	355,000	403,400
Restricted	-	1,138,747	1,138,747
Committed	-	1,015,386	1,015,386
Assigned	928,310	5,815	934,125
Unassigned	4,931,838	-	4,931,838
Total Fund Balances	<u>5,908,548</u>	<u>2,514,948</u>	<u>8,423,496</u>
Total Liabilities and Fund Balances	<u>\$ 6,307,521</u>	<u>\$ 2,933,167</u>	<u>9,240,688</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, 2012**

Fund Balance - Governmental Funds	\$	8,423,496
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Amounts reported for Governmental Activities in the Statement of Net Assets are different because:

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

The cost of capital assets is	17,403,844	
Accumulated depreciation is	(8,543,999)	8,859,845

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	(6,707)	
Compensated absences payable	(362,387)	
Other post-employment benefits obligation	(15,247)	
Capital lease obligations	(1,396,673)	
Revenue bonds payable	(557,406)	(2,338,420)

Deferred revenue is not a liability in governmental activities		494,598

Total Net Assets - Governmental Activities	\$	15,439,519

CITY OF NEWBERRY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2012

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds June 30, 2012</u>
Revenues			
Taxes	\$ 2,141,473	\$ 433,772	\$ 2,575,245
Licenses, permits and franchise fees	1,479,788	-	1,479,788
Fines, forfeitures and penalties	647,402	52,280	699,682
Charges for services	653,921	656,615	1,310,536
Intergovernmental	966,879	584,766	1,551,645
Miscellaneous	24,566	109,306	133,872
Total Revenues	<u>5,914,029</u>	<u>1,836,739</u>	<u>7,750,768</u>
Expenditures			
General government	719,729	-	719,729
Public safety	3,220,293	74,542	3,294,835
Public works	1,244,149	-	1,244,149
Parks, recreation, and tourism	438,325	-	438,325
Community development	-	677,786	677,786
Non-departmental	1,568,342	285,832	1,854,174
Debt service			
Principal	256,617	352,162	608,779
Interest	18,928	58,860	77,788
Total Expenditures	<u>7,466,383</u>	<u>1,449,182</u>	<u>8,915,565</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,552,354)</u>	<u>387,557</u>	<u>(1,164,797)</u>
Other Financing Sources (Uses)			
Capital leases	231,950	-	231,950
Transfers in (out)			
Permanent fund	(1,550)	1,550	-
Special revenue funds	161,415	(136,415)	25,000
Utility system fund	1,682,742	-	1,682,742
Debt service fund	-	(25,000)	(25,000)
Total Other Financing Sources (Uses)	<u>2,074,557</u>	<u>(159,865)</u>	<u>1,914,692</u>
Net Change in Fund Balances	522,203	227,692	749,895
Fund Balances, beginning	<u>5,386,345</u>	<u>2,287,256</u>	<u>7,673,601</u>
Fund Balances, ending	<u><u>\$ 5,908,548</u></u>	<u><u>\$ 2,514,948</u></u>	<u><u>\$ 8,423,496</u></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, 2012

Net Change in Fund Balances - Total Governmental Funds		\$ 749,895
Amounts reported for Governmental Activities in the Statement of Activities are different because (see Note 1, also)		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the Statement of Net Assets and allocated over the estimated useful lives as annual depreciation expense in the Statement of Activities. This is the amount by which depreciation exceeded capital outlays in the period.		
Depreciation expense	\$ (810,955)	
Capital outlay	<u>325,710</u>	(485,245)
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) is to decrease net assets.		(2,790)
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.		337,466
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.		(15,893)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. This is the increase in liability of other post-employment benefits.		(3,161)
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.		271,313
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as interest accrues, regardless of when due. Interest on bonds decreased by:		3,265
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.		(231,950)
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:		<u>(21,149)</u>
Change in Net Assets of Governmental Activities		<u>\$ 601,751</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, 2012

Revenues	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
Taxes	\$ 2,058,400	\$ 2,058,400	\$ 2,141,473	\$ 83,073
Licenses, permits and franchise fees	1,312,430	1,312,430	1,479,788	167,358
Fines and forfeitures	603,500	573,307	647,402	74,095
Charges for services	653,000	643,000	653,921	10,921
Intergovernmental	1,196,643	1,005,865	966,879	(38,986)
Miscellaneous	18,300	17,665	24,566	6,901
Total Revenues	5,842,273	5,610,667	5,914,029	303,362
Expenditures				
General government				
City council	77,914	78,933	70,002	8,931
City manager	207,716	213,858	206,034	7,824
Human resources	93,342	92,880	91,174	1,706
Finance	131,863	129,524	116,704	12,820
City hall	30,705	30,705	28,190	2,515
Planning and development	244,603	214,521	207,625	6,896
Public safety				
Police department	1,797,120	1,791,882	1,770,565	21,317
Justice and Law	491,182	471,727	489,897	(18,170)
Fire department	981,882	1,009,732	959,831	49,901
Public works				
Public works administration	128,647	128,824	123,908	4,916
Streets	639,895	414,423	391,003	23,420
Sanitation	563,505	566,155	557,091	9,064
Building maintenance	44,568	44,708	41,664	3,044
Garage	134,394	133,954	130,483	3,471
Parks, recreation, and tourism				
Parks, recreation, and tourism	444,831	451,268	438,325	12,943
Non-departmental				
General insurance	96,042	88,625	77,274	11,351
Employee benefits	1,529,852	1,511,821	1,403,888	107,933
Community promotions and projects	121,393	121,393	87,180	34,213
Capitalized lease payments	277,277	275,519	275,545	(26)
Total Expenditures	8,036,731	7,770,452	7,466,383	304,069
Excess (Deficiency) of Revenues Over Expenditures	(2,194,458)	(2,159,785)	(1,552,354)	607,431
Other Financing Sources (Uses)				
Capital leases	230,000	231,950	231,950	-
Transfers in (out)				
Japanese Gardens fund	(1,550)	(1,550)	(1,550)	-
State accommodations tax fund	26,250	26,250	27,915	1,665
Local hospitality/accommodations fund	133,500	133,500	133,500	-
Victim's Assistance fund	7,320	-	-	-
Utility system	1,682,742	1,682,742	1,682,742	-
Total Other Financing Sources (Uses)	2,078,262	2,072,892	2,074,557	1,665
Net Change in Fund Balances	(116,196)	(86,893)	522,203	609,096
Fund Balances, beginning	5,386,345	5,386,345	5,386,345	-
Fund Balances, ending	\$ 5,270,149	\$ 5,299,452	\$ 5,908,548	\$ 609,096

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

**CITY OF NEWBERRY
PROPRIETARY FUND
STATEMENT OF NET ASSETS
JUNE 30, 2012**

Assets

Current Assets

Cash and cash investments	\$ 10,842,374
Receivables (net of allowances for uncollectibles)	
Accounts	3,023,037
Grants	26,936
Intergovernmental	659,910
Interest receivable	19
Other	25,824
Inventory	1,096,529
Restricted assets	
Cash and cash investments	879,952
Interest receivable	4

Total Current Assets

16,554,585

Noncurrent Assets

Capital Assets	
Land and land improvements	437,589
Buildings and fixtures	14,878,682
Office furniture and equipment	211,010
Traffic controls and fire alarm system	185,112
Street Lighting	455,238
Other equipment	467,429
Motor vehicles and equipment	2,168,283
Electric distribution system	10,919,344
Water distribution system	20,286,240
Sewer collection system	31,407,085
Construction in progress	277,846

Totals	81,693,858
Less accumulated depreciation	<u>(37,946,475)</u>

Total Capital Assets 43,747,383

Bond Issuance Cost 98,793

Restricted Assets

Cash and cash investments	1,330,887
Note receivable - Newberry Opera House Foundation	<u>51,008</u>

Total Noncurrent Assets 45,228,071

Total Assets 61,782,656

(Continued)

**CITY OF NEWBERRY
PROPRIETARY FUND
STATEMENT OF NET ASSETS (CONTINUED)
JUNE 30, 2012**

Liabilities

Current Liabilities

Accounts payable	\$ 2,081,401
Accrued salaries payable	87,060
Compensated absences payable	125,322
Retainage payable	210,000
Due to other funds	35,489
Accrued interest payable	39,676
Revenue bonds payable	38,677
Loans payable	801,603
	<hr/>

Total Current Liabilities	<hr/> 3,419,228 <hr/>
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Noncurrent Liabilities

Loans payable	17,099,654
Revenue bonds payable	191,309
Compensated absences payable	26,772
Other post-employment benefit obligation	7,593
	<hr/>

Total Noncurrent Liabilities	<hr/> 17,325,328 <hr/>
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Total Liabilities	<hr/> 20,744,556 <hr/>
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Net Assets

Invested in Capital Assets, Net of Related Debt	25,406,140
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Restricted for	
Debt service	1,405,107
Maintenance	805,736

Unrestricted	<hr/> 13,421,117 <hr/>
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Total Net Assets	<hr/> <hr/> \$ 41,038,100 <hr/> <hr/>
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**CITY OF NEWBERRY
PROPRIETARY FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND
NET ASSETS
YEAR ENDED JUNE 30, 2012**

	Business - Type Activities
	Electric, Water, and Sewer
Operating Revenues	
Charges for sales and services	\$ 27,084,691
Miscellaneous	45,739
Total Operating Revenues	<u>27,130,430</u>
Operating Expenses	
Costs of sales and services	21,332,787
Administration	614,801
Depreciation	2,938,892
Total Operating Expenses	<u>24,886,480</u>
Operating Income	<u>2,243,950</u>
Nonoperating Revenues (Expenses)	
Interest revenue	4,258
Interest expense, bank management fees and amortization	(22,645)
County sales tax	2,989,331
Gain (loss) on extinguishment of capital assets	(1,506)
Total Nonoperating Revenues (Expenses)	<u>2,969,438</u>
Income Before Capital Contributions and Transfers	5,213,388
Capital Contributions	401,050
Transfers In (Out)	
General fund	(1,682,742)
Change in Net Assets	3,931,696
Net Assets, beginning	<u>37,106,404</u>
Net Assets, ending	<u><u>\$ 41,038,100</u></u>

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

**CITY OF NEWBERRY
PROPRIETARY FUND
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2012**

Cash Flows from Operating Activities	
Receipts from customers	\$ 27,633,820
Purchase of electricity	(16,294,360)
Payments to suppliers	(3,868,273)
Payments to employees	(1,914,713)
	<hr/>
Net Cash Provided by Operating Activities	<hr/> 5,556,474
Cash Flows from Noncapital Financing Activities	
Transfers in (out)	(1,682,742)
	<hr/>
Net Cash Used in Noncapital Financing Activities	<hr/> (1,682,742)
Cash Flows from Capital and Related Financing Activities	
Acquisition and construction of capital assets	(9,821,523)
Subsidy from federal grants	712,502
Proceeds from capital debt	4,095,858
County sales tax	2,989,331
Principal payments on bonds and notes payable	(742,284)
Interest and other fees paid	(9,426)
	<hr/>
Net Cash Used in Capital and Related Financing Activities	<hr/> (2,775,542)
Cash Flows from Investing Activities	
Interest on investments	4,418
Principal payments received on notes receivable	2,000
	<hr/>
Net Cash Provided by Investing Activities	<hr/> 6,418
Net Increase in Cash	1,104,608
Cash and Cash Investments, beginning	<hr/> 11,948,605
Cash and Cash Investments, ending	<hr/> <hr/> \$ 13,053,213
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating income	\$ 2,243,950
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation expense	2,938,892
Changes in assets and liabilities	
Receivables, net	503,390
Inventories	(29,354)
Accounts payable	(96,456)
Accrued expenses and due to other funds	(3,948)
	<hr/>
Net Cash Provided by Operating Activities	<hr/> <hr/> \$ 5,556,474
Noncash Capital Activities	
Acquisition of capital assets on account	<hr/> <hr/> \$ 4,960,650

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

CITY OF NEWBERRY

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2012

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; Public Works; Planning and Development; Parks, Recreation, and Tourism under the direction of the Assistant City Manager; Fire; Police; Utilities; Finance; 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

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. The City Council establishes, by ordinance, a minimum fund balance which is reflected in the fund financial statements as the committed fund balance. In order

for the fund balance commitment to be modified, the City Council would have to change that in formal action prior to the end of the fiscal year.

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. The City reports assigned fund balance when it appropriates a portion of the fund balance in the next fiscal year's budget. The budget is approved each year in formal action taken by the City Council.

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, 2012, the City had deposits and investments as follows:

Deposits with financial institutions	\$ 17,872,370
Investments with S.C. Local Government Investment Pool	<u>3,167,035</u>
	<u><u>\$ 21,039,405</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, 2012, 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, 2012, 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, 2012, consist of the following:

	Governmental Activities	Business-Type Activities
Receivables		
Property taxes	\$ 200,948	\$ -
Accounts	-	1,668,931
Grants	2,052	26,936
Unbilled accounts	-	1,817,949
Intergovernmental	449,828	659,910
Interest and other	93,641	25,843
Gross receivables	746,469	4,199,569
Less		
Allowance for uncollectibles	(48,092)	(463,843)
Net Receivables	\$ 698,377	\$ 3,735,726

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, 2012, 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, 2012, 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
Total Capital Assets Not Being Depreciated	<u>785,620</u>	<u>-</u>	<u>-</u>	<u>785,620</u>
Capital assets being depreciated:				
Land improvements	1,515,396	-	-	1,515,396
Buildings	7,136,782	9,020	-	7,145,802
Motor vehicles and equipment	4,624,285	310,150	(229,390)	4,705,045
Office furniture and equipment	118,545	-	-	118,545
Other equipment	1,357,401	6,540	(19,699)	1,344,242
Streets, sidewalks and bridges	1,789,194	-	-	1,789,194
Total Capital Assets Being Depreciated	<u>16,541,603</u>	<u>325,710</u>	<u>(249,089)</u>	<u>16,618,224</u>
Less accumulated depreciation				
Land improvements	537,043	46,621	-	583,664
Buildings	1,921,368	173,985	-	2,095,353
Motor vehicles and equipment	3,652,570	375,410	(229,390)	3,798,590
Office furniture and equipment	73,459	5,695	-	79,154
Other equipment	701,717	173,685	(16,909)	858,493
Streets, sidewalks and bridges	1,093,186	35,559	-	1,128,745
Total Accumulated Depreciation	<u>7,979,343</u>	<u>810,955</u>	<u>(246,299)</u>	<u>8,543,999</u>
Total Capital Assets Being Depreciated, Net	<u>8,562,260</u>	<u>(485,245)</u>	<u>(2,790)</u>	<u>8,074,225</u>
Governmental Activity Capital Assets, Net	<u>\$ 9,347,880</u>	<u>\$ (485,245)</u>	<u>\$ (2,790)</u>	<u>\$ 8,859,845</u>

	Beginning Balances	Increases	Decreases	Ending Balances
Business - Type Activities				
Utility Proprietary Fund				
Capital assets not being depreciated				
Land	\$ 320,344	\$ -	\$ -	\$ 320,344
Construction in progress	16,948,425	29,050	(16,699,629)	277,846
Total Capital Assets Not Being Depreciated	17,268,769	29,050	(16,699,629)	598,190
Capital assets being depreciated				
Land improvements	117,245	-	-	117,245
Buildings	3,568,132	11,317,910	(7,360)	14,878,682
Motor vehicles and equipment	2,016,196	231,405	(79,318)	2,168,283
Office furniture and equipment	211,010	-	-	211,010
Traffic Controls	185,112	-	-	185,112
Street Lighting	455,238	-	-	455,238
Other equipment	393,349	74,080	-	467,429
Electric distribution system	10,164,156	755,188	-	10,919,344
Water distribution system	16,439,499	3,846,741	-	20,286,240
Sewer collection system	21,904,265	9,576,180	(73,360)	31,407,085
Total Capital Assets Being Depreciated	55,454,202	25,801,504	(160,038)	81,095,668
Less accumulated depreciation				
Land improvements	37,518	3,368	-	40,886
Buildings	1,910,460	578,446	(5,854)	2,483,052
Motor vehicles and equipment	1,873,114	118,486	(79,318)	1,912,282
Office furniture and equipment	108,815	7,619	-	116,434
Traffic controls	185,111	-	-	185,111
Street lighting	340,858	24,294	-	365,152
Other equipment	252,055	27,169	-	279,224
Electric distribution system	7,511,982	360,789	-	7,872,771
Water distribution system	9,342,801	552,300	-	9,895,101
Sewer collection system	13,603,401	1,266,421	(73,360)	14,796,462
Total Accumulated Depreciation	35,166,115	2,938,892	(158,532)	37,946,475
Total Capital Assets Being Depreciated, Net	20,288,087	22,862,612	(1,506)	43,149,193
Business-Type Activities Capital Assets, Net	\$ 37,556,856	\$ 22,891,662	\$ (16,701,135)	\$ 43,747,383

Depreciation expense was charged to functions as follows:

General Government	\$ 370,039
Public Safety	216,110
Public Works	199,763
Recreation	25,043
Total	\$ 810,955

Depreciation of general infrastructure assets (streets, sidewalks and bridges) in the amount of \$35,559 was included in the public works function.

At June 30, 2012, the City had outstanding construction and purchase commitments. The business-type activity commitment was \$237,345 related to the rehabilitation and expansion of the wastewater treatment plant, and \$200,698 related to other water and sewer projects.

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, 2012, the balance of the note receivable is \$51,008.

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, 2012.

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. Repayment of the principal and interest is due in 80 quarterly installments, with the first payment made December 1, 2011. The loan bears interest at 2.83% per annum blended.

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, 2012, 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	\$ 1,678,946
Less Accumulated Depreciation	<u>(1,205,489)</u>
	<u>\$ 473,457</u>

The future minimum lease obligations for equipment as of June 30, 2012, were as follows:

Year Ending June 30,	Governmental Activities
2013	\$ 259,555
2014	209,530
2015	<u>128,672</u>
Total Minimum Lease Obligation	597,757
Less Amount Representing Interest	<u>(22,498)</u>
Present Value of Minimum Lease Payments	<u>\$ 575,259</u>

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

Year ending June 30,	Governmental Activities
2013	\$ 114,689
2014	114,689
2015	114,689
2016	114,689
2017	114,689
Thereafter	<u>391,856</u>
Total Minimum Lease Payments	965,301
Less Amount Representing Interest	<u>(143,887)</u>
Present Value of Future Minimum Lease Payments	<u>\$ 821,414</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, 2001, the City began assessing an additional 2% fee on meals and lodging within the City in order to help, when needed, repay the TIF bonds issued in 1998 and 2008. For the year ended June 30, 2012, \$647,615 in fees were collected.

At June 30, 2012, 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, 2012, are as follows:

	July 1, 2011	Increases	Decreases	June 30, 2012	Due Within One Year
Governmental Activities					
Compensated Absences	\$ 346,494	\$ 234,563	\$ (218,670)	\$ 362,387	\$ 215,673
Net Other Post-Employment Benefit Obligation	12,086	3,161	-	15,247	-
Capital Lease Obligations	1,502,189	231,950	(337,466)	1,396,673	330,296
Special Assessment Debt	828,719	-	(271,313)	557,406	276,210
Total	\$ 2,689,488	\$ 469,674	\$ (827,449)	\$ 2,331,713	\$ 822,179

	July 1, 2011	Increases	Decreases	June 30, 2012	Due Within One Year
Business-Type Activities					
Compensated Absences	\$ 161,025	\$ 128,719	\$ (137,650)	\$ 152,094	\$ 125,322
Other Post-Employment Benefit Obligation	6,014	1,579	-	7,593	-
Refunding Revenue Bonds, Series 2003	54,273	-	(54,273)	-	-
Revenue Bonds, Series 2007	267,368	-	(37,382)	229,986	38,677
State Revolving Fund Loan	14,381,611	4,170,275	(650,629)	17,901,257	801,603
Total	\$ 14,870,291	\$ 4,300,573	\$ (879,934)	\$ 18,290,930	\$ 965,602

The following schedules reflect future principal and interest requirements of the City's outstanding bonds at June 30, 2012.

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

Tax Increment Revenue Bonds, Series 2008			
Fiscal Year	Fiscal Year Principal Due	Fiscal Year Interest Due	Total Principal and Interest Due
2013	\$ 276,210	\$ 15,137	\$ 291,347
2014	281,196	5,076	286,272
Total	\$ 557,406	\$ 20,213	\$ 577,619

These bonds are the responsibility of the general government.

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

Revenue Bonds, Series 2007 (1)			
Fiscal Year	Fiscal Year Principal Due	Fiscal Year Interest Due	Total Principal and Interest Due
2013	\$ 38,677	\$ 7,373	\$ 46,050
2014	40,016	6,033	46,049
2015	41,403	4,647	46,050
2016	42,837	3,213	46,050
2017	44,321	1,729	46,050
2018	22,732	292	23,024
Total	\$ 229,986	\$ 23,287	\$ 253,273

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)

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>
2013	\$ 801,603	\$ 484,791	\$ 1,286,394
2014	823,785	462,610	1,286,395
2015	845,905	440,489	1,286,394
2016	868,810	417,584	1,286,394
2017	892,528	393,867	1,286,395
2018-2022	4,848,903	1,583,070	6,431,973
2023-2027	5,581,503	850,471	6,431,974
2028-2032	3,238,220	107,917	3,346,137
Total	\$ 17,901,257	\$ 4,740,799	\$ 22,642,056

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 was September 11, 2011. Repayment of principal and interest is due in 80 quarterly installments that began December 1, 2011. As of June 30, 2012, the City has drawn \$17,901,257 against this loan. The above schedule of principal and interest requirements due represents the pro-rata requirements based on the \$17,901,257 due at June 30, 2012. 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	\$ 48,400	\$ -	\$ -	\$ -	\$ 48,400
Long-term receivable	-	355,000	-	-	355,000
Restricted					
In accordance with donor stipulations	-	-	-	10,000	10,000
Debt service	-	-	553,352	-	553,352
Victims' rights	-	84,240	-	-	84,240
State accommodations tax	-	37,892	-	-	37,892
Streetscape	-	215,604	-	-	215,604
Local hospitality	-	237,659	-	-	237,659
Committed					
NANU	-	36,686	-	-	36,686
Federal equitable sharing	-	12,764	-	-	12,764
Tourism	-	145,339	-	-	145,339
Special events	-	22,386	-	-	22,386
Cultural arts	-	13,110	-	-	13,110
Community housing/ development	-	760,259	-	-	760,259
Volunteer fire	-	20,661	-	-	20,661
Victims' rights	-	4,181	-	-	4,181
Assigned					
Depreciation	913,740	-	-	-	913,740
Japanese gardens maintenance	-	-	-	5,815	5,815
Appropriated in FY13	14,570	-	-	-	14,570
Unassigned	<u>4,931,838</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,931,838</u>
Total	<u>\$ 5,908,548</u>	<u>\$ 1,945,781</u>	<u>\$ 553,352</u>	<u>\$ 15,815</u>	<u>\$ 8,423,496</u>

Note 9 – Interfund Receivables, Payables, and Transfers

At June 30, 2012, 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	\$ 43,368	\$ 7,505
Special Revenue Funds		
Newberry Allied Narcotics Unit	86	-
Cultural Arts	-	2,677
Victims' Rights	4,181	-
Accommodations Tax	-	13,745
Tourism	11,781	-
Proprietary Fund - Unrestricted	<u>3,238</u>	<u>38,727</u>
Total	<u>\$ 62,654</u>	<u>\$ 62,654</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, 2012 were as follows:

	Transfer In			Total
	General Fund	Special Revenue Fund	Permanent Fund	
Transfer Out:				
General Fund	\$ -	\$ -	\$ 1,550	\$ 1,550
Proprietary Funds	1,682,742	-	-	1,682,742
Special Revenue Funds	161,415	-	-	161,415
Debt Service Funds	-	25,000	-	25,000
	<u>\$ 1,844,157</u>	<u>\$ 25,000</u>	<u>\$ 1,550</u>	<u>\$ 1,870,707</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 2012, the cost of power purchased amounted to \$16,294,360. 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 2012, the City contributed \$10,300 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
2012	\$ 14,900	\$ 815	\$ (675)	\$ 15,040	\$ 10,300	\$ 4,740	\$ 18,100	\$ 22,840

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

General Fund (.6677)	\$ 15,247
Utility Enterprise (.3323)	7,593
	<u>\$ 22,840</u>

The contribution for the fiscal year ended June 30, 2012, consisted of the following:

Explicitly Subsidized Benefits	\$ 3,100
Implicitly Subsidized Benefits	7,200
Total	<u>\$ 10,300</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
6/30/2012	\$ 15,040	68.50%	\$ 22,840
6/30/2011	\$ 14,987	54.00%	\$ 18,100
6/30/2010	\$ 31,813	82.40%	\$ 11,213
6/30/2009	\$ 31,800	82.40%	\$ 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 9.385% 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 11.363% 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
2012	\$ 372,842	100%	\$ 242,735	100%
2011	375,500	100%	234,014	100%
2010	369,663	100%	215,120	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, 2012.

Note 16 – Subsequent Events

Subsequent events have been evaluated through November 7, 2012, 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, 2012**

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2011)

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Permanent</u>	<u>Total June 30, 2012</u>	<u>Total June 30, 2011</u>
Assets					
Cash and investments	\$ 1,519,887	\$ 550,821	\$ 15,813	\$ 2,086,521	\$ 1,660,431
Property taxes receivable, net	-	21,750	-	21,750	42,257
Accounts/fees receivable	53,216	-	-	53,216	52,665
Notes receivable	355,000	-	-	355,000	355,000
Due from other governments	400,625	-	-	400,625	634,201
Interest and other	5	-	2	7	44
Due from other funds	16,048	-	-	16,048	15,115
Total Assets	<u>\$ 2,344,781</u>	<u>\$ 572,571</u>	<u>\$ 15,815</u>	<u>\$ 2,933,167</u>	<u>\$ 2,759,713</u>
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 15,908	\$ -	\$ -	\$ 15,908	\$ 55,247
Deferred revenue	366,670	19,219	-	385,889	401,232
Due to other funds	16,422	-	-	16,422	15,978
Total Liabilities	<u>399,000</u>	<u>19,219</u>	<u>-</u>	<u>418,219</u>	<u>472,457</u>
Fund Balances					
Nonspendable	355,000	-	-	355,000	365,000
Restricted	575,395	553,352	10,000	1,138,747	974,603
Committed	1,015,386	-	-	1,015,386	-
Assigned	-	-	5,815	5,815	947,653
Total Fund Balances	<u>1,945,781</u>	<u>553,352</u>	<u>15,815</u>	<u>2,514,948</u>	<u>2,287,256</u>
Total Liabilities and Fund Balances	<u>\$ 2,344,781</u>	<u>\$ 572,571</u>	<u>\$ 15,815</u>	<u>\$ 2,933,167</u>	<u>\$ 2,759,713</u>

CITY OF NEWBERRY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2012
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2011)

	Special Revenue	Debt Service	Permanent	Total June 30, 2012	Total June 30, 2011
Revenues					
Property taxes	\$ -	\$ 433,772	\$ -	\$ 433,772	\$ 393,712
Charges for services	656,615	-	-	656,615	646,808
Intergovernmental	550,884	33,882	-	584,766	1,438,171
Fines, forfeitures and penalties	52,280	-	-	52,280	55,977
Donations	8,100	-	-	8,100	5,525
Rental and other	100,638	-	-	100,638	144,863
Interest	64	463	41	568	1,692
Total Revenues	1,368,581	468,117	41	1,836,739	2,686,748
Expenditures					
Public safety	74,542	-	-	74,542	91,377
Community development	675,626	-	2,160	677,786	1,507,326
Non-departmental	285,832	-	-	285,832	254,567
Debt service					
Principal	80,849	271,313	-	352,162	344,257
Interest	33,840	25,020	-	58,860	71,663
Total Expenditures	1,150,689	296,333	2,160	1,449,182	2,269,190
Excess (Deficiency) of Revenues Over Expenditures	217,892	171,784	(2,119)	387,557	417,558
Other Financing Sources (Uses)					
Transfers in (out)	(136,415)	(25,000)	1,550	(159,865)	(167,002)
Total Other Financing Sources (Uses)	(136,415)	(25,000)	1,550	(159,865)	(167,002)
Net Change in Fund Balances	81,477	146,784	(569)	227,692	250,556
Fund Balances beginning	1,864,304	406,568	16,384	2,287,256	2,036,700
Fund Balances ending	\$ 1,945,781	\$ 553,352	\$ 15,815	\$ 2,514,948	\$ 2,287,256

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, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
Assets		
Assets		
Cash and investments	\$ 5,992,974	\$ 5,427,534
Receivables (net of allowances for uncollectibles)		
Taxes	131,106	133,868
Intergovernmental	51,255	56,492
Interest receivable	9	95
Other	40,409	43,580
Due from other funds	43,368	41,479
Inventories	48,400	52,070
	<u> </u>	<u> </u>
Total Assets	<u><u>\$ 6,307,521</u></u>	<u><u>\$ 5,755,118</u></u>
 Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ 29,860	\$ 17,975
Intergovernmental	32,997	34,161
Accrued salaries and payroll liabilities	219,902	197,737
Due to other funds	7,505	4,385
Deferred revenue	108,709	114,515
	<u> </u>	<u> </u>
Total Liabilities	<u>398,973</u>	<u>368,773</u>
 Fund Balances		
Nonspendable	48,400	52,070
Assigned	928,310	1,007,002
Unassigned	4,931,838	4,327,273
	<u> </u>	<u> </u>
Total Fund Balances	<u>5,908,548</u>	<u>5,386,345</u>
 Total Liabilities and Fund Balances	<u><u>\$ 6,307,521</u></u>	<u><u>\$ 5,755,118</u></u>

CITY OF NEWBERRY
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2012
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2011)

	Budgeted Amounts		Actual Amounts	Variance With Final Budget	Year Ended June 30, 2011
	Original	Final			
Revenues					
Taxes	\$ 2,058,400	\$ 2,058,400	\$ 2,141,473	\$ 83,073	\$ 2,079,774
Licenses, permits and franchise fees	1,312,430	1,312,430	1,479,788	167,358	1,377,432
Fines and forfeitures	603,500	573,307	647,402	74,095	640,575
Charges for services	653,000	643,000	653,921	10,921	663,535
Intergovernmental	1,196,643	1,005,865	966,879	(38,986)	1,072,757
Miscellaneous	18,300	17,665	24,566	6,901	89,941
Total Revenues	5,842,273	5,610,667	5,914,029	303,362	5,924,014
Expenditures					
General government					
City council	77,914	78,933	70,002	8,931	74,072
City manager	207,716	213,858	206,034	7,824	198,356
Human resources	93,342	92,880	91,174	1,706	91,849
Finance	131,863	129,524	116,704	12,820	245,915
City hall	30,705	30,705	28,190	2,515	29,290
Planning and development	244,603	214,521	207,625	6,896	217,980
Public safety					
Police department	1,797,120	1,791,882	1,770,565	21,317	1,714,341
Justice and law	491,182	471,727	489,897	(18,170)	489,041
Fire department	981,882	1,009,732	959,831	49,901	976,107
Public works					
Public works administration	128,647	128,824	123,908	4,916	122,216
Streets	639,895	414,423	391,003	23,420	395,436
Sanitation	563,505	566,155	557,091	9,064	431,111
Building maintenance	44,568	44,708	41,664	3,044	48,989
Garage	134,394	133,954	130,483	3,471	129,017
Parks, recreation, and tourism	444,831	451,268	438,325	12,943	422,809
Non-departmental					
General insurance	96,042	88,625	77,274	11,351	72,275
Employee benefits	1,529,852	1,511,821	1,403,888	107,933	1,370,238
Community promotions and projects	121,393	121,393	87,180	34,213	126,390
Capitalized lease payments	277,277	275,519	275,545	(26)	274,582
Total Expenditures	8,036,731	7,770,452	7,466,383	304,069	7,430,014
Excess (Deficiency) of Revenues Over Expenditures	(2,194,458)	(2,159,785)	(1,552,354)	607,431	(1,506,000)

(Continued)

**CITY OF NEWBERRY
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2012
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2011)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>	<u>Year Ended June 30, 2011</u>
	<u>Original</u>	<u>Final</u>			
Other Financing Sources (Uses)					
Capital leases	\$ 230,000	\$ 231,950	\$ 231,950	\$ -	\$ 120,577
Transfers in (out)					
Japanese Gardens fund	(1,550)	(1,550)	(1,550)	-	(1,550)
State accomodations tax fund	26,250	26,250	27,915	1,665	27,732
Local hospitality/accomodations fund	133,500	133,500	133,500	-	133,500
Victims' assistance fund	7,320	-	-	-	7,320
Utility system	1,682,742	1,682,742	1,682,742	-	1,488,917
Total Other Financing Sources (Uses)	<u>2,078,262</u>	<u>2,072,892</u>	<u>2,074,557</u>	<u>1,665</u>	<u>1,776,496</u>
Excess (Deficiency) of Revenues and Other Financing Sources (Uses) Over Expenditures	(116,196)	(86,893)	522,203	609,096	270,496
Fund Balances, beginning	<u>5,386,345</u>	<u>5,386,345</u>	<u>5,386,345</u>	<u>-</u>	<u>5,115,849</u>
Fund Balances, ending	<u><u>\$ 5,270,149</u></u>	<u><u>\$ 5,299,452</u></u>	<u><u>\$ 5,908,548</u></u>	<u><u>\$ 609,096</u></u>	<u><u>\$ 5,386,345</u></u>

CITY OF NEWBERRY
GENERAL FUND
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2012
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2011)

	Budgeted Amounts		Actual	Variance with	Year Ended
	Original	Final	Amounts	Final Budget	June 30, 2011
Taxes					
Vehicle property taxes	\$ 156,000	\$ 156,000	\$ 201,910	\$ 45,910	\$ 168,194
Other current property taxes	1,847,000	1,847,000	1,845,592	(1,408)	1,825,050
Delinquent property tax	39,000	39,000	68,990	29,990	61,507
Tax penalties	15,000	15,000	21,078	6,078	21,947
Fees in lieu of taxes	1,400	1,400	3,903	2,503	3,076
Totals	2,058,400	2,058,400	2,141,473	83,073	2,079,774
Licenses, Permits and Franchise Fees					
Business licenses	1,173,350	1,173,350	1,302,529	129,179	1,238,854
Business license penalties	6,000	6,000	5,397	(603)	6,213
Building/sign permits	35,000	35,000	44,098	9,098	28,740
Inspections, lot clearing, zoning	20,830	20,830	50,187	29,357	25,256
Cable TV	61,500	61,500	62,625	1,125	63,306
Franchise Fees	15,750	15,750	14,952	(798)	15,063
Totals	1,312,430	1,312,430	1,479,788	167,358	1,377,432
Fines and Forfeitures					
Court fines, forfeitures and other	603,500	573,307	647,402	74,095	640,575
Totals	603,500	573,307	647,402	74,095	640,575
Charges for Services					
Recreation revenues	38,000	34,500	40,132	5,632	47,851
Public works charges	615,000	608,500	613,789	5,289	615,684
Totals	653,000	643,000	653,921	10,921	663,535
Intergovernmental					
Federal government					
Grants/receipts	-	28,500	30,547	2,047	63,333
State of South Carolina					
Merchants' inventory tax	58,392	58,392	58,392	-	58,392
Local government fund	191,855	189,577	187,916	(1,661)	222,157
Other receipts	232,500	15,500	9,072	(6,428)	6,448
Newberry County and county schools					
Recreation fee	18,000	18,000	21,272	3,272	21,008
County fire contribution	175,696	175,696	141,325	(34,371)	175,697
Other	5,200	5,200	5,125	(75)	5,575
Economic Development Contribution	20,000	20,000	20,000	-	20,000
Clinton Newberry Natural Gas Authority	495,000	495,000	493,230	(1,770)	500,147
Totals	1,196,643	1,005,865	966,879	(38,986)	1,072,757
Miscellaneous Revenues					
Sale of unserviceable equipment	7,500	7,500	9,491	1,991	4,274
Other	7,500	7,500	9,275	1,775	76,381
Interest earned	3,300	2,665	5,800	3,135	9,286
Totals	18,300	17,665	24,566	6,901	89,941
Total Revenues	\$ 5,842,273	\$ 5,610,667	\$ 5,914,029	\$ 303,362	\$ 5,924,014

**CITY OF NEWBERRY
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2012
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2011)**

	Budgeted Amounts		Actual	Variance With	Year Ended
	Original	Final	Amounts	Final Budget	June 30, 2011
General Government					
City Council					
Salaries and wages	\$ 42,045	\$ 43,025	\$ 43,185	\$ (160)	\$ 41,770
Overtime	100	100	-	100	-
Printing	2,000	2,000	2,001	(1)	2,011
Office supplies	1,500	1,500	852	648	1,014
Postage	500	500	350	150	177
Membership	350	350	200	150	110
Travel	22,520	22,520	16,613	5,907	18,739
Telecommunications	2,842	2,881	2,455	426	1,845
Advertising	625	625	759	(134)	402
Rental/lease of equipment	1,432	1,432	1,414	18	1,690
Employee training	1,000	1,000	50	950	-
Municipal election	-	-	-	-	4,200
Codification	3,000	3,000	2,123	877	2,114
Totals	77,914	78,933	70,002	8,931	74,072
City Manager					
Salaries and wages	180,664	187,610	185,702	1,908	173,420
Printing	300	300	118	182	68
Office supplies	800	800	540	260	200
Postage	400	400	33	367	81
Membership, dues and subscriptions	2,000	2,000	1,339	661	1,852
Travel	5,478	5,478	4,786	692	3,386
Car allowance	10,080	10,080	9,653	427	9,626
Telecommunications	3,468	2,664	3,095	(431)	2,375
Advertising	200	200	-	200	-
Rental/lease of equipment	1,933	1,933	768	1,165	2,025
Employee training	2,393	2,393	-	2,393	5,323
Totals	207,716	213,858	206,034	7,824	198,356
Human Resources					
Salaries and wages	86,433	86,713	86,737	(24)	86,665
Printing	900	900	474	426	785
Office supplies	700	700	743	(43)	692
Postage	200	200	88	112	115
Membership, dues and subscriptions	455	455	65	390	35
Travel	1,705	1,705	991	714	1,467
Telecommunications	556	458	1,316	(858)	599
Safety training/hygiene	100	100	-	100	-
Advertising	100	100	-	100	-
Rental/lease of equipment	1,943	1,299	716	583	1,356
Employee training	250	250	44	206	135
Totals	93,342	92,880	91,174	1,706	91,849

**CITY OF NEWBERRY
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2012
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2011)**

	Budgeted Amounts		Actual	Variance With	Year Ended
	Original	Final	Amounts	Final Budget	June 30, 2011
General Government (Continued)					
Finance					
Salaries and wages	\$ 80,473	\$ 80,753	\$ 75,314	\$ 5,439	\$ 199,978
Overtime	300	300	-	300	-
Printing	880	880	449	431	2,242
Office supplies	3,000	3,000	2,444	556	2,102
Postage	3,275	3,275	2,259	1,016	2,811
Membership, dues and subscriptions	470	470	340	130	290
Travel	1,380	1,380	853	527	1,147
Telecommunications	1,902	1,216	1,088	128	1,061
Maintenance contracts	13,440	13,440	11,798	1,642	13,804
Equipment repair	500	500	514	(14)	-
Small equipment purchases	540	540	-	540	83
Advertising	600	600	221	379	349
Rental/lease of equipment	3,763	1,830	1,679	151	3,379
Employee training	490	490	202	288	320
Auditor	11,000	11,000	11,000	-	10,968
Refunds	250	250	35	215	-
Preparation of taxes	8,100	8,100	8,508	(408)	7,381
Computer programming	1,500	1,500	-	1,500	-
Totals	131,863	129,524	116,704	12,820	245,915
City Hall					
Telecommunications	-	-	-	-	27
Service contracts	30,105	30,105	28,032	2,073	27,810
Small equipment purchases	600	600	158	442	1,453
Totals	30,705	30,705	28,190	2,515	29,290
Planning and Development					
Salaries and wages	177,078	149,971	153,244	(3,273)	172,728
Overtime	-	-	396	(396)	-
Printing	1,400	1,400	190	1,210	740
Office supplies	2,200	2,200	2,504	(304)	2,282
Postage	1,000	1,000	392	608	665
Membership, dues and subscriptions	1,480	1,480	917	563	1,105
Travel	4,470	4,470	2,859	1,611	3,144
Vehicle fuel	2,466	2,466	2,268	198	2,455
Vehicle repair	500	500	831	(331)	333
Tires and tubes	400	400	328	72	-
Utilities - annex	5,152	5,152	2,990	2,162	3,067
Telecommunications	3,173	2,252	2,554	(302)	1,947
Maintenance contracts	4,630	4,630	5,388	(758)	4,922
Building and fixture repairs	2,442	2,442	347	2,095	591
Small hand tools	250	250	42	208	154
Uniforms	800	800	789	11	789
Safety supplies	100	100	98	2	12

**CITY OF NEWBERRY
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2012
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2011)**

	Budgeted Amounts		Actual	Variance With	Year Ended
	Original	Final	Amounts	Final Budget	June 30, 2011
General Government (Continued)					
Planning and Development (Continued)					
Advertising	\$ 800	\$ 800	\$ 571	\$ 229	\$ 385
Rental/lease of equipment	2,577	523	220	303	1,662
Employee training	2,185	2,185	1,374	811	1,667
Boards and commissions	1,000	1,000	849	151	874
Refunds	500	500	60	440	105
Code enforcements	28,000	28,000	26,915	1,085	16,854
Computer programming	2,000	2,000	1,499	501	1,499
Totals	244,603	214,521	207,625	6,896	217,980
Public Safety					
Police Department					
Salaries and wages	1,367,677	1,372,627	1,353,808	18,819	1,323,909
Holiday pay	47,874	47,874	44,555	3,319	40,697
Training pay	5,500	5,500	5,260	240	6,606
Court pay	500	500	241	259	100
Overtime	5,500	5,500	6,900	(1,400)	6,733
Callbacks	18,000	18,000	16,512	1,488	15,550
Printing	2,250	2,250	362	1,888	779
Office supplies	2,714	2,714	2,304	410	2,368
Crime prevention	750	750	300	450	329
Postage	500	500	111	389	433
Membership, dues and subscriptions	2,774	2,774	2,415	359	2,464
Travel	1,525	1,525	1,286	239	1,125
Vehicle fuel	113,048	113,048	113,408	(360)	91,072
Vehicle repair	16,000	16,000	19,712	(3,712)	24,891
Tires and tubes	5,000	5,000	8,973	(3,973)	6,560
Utilities	14,360	14,360	11,216	3,144	11,760
Telecommunications	11,160	7,415	5,232	2,183	4,846
Maintenance contracts	6,088	6,088	6,595	(507)	4,885
Equipment repair	4,000	4,000	3,458	542	1,085
Building and fixture repairs	2,300	2,300	6,795	(4,495)	2,067
Small hand tools	600	600	22	578	49
Small equipment purchases	28,503	28,503	27,973	530	22,974
Uniforms	15,000	15,000	14,579	421	14,708
Safety training/hygiene	2,500	2,500	2,552	(52)	2,373
Dry cleaning and laundry	2,000	2,000	788	1,212	511
Janitorial services	1,500	1,500	1,164	336	1,420
Medical and lab services	500	500	146	354	-
Prisoner care	2,000	2,000	9,150	(7,150)	100
Advertising	700	700	350	350	415
Rental/lease of equipment	38,097	31,654	28,996	2,658	5,358
Employee training	3,300	3,300	3,062	238	3,168
Photo supplies	200	200	197	3	77
Special investigation	2,700	2,700	186	2,514	330
Automotive equipment	72,000	72,000	71,957	43	66,555

**CITY OF NEWBERRY
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2012
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2011)**

	Budgeted Amounts		Actual	Variance With	Year Ended
	Original	Final	Amounts	Final Budget	June 30, 2011
Public Safety (Continued)					
Police Department (Continued)					
Stim grant - public safety	\$ -	\$ -	\$ -	\$ -	\$ 48,044
Totals	1,797,120	1,791,882	1,770,565	21,317	1,714,341
Justice and Law					
Salaries and wages	95,046	95,386	94,752	634	93,540
Overtime	300	300	-	300	-
State assessments	358,800	340,745	364,861	(24,116)	369,108
Printing	1,150	1,150	750	400	826
Office supplies	2,000	2,000	1,298	702	1,403
Postage	1,350	1,350	1,089	261	1,353
Memberships, dues and subscriptions	75	75	65	10	65
Refund of fines	12,800	12,800	12,897	(97)	10,153
Travel	1,529	1,529	1,524	5	1,536
Jury fees	2,600	2,600	1,530	1,070	2,110
Telecommunications	1,112	661	228	433	212
Maintenance contracts	1,800	1,800	1,435	365	1,623
Small equipment purchases	500	500	-	500	-
Rental/lease of equipment	2,998	1,709	1,402	307	2,407
Employee training	460	460	215	245	290
Legal services	8,662	8,662	7,851	811	4,415
Totals	491,182	471,727	489,897	(18,170)	489,041
Fire Department					
Salaries and wages	742,291	745,601	736,274	9,327	742,831
Training pay	6,000	5,000	3,761	1,239	4,605
Volunteer pay	9,500	3,000	2,117	883	2,839
Overtime	1,000	1,000	-	1,000	-
Callbacks	15,000	8,000	6,280	1,720	7,007
Printing	1,100	1,100	1,016	84	477
Office supplies	3,000	3,000	2,145	855	1,755
Postage	650	650	566	84	529
Membership, dues and subscriptions	965	965	754	211	649
Travel	4,731	4,731	1,442	3,289	2,817
Vehicle fuel	15,084	15,084	16,654	(1,570)	13,911
Vehicle repair	12,000	12,000	7,772	4,228	10,270
Tires and tubes	1,000	7,500	6,743	757	561
Utilities	40,591	40,591	26,317	14,274	30,893
Telecommunications	8,400	4,655	2,881	1,774	2,895
Maintenance contracts	16,784	16,784	15,181	1,603	11,558
Equipment repair	4,000	4,000	3,268	732	2,770
Fire extinguishers	750	750	466	284	707
Building and fixture repairs	23,411	34,211	34,038	173	49,641
Small hand tools	2,500	2,500	1,496	1,004	1,786
Small equipment purchases	8,300	8,300	7,507	793	6,546
Radio supplies and maintenance	7,000	7,000	7,159	(159)	10,255

**CITY OF NEWBERRY
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2012
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2011)**

	Budgeted Amounts		Actual	Variance With	Year Ended
	Original	Final	Amounts	Final Budget	June 30, 2011
Public Safety (Continued)					
Fire Department (Continued)					
Uniforms	\$ 7,000	\$ 7,000	\$ 6,872	\$ 128	\$ 6,183
Safety equipment	11,265	12,765	12,515	250	9,126
Safety training/hygiene	1,530	2,230	1,310	920	1,127
Dry cleaning and laundry	500	500	219	281	394
Cleaning and sanitation supplies	2,000	2,000	1,928	72	1,934
Janitorial services	350	350	310	40	350
Medical and lab services	500	500	399	101	201
Advertising	500	500	360	140	335
Rental/lease of equipment	4,510	-	-	-	3,591
Employee training	1,970	1,970	1,030	940	1,559
Physical exams	5,000	5,000	4,532	468	6,908
Fire hose supplies	11,000	8,800	6,853	1,947	2,104
Boarding supplies	3,000	3,000	2,474	526	2,684
Photo supplies	200	200	-	200	52
Fire investigation unit	400	400	100	300	100
Fire prevention	6,000	6,000	5,452	548	5,172
FY 12 FEMA Grant-Smoke Detector	-	29,995	29,995	-	-
Volunteer firemen	1,900	1,900	1,415	485	1,649
Explorer scout post	200	200	230	(30)	200
Stim grant - Whitaker	-	-	-	-	27,136
Totals	981,882	1,009,732	959,831	49,901	976,107
Public Works					
Public Works Administration					
Salaries and wages	98,363	98,643	98,639	4	99,182
Overtime	75	75	-	75	-
Printing	400	400	303	97	147
Office supplies	1,180	1,180	1,145	35	1,241
Postage	100	100	67	33	93
Membership, dues and subscriptions	125	125	125	-	50
Travel	100	100	20	80	-
Vehicle fuel	1,719	1,719	1,026	693	988
Vehicle repair	350	350	385	(35)	175
Tires and tubes	225	225	101	124	-
Utilities	14,256	14,256	11,606	2,650	12,498
Telecommunications	2,802	2,116	2,782	(666)	1,931
Maintenance contracts	4,198	4,198	4,192	6	4,010
Equipment repair	300	300	104	196	-
Small equipment purchases	-	1,872	1,873	(1)	-
Radio maintenance	150	150	-	150	-
Safety equipment	780	780	679	101	732
Safety training and hygiene	96	96	-	96	-
Cleaning and sanitation	100	100	42	58	14
Advertising	1,465	1,465	471	994	365
Rental/lease of equipment	1,289	-	-	-	669
Employee training	574	574	348	226	121
Totals	128,647	128,824	123,908	4,916	122,216

**CITY OF NEWBERRY
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2012
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2011)**

	Budgeted Amounts		Actual	Variance With	Year Ended
	Original	Final	Amounts	Final Budget	June 30, 2011
Public Works (Continued)					
Streets					
Salaries and wages	\$ 300,648	\$ 302,048	\$ 301,707	\$ 341	\$ 288,566
Holiday pay	100	100	-	100	-
Overtime	4,900	4,900	3,014	1,886	3,287
Travel	100	100	-	100	-
Vehicle fuel	21,589	21,589	25,059	(3,470)	21,165
Vehicle repair	4,500	4,500	4,451	49	4,661
Tires and tubes	5,487	5,487	2,614	2,873	3,397
High school contract	4,000	2,128	2,040	88	2,398
Equipment repair	18,000	18,000	16,207	1,793	24,962
Small hand tools	1,200	1,200	1,093	107	574
Small equipment purchases	5,485	5,485	5,473	12	931
Cement and masonry	1,000	1,000	515	485	244
Sidewalk repair	15,000	15,000	2,273	12,727	3,757
Storm drain and pipe	1,000	1,000	720	280	123
Asphalt supplies and gravel	6,250	8,750	8,517	233	5,313
Radio maintenance	250	250	83	167	162
Uniforms	1,636	1,636	1,084	552	786
Safety equipment	2,000	2,000	1,260	740	5,001
Safety training/hygiene	500	500	139	361	760
Chemicals	9,000	6,500	4,632	1,868	8,525
Signs	5,000	5,000	3,591	1,409	4,430
Employee training	250	250	180	70	148
General supplies	2,000	2,000	1,215	785	1,798
Rights of way	5,000	5,000	5,136	(136)	14,448
Street paving/resurfacing	225,000	-	-	-	-
Totals	639,895	414,423	391,003	23,420	395,436
Sanitation					
Salaries and wages	172,036	172,736	177,511	(4,775)	174,509
Holiday	1,057	1,057	1,025	32	994
Overtime	9,952	9,952	7,440	2,512	6,895
Vehicle fuel	75,723	75,723	74,313	1,410	63,504
Vehicle repair	20,900	20,900	21,564	(664)	18,654
Tires and tubes	21,303	21,303	16,202	5,101	16,926
Equipment repair	27,500	27,500	24,339	3,161	24,747
Small hand tools	170	170	29	141	29
Small equipment purchases	2,040	2,040	1,105	935	2,461
Radio maintenance	350	350	305	45	473
Uniforms	750	750	566	184	482
Safety equipment	400	400	275	125	204
Safety training/hygiene	532	532	-	532	502
Chemicals	250	250	241	9	-
General supplies	542	542	226	316	154
Automotive equipment	230,000	231,950	231,950	-	120,577
Totals	563,505	566,155	557,091	9,064	431,111

**CITY OF NEWBERRY
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2012
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2011)**

	Budgeted Amounts		Actual	Variance With	Year Ended
	Original	Final	Amounts	Final Budget	June 30, 2011
Public Works (Continued)					
Building Maintenance					
Salaries and wages	\$ 36,865	\$ 37,005	\$ 36,078	\$ 927	\$ 37,278
Overtime	150	150	46	104	53
Vehicle fuel	3,657	3,657	3,161	496	2,643
Vehicle repair	400	400	318	82	497
Tires and tubes	308	308	320	(12)	194
Equipment repairs	100	100	16	84	-
Building and fixture repairs	1,400	1,400	967	433	7,524
Small hand tools	350	350	108	242	196
Small equipment purchases	425	425	250	175	75
Radio maintenance	50	50	-	50	-
Uniforms	212	212	97	115	212
Safety equipment	125	125	3	122	33
General supplies	526	526	300	226	284
Totals	44,568	44,708	41,664	3,044	48,989
Garage					
Salaries and wages	99,888	100,308	100,360	(52)	94,577
Overtime	750	750	163	587	229
Membership, dues and subscriptions	75	75	-	75	75
Travel	100	100	-	100	-
Vehicle fuel	2,920	2,920	2,011	909	1,502
Vehicle repair	350	700	670	30	325
Tires and tubes	416	66	-	66	204
Grease and oil	8,515	9,515	9,510	5	6,292
Telecommunications	1,161	945	562	383	448
Disposal	1,500	1,500	1,008	492	891
Equipment repair	3,800	2,800	2,571	229	3,015
Building and fixture repairs	1,250	1,250	1,039	211	861
Small hand tools	2,000	2,000	2,095	(95)	1,636
Small equipment purchases	1,150	1,150	1,145	5	2,028
Radio maintenance	150	150	-	150	-
Uniforms	450	450	416	34	23
Safety equipment	175	175	102	73	34
Safety training/hygiene	150	150	48	102	267
Chemicals	1,700	1,700	1,685	15	1,558
Rental/lease of equipment	644	-	-	-	334
Employee training	100	100	100	-	115
General supplies	7,150	7,150	6,998	152	7,369
Machines & equipment	-	-	-	-	7,234
Totals	134,394	133,954	130,483	3,471	129,017
Parks, Recreation, and Tourism					
Salaries and wages	315,632	314,112	303,388	10,724	296,933
Overtime	4,000	7,500	7,365	135	4,188
Printing	1,200	1,200	1,201	(1)	1,382
Office supplies	1,250	1,250	1,241	9	1,450
Postage	750	750	814	(64)	649
Membership, dues and subscriptions	730	730	704	26	823

CITY OF NEWBERRY
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2012
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2011)

	Budgeted Amounts		Actual Amounts	Variance With Final Budget	Year Ended June 30, 2011
	Original	Final			
Parks, Recreation, and Tourism (Continued)					
Travel	\$ 1,075	\$ 1,075	\$ 830	\$ 245	\$ 421
Vehicle fuel	13,520	15,370	15,089	281	12,465
Vehicle repair	1,750	1,750	1,329	421	1,291
Tires and tubes	1,200	1,200	1,412	(212)	491
Utilities	28,080	28,080	26,388	1,692	26,738
Telecommunications	4,673	3,151	2,193	958	1,874
Maintenance contracts	2,100	2,100	2,035	65	2,320
Equipment repair	3,500	3,500	4,237	(737)	3,772
Building and fixture repairs	15,000	12,000	12,637	(637)	19,766
Landscape repair	2,000	2,000	1,972	28	1,248
Small hand tools	700	700	589	111	549
Small equipment purchases	1,500	1,500	1,326	174	1,412
Asphalt supplies/gravel	-	-	-	-	863
Uniforms	1,250	1,250	1,343	(93)	845
Safety training/hygiene	1,500	1,500	1,432	68	972
Cleaning and sanitation supplies	850	850	794	56	693
Chemicals	3,000	1,500	1,371	129	2,192
Advertising	1,250	1,250	1,126	124	1,154
Rental/lease of equipment	4,421	1,200	1,269	(69)	2,830
Employee training	700	700	395	305	-
Football	6,000	6,000	5,734	266	4,675
Baseball	10,000	12,750	12,851	(101)	11,482
Softball	2,000	2,000	2,075	(75)	3,384
Basketball	3,200	3,200	3,981	(781)	3,296
Senior adult programs	2,000	2,000	1,787	213	1,977
Other events	10,000	10,000	9,868	132	9,715
Participant's travel	-	-	529	(529)	959
Buildings/resurface courts	-	9,100	9,020	80	-
Totals	444,831	451,268	438,325	12,943	422,809
Non-Departmental					
General Insurance					
Claims reimbursement	800	800	305	495	-
SCMIRF	95,242	87,825	76,969	10,856	72,275
Totals	96,042	88,625	77,274	11,351	72,275
Employee Benefits					
SC retirement	162,749	162,749	164,259	(1,510)	168,764
SC police retirement	261,002	261,002	244,796	16,206	234,938
Social security	300,316	300,316	278,601	21,715	283,248
City's share of employee insurance	663,384	663,384	624,222	39,162	595,399
Workers' compensation	74,901	49,910	43,312	6,598	39,886

**CITY OF NEWBERRY
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2012
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2011)**

	Budgeted Amounts		Actual	Variance With	Year Ended
	Original	Final	Amounts	Final Budget	June 30, 2011
Non-Departmental (Continued)					
Employee Benefits (Continued)					
Workers' comp. deductibles	\$ 30,000	\$ 30,000	\$ 12,706	\$ 17,294	\$ 23,254
Unemployment	3,500	10,460	10,197	263	3,520
Employer/employee relations	17,500	17,500	16,744	756	16,769
Physical exams	1,500	1,500	1,666	(166)	1,233
Wellness program	15,000	15,000	7,385	7,615	3,227
Totals	1,529,852	1,511,821	1,403,888	107,933	1,370,238
Community Promotions and Projects					
MASC dues	5,285	5,285	5,267	18	5,285
Council on Aging	6,000	6,000	6,000	-	5,000
PEG access channel	-	-	-	-	20,000
City Newsletter	1,500	1,500	-	1,500	-
Newberry Co. LEOA	1,500	1,500	1,500	-	1,500
Community enhancement	18,500	18,500	16,436	2,064	19,929
Economic Dev Contributions	5,000	5,000	-	5,000	5,000
Consulting	-	-	-	-	5,400
City beautification	75,000	75,000	49,369	25,631	55,441
Parking lot rental	900	900	900	-	900
Regional planning	7,708	7,708	7,708	-	7,935
Totals	121,393	121,393	87,180	34,213	126,390
Capital lease principal and Interest payments	277,277	275,519	275,545	(26)	274,582
Totals	277,277	275,519	275,545	(26)	274,582
Grand Totals	\$ 8,036,731	\$ 7,770,452	\$ 7,466,383	\$ 304,069	\$ 7,430,014

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.

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, 2012
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2011)**

	NANU	Federal Equitable Sharing	Tourism Fund	Special Events Fund	State Accommodations Tax Fund	Cultural Arts Fund
Assets						
Cash and cash investments	\$ 36,606	\$ 12,764	\$ 153,587	\$ 22,386	\$ 12,366	\$ 23,324
Accounts/fees receivable	-	-	-	-	-	-
Notes receivable	-	-	-	-	-	-
Due from other governments	-	-	-	-	39,271	-
Other	-	-	-	-	-	-
Due from other funds	86	-	11,781	-	-	-
Total Assets	\$ 36,692	\$ 12,764	\$ 165,368	\$ 22,386	\$ 51,637	\$ 23,324
Liabilities and Fund Balances						
Liabilities						
Accounts payable	\$ 6	\$ -	\$ 8,359	\$ -	\$ -	\$ 7,537
Deferred revenue	-	-	11,670	-	-	-
Due to other funds	-	-	-	-	13,745	2,677
Total Liabilities	6	-	20,029	-	13,745	10,214
Fund Balances						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	37,892	-
Committed	36,686	12,764	145,339	22,386	-	13,110
Total fund balances	36,686	12,764	145,339	22,386	37,892	13,110
Total Liabilities and Fund Balances	\$ 36,692	\$ 12,764	\$ 165,368	\$ 22,386	\$ 51,637	\$ 23,324

Community Housing/ Development	Streetscape Fund	Local Hospitality Fee Fund	Volunteer Fire	Victim's Rights Fund	Totals June 30,2012	Totals June 30,2011
\$ 753,900	\$ 215,604	\$ 184,443	\$ 20,661	\$ 84,246	\$ 1,519,887	\$ 1,237,980
-	-	53,216	-	-	53,216	52,665
355,000	-	-	-	-	355,000	355,000
361,354	-	-	-	-	400,625	634,201
5	-	-	-	-	5	37
-	-	-	-	4,181	16,048	15,115
<u>\$ 1,470,259</u>	<u>\$ 215,604</u>	<u>\$ 237,659</u>	<u>\$ 20,661</u>	<u>\$ 88,427</u>	<u>\$ 2,344,781</u>	<u>\$ 2,294,998</u>
\$ -	\$ -	\$ -	\$ -	\$ 6	\$ 15,908	\$ 55,247
355,000	-	-	-	-	366,670	359,469
-	-	-	-	-	16,422	15,978
<u>355,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6</u>	<u>399,000</u>	<u>430,694</u>
355,000	-	-	-	-	355,000	355,000
-	215,604	237,659	-	84,240	575,395	568,035
<u>760,259</u>	<u>-</u>	<u>-</u>	<u>20,661</u>	<u>4,181</u>	<u>1,015,386</u>	<u>941,269</u>
<u>1,115,259</u>	<u>215,604</u>	<u>237,659</u>	<u>20,661</u>	<u>88,421</u>	<u>1,945,781</u>	<u>1,864,304</u>
<u>\$ 1,470,259</u>	<u>\$ 215,604</u>	<u>\$ 237,659</u>	<u>\$ 20,661</u>	<u>\$ 88,427</u>	<u>\$ 2,344,781</u>	<u>\$ 2,294,998</u>

CITY OF NEWBERRY
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2012
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2011)

	<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	-	-	-	-	83,296	-
Local						
Other	-	-	-	9,000	-	-
Drug seizure	7,676	-	-	-	-	-
Donations	-	-	-	8,100	-	-
Rental and other	-	-	80,899	-	-	19,739
Interest Income	-	-	-	-	-	-
Total Revenues	<u>7,676</u>	<u>-</u>	<u>80,899</u>	<u>17,100</u>	<u>83,296</u>	<u>19,739</u>
Expenditures						
Grants						
Capital expenditures	-	-	-	-	-	-
Other						
Operating expenditures	9,794	-	284,095	15,957	-	267,875
Capital expenditures	-	-	7,425	-	-	-
Tourism contribution/NOHF	-	-	-	-	-	-
Debt service						
Principal	-	-	80,849	-	-	-
Interest	-	-	33,840	-	-	-
Total Expenditures	<u>9,794</u>	<u>-</u>	<u>406,209</u>	<u>15,957</u>	<u>-</u>	<u>267,875</u>
Excess (Deficiency) of						
Revenues Over Expenditures	(2,118)	-	(325,310)	1,143	83,296	(248,136)
Other Financing Sources (Uses)						
Transfers in (out)						
General Fund	-	-	-	-	(27,915)	-
Debt Service Funds - TIF	-	-	-	-	-	-
Other Special Revenue Funds	-	-	336,678	7,518	(53,007)	228,236
Fund Balances, beginning	<u>38,804</u>	<u>12,764</u>	<u>133,971</u>	<u>13,725</u>	<u>35,518</u>	<u>33,010</u>
Fund Balances, ending	<u>\$ 36,686</u>	<u>\$ 12,764</u>	<u>\$ 145,339</u>	<u>\$ 22,386</u>	<u>\$ 37,892</u>	<u>\$ 13,110</u>

Community Housing/ Development	Streetscape Fund	Local Hospitality Fee Fund	Volunteer Fire	Victim's Rights Fund	Totals June 30, 2012	Totals June 30, 2011
\$ -	\$ -	\$ 553,643	\$ -	\$ -	\$ 553,643	\$ 539,487
-	-	92,736	-	-	92,736	98,316
-	-	1,236	-	-	1,236	2,040
-	-	-	20,360	-	20,360	14,716
361,354	-	-	-	-	361,354	396,686
-	85,874	-	-	-	85,874	914,126
-	-	-	-	-	83,296	79,632
-	-	-	-	44,604	53,604	58,257
-	-	-	-	-	7,676	11,905
-	-	-	-	-	8,100	5,525
-	-	-	-	-	100,638	137,643
63	-	-	-	1	64	1,314
<u>361,417</u>	<u>85,874</u>	<u>647,615</u>	<u>20,360</u>	<u>44,605</u>	<u>1,368,581</u>	<u>2,259,647</u>
-	85,874	-	-	-	85,874	914,126
292,762	1,425	-	8,660	56,088	936,656	733,800
4,045	-	-	-	-	11,470	142,201
-	-	2,000	-	-	2,000	61,000
-	-	-	-	-	80,849	77,754
-	-	-	-	-	33,840	36,936
<u>296,807</u>	<u>87,299</u>	<u>2,000</u>	<u>8,660</u>	<u>56,088</u>	<u>1,150,689</u>	<u>1,965,817</u>
64,610	(1,425)	645,615	11,700	(11,483)	217,892	293,830
-	-	(133,500)	-	-	(161,415)	(168,552)
-	-	25,000	-	-	25,000	25,000
-	-	(519,425)	-	-	-	-
-	-	-	-	-	-	-
<u>1,050,649</u>	<u>217,029</u>	<u>219,969</u>	<u>8,961</u>	<u>99,904</u>	<u>1,864,304</u>	<u>1,714,026</u>
<u>\$ 1,115,259</u>	<u>\$ 215,604</u>	<u>\$ 237,659</u>	<u>\$ 20,661</u>	<u>\$ 88,421</u>	<u>\$ 1,945,781</u>	<u>\$ 1,864,304</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, 2012
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2011)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>	<u>Year Ended</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>	<u>June 30, 2011</u>
Revenues					
Drug seizure	\$ 5,000	\$ 5,000	\$ 7,676	\$ 2,676	\$ 11,905
Other revenue	-	-	-	-	7,220
Total Revenues	<u>5,000</u>	<u>5,000</u>	<u>7,676</u>	<u>2,676</u>	<u>19,125</u>
Expenditures					
Drug seizure					
Operating expenditures	19,516	19,516	9,794	9,722	9,086
Capital expenditures	-	-	-	-	9,300
Total Expenditures	<u>19,516</u>	<u>19,516</u>	<u>9,794</u>	<u>9,722</u>	<u>18,386</u>
Excess (Deficiency) of Revenues Over Expenditures	(14,516)	(14,516)	(2,118)	12,398	739
Fund Balances, beginning	<u>38,804</u>	<u>38,804</u>	<u>38,804</u>	-	<u>38,065</u>
Fund Balances, ending	<u>\$ 24,288</u>	<u>\$ 24,288</u>	<u>\$ 36,686</u>	<u>\$ 12,398</u>	<u>\$ 38,804</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, 2012
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2011)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>	<u>Year Ended</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>	<u>June 30, 2011</u>
Revenues					
Intergovernmental					
Rental and other	\$ 77,515	\$ 77,515	\$ 80,899	\$ 3,384	\$ 69,915
Interest income	10	10	-	(10)	6
Total Revenues	<u>77,525</u>	<u>77,525</u>	<u>80,899</u>	<u>3,374</u>	<u>69,921</u>
Expenditures					
Other					
Operating expenditures	301,422	300,497	284,095	16,402	233,737
Debt service					
Principal	80,849	80,849	80,849	-	77,754
Interest	33,840	33,840	33,840	-	36,936
Capital expenditures	-	7,425	7,425	-	-
Total Expenditures	<u>416,111</u>	<u>422,611</u>	<u>406,209</u>	<u>16,402</u>	<u>348,427</u>
Excess (Deficiency) of Revenues Over Expenditures	(338,586)	(345,086)	(325,310)	19,776	(278,506)
Other Financing Sources (Uses)					
Transfers in					
Other special revenue funds	320,189	326,689	336,678	9,989	322,078
Fund Balances, beginning	<u>133,971</u>	<u>133,971</u>	<u>133,971</u>	<u>-</u>	<u>90,399</u>
Fund Balances, ending	<u>\$ 115,574</u>	<u>\$ 115,574</u>	<u>\$ 145,339</u>	<u>\$ 29,765</u>	<u>\$ 133,971</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, 2012
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2011)

	Budgeted Amounts		Actual	Variance with	Year Ended
	Original	Final	Amounts	Final Budget	June 30, 2011
Revenues					
Local - other	\$ 5,085	\$ 5,085	\$ 9,000	\$ 3,915	\$ 6,965
Donations	3,000	3,000	8,100	5,100	5,525
Total Revenues	<u>8,085</u>	<u>8,085</u>	<u>17,100</u>	<u>9,015</u>	<u>12,490</u>
Expenditures					
Other					
Operating expenditures	<u>12,970</u>	<u>15,488</u>	<u>15,957</u>	<u>(469)</u>	<u>15,715</u>
Total Expenditures	<u>12,970</u>	<u>15,488</u>	<u>15,957</u>	<u>(469)</u>	<u>15,715</u>
Excess (Deficiency) of Revenues					
Over Expenditures	(4,885)	(7,403)	1,143	8,546	(3,225)
Other Financing Sources					
Transfer from					
Other special revenue funds	5,000	7,518	7,518	-	5,700
Fund Balances, beginning	<u>13,725</u>	<u>13,725</u>	<u>13,725</u>	<u>-</u>	<u>11,250</u>
Fund Balances, ending	<u>\$ 13,840</u>	<u>\$ 13,840</u>	<u>\$ 22,386</u>	<u>\$ 8,546</u>	<u>\$ 13,725</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, 2012
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2011)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>	<u>Year Ended</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>	<u>June 30, 2011</u>
Revenues					
Intergovernmental					
Accommodations tax	\$ 50,000	\$ 65,018	\$ 83,296	\$ 18,278	\$ 79,632
Total Revenues	<u>50,000</u>	<u>65,018</u>	<u>83,296</u>	<u>18,278</u>	<u>79,632</u>
Expenditures					
Other					
Operating expenditures	-	-	-	-	21,000
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,000</u>
Excess of Revenues					
Over Expenditures	50,000	65,018	83,296	18,278	58,632
Other Financing Sources (Uses)					
Transfer to					
General Fund	(26,250)	(26,250)	(27,915)	(1,665)	(27,732)
Other special revenue funds	(28,000)	(43,018)	(53,007)	(9,989)	(22,089)
Fund Balances, beginning	<u>35,518</u>	<u>35,518</u>	<u>35,518</u>	<u>-</u>	<u>26,707</u>
Fund Balances, ending	<u>\$ 31,268</u>	<u>\$ 31,268</u>	<u>\$ 37,892</u>	<u>\$ 6,624</u>	<u>\$ 35,518</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, 2012
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2011)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>	<u>Year Ended</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>	<u>June 30, 2011</u>
Revenues					
Newberry Opera House reimbursement	\$ 39,637	\$ 25,000	\$ 19,739	\$ (5,261)	\$ 67,728
Total Revenues	<u>39,637</u>	<u>25,000</u>	<u>19,739</u>	<u>(5,261)</u>	<u>67,728</u>
Expenditures					
Other Operating expenditures	208,373	269,013	267,875	1,138	198,852
Total Expenditures	<u>208,373</u>	<u>269,013</u>	<u>267,875</u>	<u>1,138</u>	<u>198,852</u>
Excess (Deficiency) of Revenues Over Expenditures	(168,736)	(244,013)	(248,136)	(4,123)	(131,124)
Other Financing Sources (Uses)					
Transfers in Other special revenue funds	168,736	228,236	228,236	-	162,934
Fund Balances, beginning	<u>33,010</u>	<u>33,010</u>	<u>33,010</u>	<u>-</u>	<u>1,200</u>
Fund Balances, ending	<u>\$ 33,010</u>	<u>\$ 17,233</u>	<u>\$ 13,110</u>	<u>\$ (4,123)</u>	<u>\$ 33,010</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, 2012
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2011)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>	<u>Year Ended</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>	<u>June 30, 2011</u>
Revenues					
Intergovernmental					
Community development	\$ 325,000	\$ 325,000	\$ 361,354	\$ 36,354	\$ 396,686
Interest income	1,300	1,300	63	(1,237)	1,192
Total Revenues	<u>326,300</u>	<u>326,300</u>	<u>361,417</u>	<u>35,117</u>	<u>397,878</u>
Expenditures					
Other					
Operating	496,550	496,550	292,762	203,788	61,240
Capital	-	-	4,045	(4,045)	95,799
Total Expenditures	<u>496,550</u>	<u>496,550</u>	<u>296,807</u>	<u>199,743</u>	<u>157,039</u>
Excess of Revenues Over Expenditures	(170,250)	(170,250)	64,610	234,860	240,839
Other Financing Sources					
Transfer to					
Other special revenue funds	-	-	-	-	(236,525)
Fund Balances, beginning	<u>1,050,649</u>	<u>1,050,649</u>	<u>1,050,649</u>	<u>-</u>	<u>1,046,335</u>
Fund Balances, ending	<u>\$ 880,399</u>	<u>\$ 880,399</u>	<u>\$ 1,115,259</u>	<u>\$ 234,860</u>	<u>\$ 1,050,649</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, 2012
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2011)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>	<u>Year Ended</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>	<u>June 30, 2011</u>
Revenues					
Intergovernmental					
Community development grant	\$ -	\$ -	\$ 85,874	\$ 85,874	\$ 914,126
Total Revenues	-	-	85,874	85,874	914,126
Expenditures					
Grants					
Capital expenditures	-	-	85,874	(85,874)	914,126
Other					
Operating expenditures	50,000	50,000	1,425	48,575	142,179
Total Expenditures	50,000	50,000	87,299	(37,299)	1,056,305
Excess (Deficiency) of Revenues Over Expenditures	(50,000)	(50,000)	(1,425)	48,575	(142,179)
Other Financing Sources (Uses)					
Transfers in					
Other special revenue funds	-	-	-	-	236,525
Fund Balances, beginning	217,029	217,029	217,029	-	122,683
Fund Balances, ending	<u>\$ 167,029</u>	<u>\$ 167,029</u>	<u>\$ 215,604</u>	<u>\$ 48,575</u>	<u>\$ 217,029</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, 2012
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2011)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>	<u>Year Ended</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>	<u>June 30, 2011</u>
Revenues					
Fees					
Hospitality	\$ 528,600	\$ 528,600	\$ 553,643	\$ 25,043	\$ 539,487
Accommodations	95,500	95,500	92,736	(2,764)	98,316
Penalties	1,500	1,500	1,236	(264)	2,040
Interest income	50	50	-	(50)	75
Total Revenues	<u>625,650</u>	<u>625,650</u>	<u>647,615</u>	<u>21,965</u>	<u>639,918</u>
Expenditures					
Tourism contribution/NOHF	<u>40,000</u>	<u>2,000</u>	<u>2,000</u>	<u>-</u>	<u>40,000</u>
Total Expenditures	<u>40,000</u>	<u>2,000</u>	<u>2,000</u>	<u>-</u>	<u>40,000</u>
Excess of Revenues Over Expenditures	585,650	623,650	645,615	21,965	599,918
Other Financing Sources (Uses)					
Transfer to/from					
Debt service funds - TIF	25,000	25,000	25,000	-	25,000
General fund	(133,500)	(133,500)	(133,500)	-	(133,500)
Other special revenue funds	(481,425)	(519,425)	(519,425)	-	(468,623)
Fund Balances, beginning	<u>219,969</u>	<u>219,969</u>	<u>219,969</u>	<u>-</u>	<u>197,174</u>
Fund Balances, ending	<u>\$ 215,694</u>	<u>\$ 215,694</u>	<u>\$ 237,659</u>	<u>\$ 21,965</u>	<u>\$ 219,969</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, 2012
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2011)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>	<u>Year Ended</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>	<u>June 30, 2011</u>
Revenues					
Court fines and assessments	\$ 31,500	\$ 31,500	\$ 44,604	\$ 13,104	\$ 44,072
Interest income	50	50	1	(49)	32
Total Revenues	<u>31,550</u>	<u>31,550</u>	<u>44,605</u>	<u>13,055</u>	<u>44,104</u>
Expenditures					
Drug seizure/other					
Operating expenditures	61,757	69,077	56,088	12,989	57,903
Capital expenditures	-	-	-	-	-
Total Expenditures	<u>61,757</u>	<u>69,077</u>	<u>56,088</u>	<u>12,989</u>	<u>57,903</u>
Excess of Revenues Over Expenditures	(30,207)	(37,527)	(11,483)	26,044	(13,799)
Other Financing Sources (Uses)					
Transfer to					
General Fund	(7,320)	-	-	-	(7,320)
Fund Balances, beginning	<u>99,904</u>	<u>99,904</u>	<u>99,904</u>	<u>-</u>	<u>121,023</u>
Fund Balances, ending	<u>\$ 62,377</u>	<u>\$ 62,377</u>	<u>\$ 88,421</u>	<u>\$ 26,044</u>	<u>\$ 99,904</u>

CITY OF NEWBERRY
SCHEDULE OF FINES, ASSESSMENTS AND SURCHARGES
VICTIM'S RIGHTS FUND
YEAR ENDED JUNE 30, 2012

Municipal Court Revenue to City of Newberry

Court revenue booked in General Fund, excluding Victim's Rights money and other police revenue	\$ 640,612
Court assessments and surcharges to State of South Carolina	(364,861)
Court Refunds	<u>(12,897)</u>
Net Court Revenue to City of Newberry	<u><u>\$ 262,854</u></u>

Municipal Court Revenue to State of South Carolina

Court assessments to the State Treasurer	\$ 239,885
DUI assessments to the State Treasurer	281
DUI Spinal Cord Research Surcharges to the State Treasurer	2,345
DUI DPS Pullouts to the State Treasurer	2,245
DUS DPS Pullouts to the State Treasurer	7,381
Drug Surcharges to the State Treasurer	7,437
Law Enforcement Surcharges to State Treasurer	87,366
Criminal Justice Academy Surcharges	17,398
DUI/DUAC Test Conviction Fees	<u>297</u>
Total Court Revenue to State Treasurer	<u><u>\$ 364,635</u></u>

Victim Services

Court assessments allocated to Victim Services	\$ 30,269
Court surcharges allocated to Victim Services	14,335
Investment income	<u>1</u>
Funds allocated to Victim Services	\$ 44,605
Victim Services expenditures and Transfers	<u>(56,175)</u>

Excess of Revenues Over (Under) Expenditures (11,570)

Fund Balances, beginning 99,904

Fund Balances, ending \$ 88,334

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, 2012
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2011)

	<u>2012</u>	<u>2011</u>
Assets		
Cash and cash equivalents	\$ 550,821	\$ 406,074
Property taxes receivable (net of allowance for uncollectibles)	<u>21,750</u>	<u>42,257</u>
Total Assets	<u><u>\$ 572,571</u></u>	<u><u>\$ 448,331</u></u>
Liabilities and Fund Balances		
Liabilities		
Deferred revenue	<u>\$ 19,219</u>	<u>\$ 41,763</u>
Total Liabilities	19,219	41,763
Fund Balances		
Restricted	<u>553,352</u>	<u>406,568</u>
Total Liabilities and Fund Balances	<u><u>\$ 572,571</u></u>	<u><u>\$ 448,331</u></u>

CITY OF NEWBERRY
DEBT SERVICE FUND - 2008 TIF
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2012
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2011)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>	<u>Year Ended</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>	<u>June 30, 2011</u>
Revenues					
Property taxes - current	\$ 325,000	\$ 325,000	\$ 376,913	\$ 51,913	\$ 375,159
Property taxes - delinquent	15,000	15,000	56,859	41,859	31,564
School sales tax	20,000	20,000	33,882	13,882	20,000
Interest	150	150	463	313	300
Total Revenues	<u>360,150</u>	<u>360,150</u>	<u>468,117</u>	<u>107,967</u>	<u>427,023</u>
Expenditures					
Debt service					
Principal	271,313	271,313	271,313	-	266,503
Interest	25,020	25,020	25,020	-	34,727
Total Expenditures	<u>296,333</u>	<u>296,333</u>	<u>296,333</u>	<u>-</u>	<u>301,230</u>
Excess (Deficiency) of Revenues Over Expenditures	63,817	63,817	171,784	107,967	125,793
Other Financing Sources					
Transfer to/from Special Revenue Fund	(25,000)	(25,000)	(25,000)	-	(25,000)
Fund Balances, beginning	<u>406,568</u>	<u>406,568</u>	<u>406,568</u>	<u>-</u>	<u>305,775</u>
Fund Balances, ending	<u>\$ 445,385</u>	<u>\$ 445,385</u>	<u>\$ 553,352</u>	<u>\$ 107,967</u>	<u>\$ 406,568</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, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
Assets		
Cash and investments	\$ 15,813	\$ 16,377
Interest receivable	<u>2</u>	<u>7</u>
Total Assets	<u><u>\$ 15,815</u></u>	<u><u>\$ 16,384</u></u>
Liabilities and Fund Balances		
Fund Balances		
Restricted	\$ 10,000	\$ 10,000
Assigned	<u>5,815</u>	<u>6,384</u>
Total Liabilities and Fund Balances	<u><u>\$ 15,815</u></u>	<u><u>\$ 16,384</u></u>

**CITY OF NEWBERRY
JAPANESE GARDENS PERMANENT FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2012
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2011)**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>	<u>Year Ended</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>	<u>June 30, 2011</u>
Operating Revenue					
Interest revenue	\$ 125	\$ 125	\$ 41	\$ (84)	\$ 78
Total revenues	<u>125</u>	<u>125</u>	<u>41</u>	<u>(84)</u>	<u>78</u>
Operating Expenses					
Maintenance of Japanese Gardens	<u>2,700</u>	<u>2,700</u>	<u>2,160</u>	<u>540</u>	<u>2,143</u>
Total expenses	<u>2,700</u>	<u>2,700</u>	<u>2,160</u>	<u>540</u>	<u>2,143</u>
Operating Income (Loss)	(2,575)	(2,575)	(2,119)	456	(2,065)
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)	(1,025)	(1,025)	(569)	456	(515)
Fund Balances, beginning	<u>16,384</u>	<u>16,384</u>	<u>16,384</u>	<u>-</u>	<u>16,899</u>
Fund Balances, ending	<u>\$ 15,359</u>	<u>\$ 15,359</u>	<u>\$ 15,815</u>	<u>\$ 456</u>	<u>\$ 16,384</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, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
Assets		
Current Assets		
Cash and cash investments	\$ 10,842,374	\$ 9,595,675
Receivables (net of allowances for uncollectibles)		
Accounts	3,023,037	3,549,771
Grants	26,936	338,388
Intergovernmental	659,910	585,493
Interest receivable	19	149
Other	25,824	2,480
Inventory	1,096,529	1,067,175
Restricted Assets		
Cash and cash investments	879,952	670,379
Interest receivable	4	34
Total Current Assets	<u>16,554,585</u>	<u>15,809,544</u>
Noncurrent Assets		
Capital Assets		
Land and land improvements	437,589	437,589
Buildings and fixtures	14,878,682	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	455,238
Other equipment	467,429	393,349
Motor vehicles and equipment	2,168,283	2,016,196
Electric distribution system	10,919,344	10,164,156
Water distribution system	20,286,240	16,439,499
Sewer collection system	31,407,085	21,904,265
Construction in progress	277,846	16,948,425
Totals	81,693,858	72,722,971
Less accumulated depreciation	<u>(37,946,475)</u>	<u>(35,166,115)</u>
Total Capital Assets	43,747,383	37,556,856
Bond issuance cost	98,793	111,992
Restricted assets		
Cash and cash investments	1,330,887	1,682,551
Note receivable - Newberry Opera House Foundation	51,008	53,008
Total Noncurrent Assets	<u>45,228,071</u>	<u>39,404,407</u>
Total Assets	<u>61,782,656</u>	<u>55,213,951</u>

(Continued)

**CITY OF NEWBERRY
ENTERPRISE FUND
COMPARATIVE BALANCE SHEETS
JUNE 30, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
Liabilities		
Current Liabilities		
Accounts payable	\$ 2,081,401	\$ 1,955,951
Accrued salaries payable	87,060	82,914
Compensated absences payable	125,322	118,164
Retainage payable	210,000	879,813
Due to other funds	35,489	36,231
Accrued interest payable	39,676	282,347
Revenue bonds payable	38,677	91,655
Loans payable	801,603	296,411
Total Current Liabilities	<u>3,419,228</u>	<u>3,743,486</u>
Noncurrent Liabilities		
Loans payable	17,099,654	14,085,200
Revenue bonds payable	191,309	229,986
Compensated absences payable	26,772	42,861
Other post-employment benefit obligation	7,593	6,014
Total Noncurrent Liabilities	<u>17,325,328</u>	<u>14,364,061</u>
Total Liabilities	<u>20,744,556</u>	<u>18,107,547</u>
Net Assets		
Invested in capital assets, net of related debt	25,406,140	21,973,791
Restricted for		
Debt service	1,405,107	1,315,103
Maintenance of utility system	805,736	1,037,861
Unrestricted	<u>13,421,117</u>	<u>12,779,649</u>
Total Net Assets	<u>\$ 41,038,100</u>	<u>\$ 37,106,404</u>

**CITY OF NEWBERRY
ENTERPRISE FUND
SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2012
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2011)**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>	<u>Year Ended</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>	<u>June 30, 2011</u>
Operating Revenues					
Connection and reconnection fees	\$ 77,000	\$ 77,000	\$ 85,871	\$ 8,871	\$ 79,681
Water receipts	3,263,212	3,263,212	3,316,013	52,801	3,321,964
Electric receipts	19,845,858	19,845,858	19,545,156	(300,702)	18,460,059
Sewer receipts	3,291,806	3,291,806	3,403,206	111,400	3,219,202
Sales and use tax	423,150	423,150	410,412	(12,738)	391,927
Utility penalty	234,600	234,600	261,380	26,780	243,872
Water taps	6,000	11,956	21,756	9,800	16,224
Sewer taps	2,000	5,648	7,448	1,800	4,100
Temporary electric services	7,500	7,500	8,870	1,370	7,540
Newberry housing authority	1,086	1,086	1,086	-	1,086
Fire flow access fees	23,000	23,000	23,493	493	23,347
Other revenue	18,500	18,500	15,784	(2,716)	18,426
CATV - pole rental	29,955	29,955	29,955	-	29,955
Total Operating Revenues	<u>27,223,667</u>	<u>27,233,271</u>	<u>27,130,430</u>	<u>(102,841)</u>	<u>25,817,383</u>
Operating Expense					
City Hall	27,173	30,673	28,196	2,477	22,707
Finance	483,802	473,349	442,063	31,286	361,359
Utility administration	210,010	156,039	144,542	11,497	202,094
Warehouse	51,217	122,027	118,250	3,777	46,167
Information services	99,741	98,580	96,839	1,741	96,708
Electric distribution	867,421	909,097	861,197	47,900	824,820
Water and sewer maintenance	779,541	780,251	718,840	61,411	767,175
Water production	1,171,028	1,348,874	1,041,888	306,986	1,044,932
Waste treatment	886,048	884,352	872,596	11,756	847,471
General insurance	115,806	110,806	94,270	16,536	72,275
Employee fringe benefits	772,933	747,460	655,450	92,010	673,742
Nondepartmental	17,197,318	17,197,318	16,873,457	323,861	15,994,014
Depreciation	1,700,000	1,700,000	2,938,892	(1,238,892)	1,715,445
Total Operating Expenses	<u>24,362,038</u>	<u>24,558,826</u>	<u>24,886,480</u>	<u>(327,654)</u>	<u>22,668,909</u>
Operating Income	<u>2,861,629</u>	<u>2,674,445</u>	<u>2,243,950</u>	<u>(430,495)</u>	<u>3,148,474</u>

(Continued)

**CITY OF NEWBERRY
ENTERPRISE FUND
SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2012
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2011)**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>	<u>Year Ended</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>	<u>June 30, 2011</u>
Nonoperating Income					
(Expenses)					
Interest revenue	\$ 10,250	\$ 2,776	\$ 4,258	\$ 1,482	\$ 11,178
County sales tax	3,570,000	3,570,000	2,989,331	(580,669)	217,650
Gain (loss) on extinguishment of capital assets	-	-	(1,506)	(1,506)	-
Interest expense, bank management fees and amortization	(1,100)	(1,100)	(22,645)	(21,545)	(45,383)
Total Nonoperating Income	<u>3,579,150</u>	<u>3,571,676</u>	<u>2,969,438</u>	<u>(602,238)</u>	<u>183,445</u>
(Expenses)					
Income Before Contributions and Transfers	6,440,779	6,246,121	5,213,388	(1,032,733)	3,331,919
Capital Contributions	-	-	401,050	401,050	1,665,279
Transfer from (to)					
General fund	(1,682,742)	(1,682,742)	(1,682,742)	-	(1,488,917)
Change in net assets	4,758,037	4,563,379	3,931,696	(631,683)	3,508,281
Net Assets, beginning	<u>37,106,404</u>	<u>37,106,404</u>	<u>37,106,404</u>	<u>-</u>	<u>33,598,123</u>
Net Assets, ending	<u>\$ 41,864,441</u>	<u>\$ 41,669,783</u>	<u>\$ 41,038,100</u>	<u>\$ (631,683)</u>	<u>\$ 37,106,404</u>

CITY OF NEWBERRY
ENTERPRISE FUND
SCHEDULE OF EXPENSES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2012
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2011)

	Budgeted Amounts		Actual	Variance with	Year Ended
	Original	Final	Amounts	Final Budget	June 30, 2011
City Hall					
Utilities	\$ 20,373	\$ 20,373	\$ 18,262	\$ 2,111	\$ 18,504
Building and fixture repair	5,500	9,000	8,904	96	3,145
Cleaning and sanitation supplies	1,300	1,300	1,030	270	1,058
Totals	27,173	30,673	28,196	2,477	22,707
Finance					
Salaries and wages	355,810	356,980	339,829	17,151	261,813
Overtime	1,200	1,200	-	1,200	5
Printing	500	500	-	500	367
Office supplies	3,000	3,000	2,582	418	2,593
Postage	33,900	33,900	33,713	187	32,876
Membership, dues and subscriptions	195	195	60	135	175
Travel	1,745	1,745	82	1,663	333
Vehicle fuel	7,706	7,706	5,798	1,908	6,007
Vehicle repair	1,100	1,100	415	685	780
Tires and tubes	1,000	1,000	853	147	199
Telecommunications	2,965	1,271	1,729	(458)	951
Maintenance contracts	31,977	31,977	29,268	2,709	30,155
Equipment repair	750	750	217	533	253
Small hand tools	700	700	684	16	435
Small equipment purchases	11,395	11,395	11,241	154	4,944
Radio supplies	200	200	70	130	127
Uniforms	2,825	2,825	2,033	792	2,525
Safety equipment	200	200	-	200	-
Safety training/hygiene	300	300	-	300	81
Advertising	500	500	346	154	-
Rental/lease of equipment	7,629	2,700	1,679	1,021	5,542
Employee training	855	855	460	395	230
Audit	11,000	11,000	11,004	(4)	10,968
Computer programming	6,350	1,350	-	1,350	-
Totals	483,802	473,349	442,063	31,286	361,359
Utility Administration					
Salaries and wages	165,785	113,662	109,994	3,668	167,760
Overtime	150	150	124	26	-
Printing	200	300	218	82	-
Office supplies	1,500	2,500	2,354	146	1,478
Postage	600	600	256	344	447
Membership, dues and subscriptions	5,267	5,267	4,921	346	4,987
Travel	3,075	3,075	2,564	511	5,518
Vehicle fuel	2,031	2,031	1,440	591	1,175
Vehicle repair	100	300	207	93	1,149
Tires and tubes	100	100	-	100	288
Utilities	3,795	3,795	2,974	821	3,071
Telecommunications	2,382	1,629	897	732	1,343
Maintenance contracts	5,300	5,300	4,084	1,216	4,227

(Continued)

CITY OF NEWBERRY
ENTERPRISE FUND
SCHEDULE OF EXPENSES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2012
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2011)

	Budgeted Amounts		Actual	Variance with	Year Ended
	Original	Final	Amounts	Final Budget	June 30, 2011
Utility Administration (Continued)					
Building and fixture repairs	\$ 750	\$ 1,500	\$ 1,254	\$ 246	\$ 483
Small equipment purchases	750	750	345	405	84
Advertising	7,200	7,200	5,585	1,615	5,520
Rent/lease of equipment	2,800	1,705	1,114	591	2,184
Employee training	725	725	661	64	388
Engineering supplies	7,500	5,450	5,550	(100)	1,992
Totals	210,010	156,039	144,542	11,497	202,094
Warehouse					
Salaries and wages	36,865	37,005	37,003	2	37,397
Overtime	200	200	-	200	-
Office supplies	900	900	860	40	731
Postage	30	30	8	22	16
Membership, dues and subscriptions	30	30	40	(10)	30
Travel	25	25	-	25	-
Vehicle fuel (forklift)	73	73	23	50	39
Utilities	4,709	4,709	3,078	1,631	3,671
Telecommunications	741	459	205	254	176
Maintenance contracts	625	625	604	21	600
Equipment repair	50	50	-	50	-
Building and fixture repairs	2,800	4,300	3,358	942	123
Small equipment purchases	100	100	-	100	58
Safety equipment	25	25	-	25	86
Rental/lease of equipment	644	96	-	96	334
Employee training	-	-	-	-	18
Cost of sales	400	400	-	400	-
Inventory loss	3,000	73,000	73,071	(71)	2,888
Totals	51,217	122,027	118,250	3,777	46,167
Information Services					
Salaries and wages	71,795	71,935	71,932	3	72,532
Printing	175	175	-	175	-
Office supplies	150	300	259	41	118
Postage	350	350	-	350	100
Membership, dues and subscriptions	295	595	568	27	113
Travel	2,680	2,930	2,902	28	2,085
Vehicle fuel	1,940	640	632	8	483
Vehicle repair	500	500	159	341	53
Tires and tubes	500	-	-	-	-
Telecommunications	3,462	5,609	5,505	104	2,816
Maintenance contracts	5,000	4,600	4,514	86	5,342
Equipment repair	6,250	5,550	5,458	92	1,425
Small equipment purchases	-	4,000	3,897	103	2,478
Rental/lease of equipment	644	96	-	96	7,113
Safety equipment	-	50	13	37	-
Employee training	6,000	1,250	1,000	250	2,050
Totals	99,741	98,580	96,839	1,741	96,708

(Continued)

CITY OF NEWBERRY
ENTERPRISE FUND
SCHEDULE OF EXPENSES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2012
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2011)

	Budgeted Amounts		Actual	Variance with	Year Ended
	Original	Final	Amounts	Final Budget	June 30, 2011
Electric Distribution					
Salaries and wages	\$ 481,164	\$ 456,602	\$ 441,157	\$ 15,445	\$ 468,613
Overtime and holiday pay	20,500	20,500	19,479	1,021	20,616
Office supplies	300	300	570	(270)	389
Membership, dues and subscriptions	1,510	1,510	1,502	8	1,812
Travel	2,235	2,235	2,734	(499)	2,654
Vehicle fuel	30,321	30,321	29,941	380	28,791
Vehicle repair	17,000	17,000	17,498	(498)	11,330
Tires and tubes	2,500	12,000	7,017	4,983	3,482
Utilities	14,850	9,100	9,360	(260)	10,796
Telecommunications	3,141	3,359	3,286	73	1,142
Maintenance contracts	53,000	120,068	104,283	15,785	54,308
Contracts - elec. rates/needs	11,000	11,000	10,546	454	16,131
Meter testing	9,000	9,000	9,039	(39)	9,000
Equipment repair	3,000	7,300	6,616	684	3,315
Substation repairs	8,500	100	52	48	8,773
Building and fixture repairs	2,000	2,050	682	1,368	1,344
Small hand tools	3,000	32,600	27,118	5,482	3,050
Small equipment purchases	1,000	2,600	2,949	(349)	512
Uniforms	10,000	10,000	9,872	128	10,055
Safety equipment	4,000	7,000	6,652	348	5,619
Cleaning and sanitation supplies	1,300	1,300	941	359	723
Meters and meter parts	6,000	6,000	5,199	801	2,610
Electric materials	125,000	125,000	125,349	(349)	129,057
Advertising	500	500	60	440	340
Rental/lease of equipment	1,600	1,252	1,271	(19)	894
Employee training	5,000	5,000	3,660	1,340	5,632
Engineering	15,000	4,000	3,934	66	4,774
Legal expenses	25,000	10,200	10,250	(50)	17,422
Rights of way	10,000	1,200	180	1,020	1,636
Totals	867,421	909,097	861,197	47,900	824,820
Water and Sewer Maintenance					
Salaries and wages	359,659	361,199	317,572	43,627	335,050
Overtime and holiday pay	36,250	36,250	29,809	6,441	32,618
Office supplies	400	400	571	(171)	373
Postage	150	150	76	74	6
Membership, dues and subscriptions	905	905	394	511	660
Travel	4,760	4,760	4,061	699	3,905
Vehicle fuel	34,296	34,296	42,307	(8,011)	32,879
Vehicle repair	12,000	12,000	10,833	1,167	10,605
Tires and tubes	4,500	4,500	8,091	(3,591)	3,306
Utilities	23,650	23,650	25,940	(2,290)	22,323
Telecommunications	2,721	2,439	1,800	639	1,117
Maintenance contracts	1,500	1,500	951	549	922
Contract - TV sewer lines	7,500	7,500	4,660	2,840	200
Meter testing	5,000	5,000	3,390	1,610	550

(Continued)

CITY OF NEWBERRY
ENTERPRISE FUND
SCHEDULE OF EXPENSES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2012
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2011)

	Budgeted Amounts		Actual	Variance with	Year Ended
	Original	Final	Amounts	Final Budget	June 30, 2011
Water and Sewer Maintenance					
(Continued)					
Equipment repairs	\$ 35,000	\$ 35,000	\$ 51,287	\$ (16,287)	\$ 67,959
Building and fixture repairs	2,000	2,000	360	1,640	1,747
Small hand tools	4,000	4,000	3,146	854	3,818
Small equipment purchases	4,000	4,000	3,859	141	3,362
Cement and masonry	60,000	60,000	46,398	13,602	55,829
Uniforms	9,225	9,225	5,828	3,397	6,750
Safety equipment	8,000	8,000	8,588	(588)	9,180
Cleaning and sanitation					
supplies	1,500	1,500	1,066	434	1,105
Chemicals	1,800	1,800	284	1,516	1,173
Meters and meter parts	10,000	10,000	7,528	2,472	6,553
Pipes, fittings and hydrants	103,000	103,000	101,722	1,278	144,593
Advertising	900	900	135	765	180
Rental/lease of equipment	2,500	1,952	646	1,306	915
Employee training	1,825	1,825	1,800	25	1,643
Engineering	7,500	7,500	-	7,500	1,488
Rights of way	35,000	35,000	35,738	(738)	16,366
Totals	779,541	780,251	718,840	61,411	767,175
Water Production					
Salaries and wages	333,729	336,989	335,228	1,761	335,926
Overtime and holiday pay	4,000	4,000	4,528	(528)	4,104
Regulatory fees	16,000	16,000	14,665	1,335	14,765
Printing	2,500	2,500	1,108	1,392	977
Office supplies	1,250	1,250	1,350	(100)	1,360
Postage	1,400	1,400	672	728	637
Membership, dues and					
subscriptions	790	790	555	235	585
Travel	800	800	115	685	740
Vehicle fuel	7,540	7,540	3,798	3,742	3,109
Vehicle repair	500	500	414	86	57
Tires and tubes	500	500	471	29	630
Diesel Fuel-WTP/WWTP	10,000	10,000	14,094	(4,094)	11,874
Utilities	415,800	415,800	381,743	34,057	360,115
Telecommunications	3,544	2,321	1,968	353	1,532
Maintenance contracts	19,750	19,750	11,414	8,336	13,029
Water tank maintenance	-	180,000	-	180,000	-
Rate study	3,000	3,000	546	2,454	3,309
Sludge handling contract	22,000	22,000	23,400	(1,400)	24,800
Outside lab testing	2,000	2,000	1,158	842	1,682
Equipment repairs	75,000	75,000	56,199	18,801	48,802
Building and fixture repairs	5,000	5,000	5,286	(286)	4,582
Small hand tools	750	750	481	269	448
Small equipment purchases	1,000	1,000	628	372	1,345
Uniforms	1,000	1,000	276	724	306
Safety equipment	2,000	2,000	5,591	(3,591)	2,948
Cleaning and sanitation					
supplies	1,000	1,000	1,071	(71)	862
Chemicals	200,000	200,000	155,728	44,272	165,029
Medical and lab supplies	18,000	18,000	17,253	747	17,574

(Continued)

CITY OF NEWBERRY
ENTERPRISE FUND
SCHEDULE OF EXPENSES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2012
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2011)

	Budgeted Amounts		Actual	Variance with	Year Ended
	Original	Final	Amounts	Final Budget	June 30, 2011
Water Production (Continued)					
Pipes, fittings and hydrants	\$ 1,500	\$ 1,500	\$ 550	\$ 950	\$ 375
Electrical materials	1,000	1,000	519	481	1,052
Advertising	500	500	99	401	164
Rental/lease of equipment	5,000	2,809	680	2,129	3,755
Employee training	1,675	1,675	300	1,375	1,482
Engineering	12,500	10,500	-	10,500	16,977
Totals	1,171,028	1,348,874	1,041,888	306,986	1,044,932
Waste Treatment					
Salaries and wages	226,809	227,509	196,569	30,940	227,695
Overtime and holiday pay	11,100	11,100	8,283	2,817	9,119
Regulatory fees	3,250	3,250	3,070	180	2,970
Office supplies	1,800	1,800	2,027	(227)	1,763
Postage	350	350	363	(13)	334
Membership, dues and subscriptions	645	645	453	192	575
Travel	1,800	1,800	781	1,019	1,066
Vehicle fuel	5,912	5,912	3,149	2,763	3,410
Vehicle repair	500	500	479	21	946
Tires and tubes	500	500	-	500	-
Diesel Fuel WTP/WWTP	6,500	6,500	3,525	2,975	18,186
Utilities	300,000	300,000	321,470	(21,470)	264,002
Telecommunications	2,382	1,629	1,641	(12)	3,416
Maintenance contracts	14,000	14,000	9,375	4,625	3,742
Rate study	3,500	3,500	5,778	(2,278)	3,309
Sludge handling contract	100,000	100,000	160,779	(60,779)	141,120
Outside Lab Testing	15,000	15,000	15,987	(987)	11,738
Pretreatment program	21,000	21,000	3,590	17,410	9,499
Equipment repairs	35,000	35,000	26,925	8,075	34,258
Building and fixture repairs	3,000	3,000	3,027	(27)	2,867
Small hand tools	1,000	1,000	1,685	(685)	182
Small equipment purchases	1,000	1,000	259	741	1,410
Uniforms	1,000	1,000	421	579	291
Safety equipment	1,200	1,200	1,452	(252)	2,707
Safety training/hygiene	500	500	-	500	208
Cleaning and sanitation supplies	1,000	1,000	1,545	(545)	1,892
Chemicals	50,000	50,000	51,169	(1,169)	37,171
Medical and lab supplies	12,000	12,000	16,378	(4,378)	14,744
Pipes, fittings and hydrants	750	750	1,410	(660)	83
Electrical materials	750	750	45	705	310
Advertising	300	300	164	136	-
Rental/lease of equipment	2,500	857	84	773	1,099
Employee training	3,500	3,500	2,618	882	1,888
Engineering	7,500	7,500	-	7,500	10,466
Extra Legal	-	-	13,905	(13,905)	-
Contracts - infiltration	50,000	50,000	14,190	35,810	35,005
Totals	886,048	884,352	872,596	11,756	847,471

(Continued)

CITY OF NEWBERRY
ENTERPRISE FUND
SCHEDULE OF EXPENSES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2012
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2011)

	Budgeted Amounts		Actual	Variance with	Year Ended
	Original	Final	Amounts	Final Budget	June 30, 2011
General Insurance					
Claims reimbursement	\$ 800	\$ 800	\$ -	\$ 800	\$ -
SCMIRF	115,006	110,006	94,270	15,736	72,275
Totals	115,806	110,806	94,270	16,536	72,275
Employee Fringe and Benefits					
SC retirement	200,713	195,240	185,181	10,059	185,955
Social security	161,034	156,643	142,403	14,240	146,996
City's share of employee insurance	311,840	308,541	286,659	21,882	275,359
GASB 45 OPEB expense	4,455	4,455	1,579	2,876	2,301
Workers' compensation	36,891	24,581	14,889	9,692	22,751
Workers' compensation deductibles	20,000	20,000	6,258	13,742	11,456
Unemployment claims	2,000	2,000	-	2,000	3,633
Employer/employee relations	19,000	19,000	12,809	6,191	11,469
Physical examinations	1,000	1,000	1,088	(88)	668
Wellness program	16,000	16,000	4,584	11,416	2,825
Compensated absences	-	-	-	-	10,329
Totals	772,933	747,460	655,450	92,010	673,742
Nondepartmental					
Sales and use tax	423,150	423,150	411,201	11,949	394,035
Purchase of electricity	16,609,483	16,609,483	16,294,360	315,123	15,409,961
SCE&G water contract	24,000	24,000	22,449	1,551	23,568
Streetlight charges	7,185	7,185	7,387	(202)	7,388
Refunds	10,000	10,000	12,603	(2,603)	8,328
Bad debt expense	80,000	80,000	105,324	(25,324)	108,693
Community enhancement	30,000	30,000	13,495	16,505	34,425
Web site maintenance	10,000	10,000	3,400	6,600	4,800
Lease - Lindsay Drivethru	3,500	3,500	3,238	262	2,816
Totals	17,197,318	17,197,318	16,873,457	323,861	15,994,014
Depreciation	1,700,000	1,700,000	2,938,892	(1,238,892)	1,715,445
Grand Totals	\$ 24,362,038	\$ 24,558,826	\$ 24,886,480	\$ (327,654)	\$ 22,668,909

**CITY OF NEWBERRY
ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
Cash Flows from Operating Activities		
Receipts from customers	\$ 27,633,820	\$ 25,565,054
Purchase of electricity	(16,294,360)	(15,409,961)
Payments to suppliers	(3,868,273)	(3,388,584)
Payments to employees	(1,914,713)	(1,954,824)
Net Cash Provided by Operating Activities	<u>5,556,474</u>	<u>4,811,685</u>
Cash Flows from Noncapital Financing Activities		
Transfers in (out)	(1,682,742)	(1,488,917)
Net Cash Used in Noncapital Financing Activities	<u>(1,682,742)</u>	<u>(1,488,917)</u>
Cash Flows from Capital and Related Financing Activities		
Acquisition and construction of capital assets	(9,821,523)	(10,414,961)
Subsidy from federal grants	712,502	1,495,095
Proceeds from capital debt	4,095,858	8,532,432
County sales tax	2,989,331	217,650
Principal payments on bonds and notes payable	(742,284)	(254,100)
Interest and other fees paid	(9,426)	(14,189)
Net Cash Used in Capital and Related Financing Activities	<u>(2,775,542)</u>	<u>(438,073)</u>
Cash Flows from Investing Activities		
Interest on investments	4,418	11,574
Principal payments received on notes receivable	2,000	2,000
Net Cash Provided by Investing Activities	<u>6,418</u>	<u>13,574</u>
Net Increase in Cash	1,104,608	2,898,269
Cash and Cash Investments, Beginning	<u>11,948,605</u>	<u>9,050,336</u>
Cash and Cash Investments, Ending	<u>\$ 13,053,213</u>	<u>\$ 11,948,605</u>

(Continued)

**CITY OF NEWBERRY
ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating Income	\$ 2,243,950	\$ 3,148,474
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation	2,938,892	1,715,445
Decrease (increase) in accounts receivable	526,734	(252,329)
Decrease (increase) in inventories	(29,354)	(10,023)
Decrease (increase) in other receivables	(23,344)	3,839
Increase (decrease) in accounts payable	(96,456)	193,431
Increase (decrease) in compensated absences	(8,931)	10,328
Increase (decrease) in accrued salaries	5,725	10,397
Increase (decrease) in due to other funds	(742)	(7,877)
Net Cash Provided by Operating Activities	<u><u>\$ 5,556,474</u></u>	<u><u>\$ 4,811,685</u></u>
Noncash Capital Activities		
Acquisition of capital assets on account	<u><u>\$ 4,960,650</u></u>	<u><u>\$ 2,515,861</u></u>

CAPITAL ASSETS - GOVERNMENTAL FUNDS

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

CITY OF NEWBERRY
COMPARATIVE SCHEDULES OF CAPITAL ASSETS
USED IN THE OPERATION OF GOVERNMENTAL FUNDS
BY SOURCE
JUNE 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
Capital Assets		
Land and improvements	\$ 2,301,016	\$ 2,301,016
Buildings, improvements and fixtures	7,145,802	7,136,782
Streets, sidewalks and bridges	1,789,194	1,789,194
Motor vehicles and equipment	4,705,045	4,624,285
Office furniture and equipment	118,545	118,545
Other equipment	<u>1,344,242</u>	<u>1,357,401</u>
Total Capital Assets	<u><u>\$ 17,403,844</u></u>	<u><u>\$ 17,327,223</u></u>
Investment in Capital Assets by Source		
General Fund	\$ 7,260,672	\$ 7,164,167
Special Revenue Funds	3,853,811	3,873,695
Capital Projects Funds	983,603	983,603
Donations	4,533,279	4,533,279
Parking Enterprise Funds	374,186	374,186
Contribution by Utility Enterprise Fund	<u>398,293</u>	<u>398,293</u>
Total Investment in Capital Assets	<u><u>\$ 17,403,844</u></u>	<u><u>\$ 17,327,223</u></u>

CITY OF NEWBERRY
SCHEDULE OF CAPITAL ASSETS USED IN THE OPERATION OF
GOVERNMENTAL FUNDS - BY FUNCTION AND ACTIVITY
YEAR ENDED JUNE 30, 2012

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	\$ 7,111,935	\$ -	\$ -	\$ -	\$ 110,980	\$ 9,125,311
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	<u>1,902,396</u>	<u>7,111,935</u>	<u>-</u>	<u>56,707</u>	<u>74,656</u>	<u>823,206</u>	<u>9,968,900</u>
Public Safety							
Police	-	3,400	-	852,785	43,889	126,445	1,026,519
Fire	-	30,467	-	1,745,930	-	113,911	1,890,308
Justice and law	-	-	-	-	-	7,000	7,000
Total Public Safety	<u>-</u>	<u>33,867</u>	<u>-</u>	<u>2,598,715</u>	<u>43,889</u>	<u>247,356</u>	<u>2,923,827</u>
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	-	-	-	1,290,827	-	-	1,290,827
Building maintenance	-	-	-	19,955	-	-	19,955
Garage	-	-	-	26,215	-	52,026	78,241
Total Public Works	<u>-</u>	<u>-</u>	<u>1,789,194</u>	<u>1,880,145</u>	<u>-</u>	<u>93,203</u>	<u>3,762,542</u>
Parks, recreation and tourism	<u>398,620</u>	<u>-</u>	<u>-</u>	<u>169,478</u>	<u>-</u>	<u>180,477</u>	<u>748,575</u>
Total Capital Assets	<u>\$ 2,301,016</u>	<u>\$ 7,145,802</u>	<u>\$ 1,789,194</u>	<u>\$ 4,705,045</u>	<u>\$ 118,545</u>	<u>\$ 1,344,242</u>	<u>\$ 17,403,844</u>

CITY OF NEWBERRY
SCHEDULE OF CHANGES IN CAPITAL ASSETS USED IN THE OPERATION
OF GOVERNMENTAL FUNDS - BY FUNCTION AND ACTIVITY
YEAR ENDED JUNE 30, 2012

Function and Activity	Capital Assets June 30, 2011	Additions	Deductions	Capital Assets June 30, 2012
General Government				
Council	\$ 9,116,291	\$ 9,021	\$ -	\$ 9,125,312
Finance	11,240	-	-	11,240
City Hall	72,266	-	-	72,266
Planning and development	56,707	-	-	56,707
Telecommunications	703,376	-	-	703,376
Total General Government	9,959,880	9,021	-	9,968,901
Public Safety				
Police	995,096	71,957	40,534	1,026,519
Fire	1,897,224	12,783	19,699	1,890,308
Justice and law	7,000	-	-	7,000
Total Public Safety	2,899,320	84,740	60,233	2,923,827
Public Works				
Administration	43,494	-	-	43,494
Streets and drainage	2,330,025	-	-	2,330,025
Sanitation and streets	1,247,733	231,949	188,856	1,290,826
Building maintenance	19,955	-	-	19,955
Garage	78,241	-	-	78,241
Total Public Works	3,719,448	231,949	188,856	3,762,541
Parks, Recreation, and Tourism	748,575	-	-	748,575
Total Capital Assets	\$ 17,327,223	\$ 325,710	\$ 249,089	\$ 17,403,844

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	112-117
These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over	
Revenue Capacity	118-127
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	128-133
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	134-135
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	136-138
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 Ten Fiscal Years
(accrual basis of accounting)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
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	6,905,766
Restricted	69,015	10,000	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	8,523,753
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	15,439,519
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	25,406,140
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	2,210,843
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	13,421,117
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	41,038,100
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	32,311,906
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	2,220,843
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	21,944,870
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	56,477,619

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
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	1,670,245
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	4,281,619
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	1,443,578
Recreation	461,020	480,602	504,492	509,442	533,905	579,420	581,708	552,199	564,042	575,679
Community development	35,031	108,710	121,262	188,088	114,662	948,805	785,508	732,863	1,507,326	677,786
Community promotions	151,113	160,230	230,180	249,642	234,583	183,867	148,955	101,810	126,390	87,180
Interest on long-term debt	128,829	119,846	109,050	129,897	170,940	156,887	130,055	109,088	91,869	74,523
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	8,810,610
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	24,910,631
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	33,721,241
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	1,479,788
Public safety	494,673	481,017	665,597	557,813	862,315	988,539	791,774	768,505	711,268	720,042
Public works	305,286	334,424	591,701	575,977	579,809	574,127	609,412	611,839	615,684	613,789
Parks, Recreation, & Tourism	38,273	41,782	34,972	35,925	41,177	38,399	38,420	40,873	47,851	40,132
Community promotion and projects	-	-	-	-	-	2,910	5,395	6,815	6,965	9,000
Operating grants and contributions	57,381	96,065	357,807	148,329	18,000	183,563	180,233	100,667	1,439,932	543,951
Capital grants and contributions	157	-	-	329,874	114,212	556,620	520,272	35,278	150,918	116,421
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	3,523,123
Business-type activities: Utility system	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	27,130,430
Charges for services	-	15,536	-	-	-	-	-	-	-	-
Operating grants and contributions	-	367,484	340,836	146,006	189,835	132,329	-	433,533	1,665,279	401,050
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
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	27,531,480
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	31,054,603

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
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)	(5,287,487)
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	2,620,849
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)	(2,666,638)
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	2,554,096
Local hospitality and accommodation fee	367,676	396,926	442,297	481,809	545,207	557,636	553,178	592,269	639,843	647,615
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	870,913
Interest revenue	26,542	22,402	51,539	160,413	199,890	115,620	36,020	19,172	10,978	6,368
Miscellaneous	63,042	25,961	188,712	128,074	189,407	536,811	114,830	152,988	231,043	127,504
Transfers	950,000	952,194	961,231	905,131	1,080,700	1,209,241	1,264,102	1,316,780	1,488,917	1,682,742
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	5,889,238
Business-type activities:										
Intergovernmental revenue	-	-	-	-	234,805	1,773,933	491,261	-	217,650	2,989,331
Interest revenue	107,531	51,836	70,432	183,842	273,621	194,545	58,586	17,056	11,178	4,258
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)	(1,682,742)
Total business-type activities	(842,469)	(900,358)	(890,799)	(721,289)	(557,439)	759,237	(714,255)	(1,299,724)	(1,260,089)	1,310,847
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	7,200,085
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	601,751
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	3,931,696
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	4,533,447

City of Newberry
Governmental Activities Tax Revenues By Source
Last Ten Fiscal Years
(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
2012	2,554,096

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
General fund										
Nonspendable									52,070	48,400
Reserved	-	-	-	-	-	-	-	-		
Restricted										
Unreserved	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	928,310
Unassigned									4,327,273	4,931,838
Total general fund	<u>2,651,022</u>	<u>2,879,588</u>	<u>3,190,209</u>	<u>3,680,919</u>	<u>4,262,543</u>	<u>4,601,905</u>	<u>4,963,913</u>	<u>5,115,849</u>	<u>5,386,345</u>	<u>5,908,548</u>
 All other governmental funds										
Nonspendable									355,000	355,000
Reserved	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000		
Restricted									984,603	1,138,747
Unreserved, reported in:										
Special revenue funds	425,061	569,944	632,182	1,787,283	675,608	1,064,410	1,430,335	1,714,026		
Debt service fund	59,015	(30,486)	(39,795)	34,444	98,419	188,685	242,505	305,775		
Permanent fund	3,719	2,821	1,969	2,783	4,544	6,382	6,713	6,899		
Unrestricted:										
Committed									941,269	1,015,386
Assigned									6,384	5,815
Unassigned										
Total all other governmental funds	<u>497,795</u>	<u>552,279</u>	<u>604,356</u>	<u>1,834,510</u>	<u>788,571</u>	<u>1,269,477</u>	<u>1,689,553</u>	<u>2,036,700</u>	<u>2,287,256</u>	<u>2,514,948</u>
 Total all governmental funds	 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	 8,423,496

(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									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenues										
Taxes	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	2,575,245
Licenses, permits and franchise fees	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	1,479,788
Fines and forfeitures	494,673	481,017	665,597	597,539	923,200	975,649	778,615	755,361	696,552	699,682
Charges for service	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	1,310,536
Intergovernmental	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	1,551,645
Miscellaneous	96,292	55,863	248,867	296,892	308,190	258,360	150,850	172,160	242,021	133,872
Total revenues	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	7,750,768
Expenditures										
General government	605,682	628,223	645,494	663,899	828,763	835,483	940,889	883,930	857,462	719,729
Public safety	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	3,294,835
Public works	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	1,244,149
Recreation	408,817	421,594	439,768	392,754	409,275	454,591	465,227	430,531	422,809	438,325
Community development	20,637	99,849	435,301	1,189,674	1,182,894	948,805	785,508	732,863	1,507,326	677,786
Nondepartmental	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	1,854,174
Debt Service										
Principal	296,282	334,698	333,719	410,502	487,063	518,789	518,492	592,055	595,425	608,779
Interest	144,130	132,323	122,874	164,111	174,369	160,561	139,615	112,237	95,077	77,788
Other charges	-	-	-	-	-	-	-	-	-	-
Total expenditures, including capital	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	8,915,565
Total capital expenditures only	383,710	448,644	1,199,977	1,450,870	1,427,464	1,349,556	962,229	894,970	427,369	325,710
Excess of revenues over (under) expenditures	(940,903)	(886,194)	(1,352,280)	(616,496)	(1,716,915)	(621,473)	(674,318)	(1,009,133)	(1,088,442)	(1,164,797)
Other financing sources (uses)										
Transfers in	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	1,707,742
Transfers out	(126,850)	(155,773)	-	(125,849)	(126,685)	(45,178)	(27,846)	(25,653)	(25,000)	(25,000)
Issuance of debt/construction loan/costs	41,975	217,050	753,747	1,432,229	171,900	232,500	1,542,300	191,436	120,577	231,950
Repayment of debt/construction loan/costs	-	-	-	-	-	-	(1,350,000)	-	-	-
Total other financing sources (uses)	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	1,914,692
Net change in fund balances	51,072	283,050	362,698	1,720,864	(464,315)	820,268	782,084	499,083	521,052	749,895
Debt service as a percentage of noncapital expenditures	7.7%	7.6%	6.8%	8.5%	8.8%	8.4%	8.0%	8.5%	7.4%	8.0%

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

Fiscal Year	Electric Receipts	Percent of Total	Water Receipts	Percent of Total	Sewer Receipts	Percent of Total	Other Operating Revenue	Percent of Total	Total Combined Public Utility Operating Revenue
	\$		\$		\$		\$		\$
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
2012	19,545,156	72.0%	3,323,511	12.3%	3,400,362	12.5%	861,401	3.2%	27,130,430

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

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

Fiscal Year	General Fund Property Tax	Debt Service Fund Property Tax	Total Property Tax
	\$	\$	\$
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
2012	2,120,324	433,772	2,554,096

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

	<u>June 2003</u>	<u>June 2004</u>	<u>June 2005</u>	<u>June 2006</u>	<u>June 2007</u>	<u>June 2008</u>	<u>June 2009</u>	<u>June 2010</u>	<u>June 2011</u>	<u>June 2012</u>
Electric Customers:										
Residential	3,943	3,992	4,012	4,016	4,055	4,045	4,102	4,054	4,030	4,050
Commercial	833	845	848	861	874	859	862	873	872	863
Industrial	14	13	13	12	12	12	13	13	13	12
Total	4,790	4,850	4,873	4,889	4,941	4,916	4,977	4,940	4,915	4,925
Water Customers:										
Residential	4,046	4,092	4,072	4,088	4,103	4,096	4,147	4,108	4,087	4,096
Commercial	691	703	715	731	740	740	743	756	760	748
Industrial	23	24	24	25	25	26	26	26	26	27
Total	4,760	4,819	4,811	4,844	4,868	4,862	4,916	4,890	4,873	4,871
Sewer Customers:										
Residential	3,510	3,548	3,543	3,552	3,572	3,564	3,602	3,576	3,559	3,561
Commercial	545	555	561	576	578	570	573	575	579	578
Industrial	22	21	21	21	21	22	22	21	21	21
Total	4,077	4,124	4,125	4,149	4,171	4,156	4,197	4,172	4,159	4,160
Total Number Utility Customers (1)	5,771	5,829	5,829	5,865	5,895	5,881	5,946	5,893	5,877	5,873

(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
2003	169,899,221	2.28%	226,407,707	2.06%	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%
2012	198,169,681	-2.30%	214,979,829	1.60%	103,618,422	2.69%

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
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> %
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	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
2012 (2)	111.05	5.87	19.29	0.00	29.3	2.73	159.64	4.54

(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, 2012. An overall increase of 7.5% on electricity and 3.5% on sewer became effective on the July 1, 2011 billing (fiscal year 2012). Additionally, please note that an overall rate increase of 4.50% on electricity became effective on the July 1, 2012 billing (fiscal year 2013).

City of Newberry
Principal Utility Customers by Total Billed (1)
June 30, 2012

Customer	Fiscal Year 2012			Fiscal Year 2003		
	Total Billed	Rank	Percentage of Total Operating Revenue (2)	Total Billed	Rank	Percentage of Total Operating Revenue (3)
	\$			\$		
Louis Rich	7,668,142	1	28.26%	3,642,940	1	19.63%
Newberry College	969,689	2	3.57%	222,289	8	1.20%
Saluda Commission of Public Works	876,744	3	3.23%	688,075	2	3.71%
ISE	620,095	4	2.29%	505,700	3	2.72%
Newberry County Memorial Hospital	589,397	5	2.17%	445,554	5	2.40%
Shakespeare	487,767	6	1.80%	406,530	6	2.19%
Newberry Housing Authority-Grant Homes	475,318	7	1.75%	141,898		0.76%
Packaging Corp. of America, Inc.	423,703	8	1.56%	315,357	7	1.70%
Newberry County Water & Sewer	254,765	9	0.94%	498,987	4	2.69%
Newberry High School	225,114	10	0.83%	216,543	9	1.17%
Winn-Dixie				147,330	10	0.79%
Total	12,590,734		46.41%	7,231,202		38.96%

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

(2) Total audited operating revenue for fiscal year 2012 is \$ 27,130,430 .

(3) Total audited operating revenue for fiscal year 2003 is \$ 18,560,750 .

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				
		\$	\$	\$	\$	\$	\$	\$	\$	\$	
2003	2002	Not Available	Not Available	11,603,540	Not Available	Not Available	6,273,560	17,877,100	94.00	302,863,007	5.90%
2004	2003	Not Available	Not Available	11,641,550	Not Available	Not Available	6,650,430	18,291,980	94.00	310,825,886	5.88%
2005	2004	4,914,640	6,779,900	11,694,540	3,003,260	3,628,340	6,631,600	18,326,140	94.00	313,079,010	5.85%
2006	2005	4,949,970	7,386,260	12,336,230	4,112,215	3,419,720	7,531,935	19,868,165	96.50	342,195,769	5.81%
2007 (1)	2006	7,228,310	9,214,640	16,442,950	2,364,620	3,878,970	6,243,590	22,686,540	86.00	414,017,506	5.48%
2008	2007	7,203,750	9,294,700	16,498,450	2,426,050	3,867,140	6,293,190	22,791,640	89.70	416,595,391	5.47%
2009	2008	7,296,220	9,424,580	16,720,800	2,212,970	3,910,130	6,123,100	22,843,900	93.30	419,076,036	5.45%
2010	2009	7,266,060	10,117,980	17,384,040	1,871,629	3,734,910	5,606,539	22,990,579	93.30	422,539,353	5.44%
2011 (1)	2010	7,952,070	11,181,930	19,134,000	1,762,588	3,999,010	5,761,598	24,895,598	83.90	458,062,070	5.43%
2012	2011	7,880,400	11,371,050	19,251,450	2,243,050	3,871,390	6,114,440	25,365,890	86.40	466,215,780	5.44%

(1) Reassessment.

(2) Source: Newberry County Auditor. \$946,250 in assessed value (\$17,282,416 in estimated actual value) was legally required to be allocated to the Tax Increment Financing District and is not included in the above information. Values related to tax-exempt property are not maintained. The breakdown between residential and commercial real property has not been reported for prior years and is stated beginning in fiscal year 2005.

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

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

(5) Source: Newberry County Auditor.

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

		Overlapping Rates										
		City of Newberry			Newberry County (1)			Newberry County School District (1)				
Fiscal Year	Tax Year	Operating Millage	Debt Service Millage	Total City Millage	Operating Millage	Debt Service Millage	Total County Millage	Operating Millage	Debt Service Millage	Total School Millage	Other (1)	Total Direct & Overlapping Rates
2003	2002	94.0	0.0	94.0	108.7	7.1	115.8	173.1	53.0	226.1	3.1	439.0
2004	2003	94.0	0.0	94.0	114.3	1.5	115.8	179.5	50.6	230.1	3.1	443.0
2005	2004	94.0	0.0	94.0	114.3	4.2	118.5	185.5	41.7	227.2	3.3	443.0
2006	2005	96.5	0.0	96.5	114.3	11.0	125.3	192.3	53.0	245.3	3.4	470.5
2007 (2)	2006	86.0	0.0	86.0	135.5	9.8	145.3	182.1	53.0	235.1	6.6	473.0
2008	2007	89.7	0.0	89.7	138.0	10.9	148.9	190.0	53.0	243.0	7.1	488.7
2009	2008	93.3	0.0	93.3	141.3	10.4	151.7	194.0	53.0	247.0	7.3	499.3
2010	2009	93.3	0.0	93.3	144.3	4.4	148.7	194.0	53.0	247.0	7.3	496.3
2011 (2)	2010	83.9	0.0	83.9	136.3	6.6	142.9	184.8	53.0	237.8	6.3	470.9
2012	2011	85.3	1.1	86.4	131.2	7.8	139.0	186.8	53.0	239.8	6.2	471.4

(1) Source: Newberry County Auditor.

(2) Reassessment.

City of Newberry
Principal Property Taxpayers (1)
June 30, 2012

Taxpayer	Fiscal Year 2012 (Tax Year 2011)			Fiscal Year 2003 (Tax Year 2002)		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value (2)	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value (3)
	\$			\$		
ISE Newberry Inc.	414,970	1	1.64%	436,200	2	2.44%
Bellsouth Tele. Inc.	367,050	2	1.45%	672,140	1	3.76%
Lowe's Home Centers	346,410	3	1.37%			-
Wal-Mart Real Est.	320,490	4	1.26%	264,620	3	1.48%
Newberry Dev. LLC	232,390	5	0.92%			
Newberry Atrium	228,530	6	0.90%			
Loves Travel Stops	208,450	7	0.82%			0.00%
Wal-Mart SuperCenter 624	188,490	8	0.74%			0.00%
Duke Energy Corp.	181,290	9	0.71%	167,710	5	0.94%
West/Hobby LLC	162,940	10				
Ellett Brothers Inc.			0.00%	132,330	8	0.74%
Glimcher Properties Lmt. Prtsh.			0.00%	246,950	4	1.38%
Newberry Federal				96,000	10	0.54%
Glimcher Properties Ltd.				135,060	7	0.76%
White Oak Manor Inc.			0.00%	138,040	6	0.77%
145 Associates, Ltd.				115,390	9	0.65%
Total	2,651,010		10.45%	2,404,440		13.45%

(1) Source: Newberry County Auditor.

(2) Total assessed valuation for tax year 2011 is \$25,365,890 .

(3) Total assessed valuation for tax year 2002 is \$17,877,100 .

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

<u>Fiscal Year</u>	<u>Tax Year</u>	<u>Total Tax Levy for Fiscal Year (2)</u> \$	<u>Collected within the Fiscal Year of the Levy</u>		<u>Collections/ Adjustments in Subsequent Years</u> \$	<u>Total Collections to Date</u>	
			<u>Amount</u> \$	<u>Percentage of Levy</u>		<u>Amount</u> \$	<u>Percentage of Levy</u>
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%
2012	2011	2,148,678	2,047,502	95.3%	16,078	2,063,580	96.0%

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

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

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

Fiscal Year	Governmental Activities			Business-Type Activities		Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Special Assessment Bonds (2)	Capital Leases	CPU Bonds (3)	Capital Leases			
	\$	\$	\$	\$	\$	\$		\$
2003	-	(175,000)	209,912	4,900,632	-	4,935,544	3.0%	466
2004	-	(360,000)	277,264	3,585,100	-	3,502,364	2.1%	331
2005	-	(555,000)	892,292	3,092,978	-	3,430,270	2.0%	324
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
2012	-	557,406	1,396,673	18,131,243	-	20,085,322	10.8%	1944

(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 2009-2012).

(3) Composed of Combined Public Utility (CPU) debt as follows: 2007 CPU Bond for fiscal years 2008-2012, 2003 CPU Bond for fiscal years 2004-2012, 1993A Bond and SRF Loan for fiscal years 2002-2003, and 2009 State Revolving Loan for fiscal years 2010-2012.

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
Schedule of Direct and Overlapping Governmental Activities Debt
As of June 30, 2012

Direct Debt

City of Newberry:	
General Obligation Debt	\$ -
Special Assessment Debt	557,406
Capital Lease Obligations	575,260
Total Direct Debt	<u>1,132,666</u>

Overlapping Debt

Newberry County, South Carolina Overlapping Debt:	
General Obligation Debt (1)	2,646,755
Estimated % of debt applicable to the City of Newberry (2)	19.26%
Total Overlapping Debt	<u>509,765</u>
 Total Direct and Overlapping Debt	 <u><u>\$ 1,642,431</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	\$	Paid Out
2007 County General Obligation Bond	\$	465,000
2007A County General Obligation Bond	\$	545,782
2010A County General Obligation Bond	\$	905,000
2010B County General Obligation Bond	\$	268,900
2010C County General Obligation Bond	\$	462,073
	<u>\$</u>	<u>2,646,755</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 \$131,688,835. City of Newberry assessed valuation from the table within this statistical section labeled "Assessed Value and Estimated Actual Value of Taxable Property" is \$25,365,890

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									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Debt Limit - 8 percent of total assessed value	\$ 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	\$ 2,104,971
Total net debt applicable to limit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Legal debt margin	\$ 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	\$ 2,104,971
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 2012

Assessed Value - general	\$ 25,365,890
Assessed Value - tax increment financing district	\$ 946,250
Total assessed value	<u>\$ 26,312,140</u>
Debt limit (8% of total assessed value)	\$ 2,104,971
Debt applicable to limit:	
Total general obligation bonds	<u>\$ -</u>
Legal debt margin	<u><u>\$ 2,104,971</u></u>

**City of Newberry
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	
	\$	\$	\$	\$	\$	\$	\$	
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
2012	468,117	(25,000)	-	443,117	271,313	25,020	296,333	1.50

(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 2009-2012.

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

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

Fiscal Year	System Operating Revenues (1) \$	System Operating Expenses (2) \$	Amount Available for Debt Service \$	Audited Debt Service			Coverage (3)
				Principal \$	Interest \$	Total \$	
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
2012	27,130,430	21,947,588	5,182,842	742,284	414,851	1,157,135	4.48

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

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

(3) Debt Service Requirements for 2007 Bond (FY2008-2012), 2003 Bond (FY 2004-2012), 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 was December 1, 2011 (FY 2012).

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

Fiscal Year	(1) Population	(2) Personal Income \$	(3) Per Capita Personal Income \$	(4) Median Household Income \$	(5) Median Age	(6) Education Level In Years of Formal Schooling	(7) School Enrollment	(8) Unemployment Rate %
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
2012	10,332	186,554,592	18,056	36,381	33.3	12.9	5,621	9.6

- (1) Estimates by City of Newberry Finance Department for fiscal years 2002-2005. Estimates by South Carolina Budget and Control Board for fiscal years 2006-2012.
- (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 2009-2012 estimates from Central Midlands Council of Governments.
- (4) Estimates by City of Newberry Finance Department for fiscal years 2002-2008. Fiscal years 2009-2012 estimates from Central Midlands Council of Governments.
- (5) Estimates by City of Newberry Finance Department for fiscal years 2002-2009. Fiscal year 2010-2012 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 2011-2012.
- (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	2012			2003		
	EMPLOYEES	RANK	PERCENTAGE OF TOTAL COUNTY EMPLOYMENT (3)	EMPLOYEES	RANK	PERCENTAGE OF TOTAL COUNTY EMPLOYMENT (4)
Louis Rich (*)	2800	1	17.08%	1387	1	8.05%
Newberry County School District (**)	860	2	5.25%			0.00%
Newberry County Memorial Hospital (**)	451	3	2.75%			0.00%
Georgia Pacific (*)	356	4	2.17%	277	6	1.61%
Newberry College	320	5	1.95%			
Caterpillar, Inc. (*)	300	6	1.83%			
Wal-Mart	250	7	1.53%			
County of Newberry	205	8	1.25%			
Shakespeare Composite Structures (*)	200	9	1.22%	411	4	2.38%
Springfield Place/JF Hawkins	161	10	0.98%			
McKechnie Vehicle Components (*)				206	7	1.20%
American Fiber and Finishing (*)				500	3	2.90%
International Paper				178	8	1.03%
Renfro				560	2	3.25%
West Point				300	5	1.74%
Sea Pro Boats				150	9	0.87%
ISE America				130	10	0.75%

(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 September, 2002, 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
Last Ten Fiscal Years

FUNCTION	BUDGETED FULL-TIME EQUIVALENT EMPLOYEES									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
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	4	4	4	4	4	4	2	2
Planning and Development	2	2	2.5	3	4	4	4	4	4	2
Public Safety										
Police										
Officers	28	28	28	31	32	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	3.2	3.2	3.2	3.8	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	8	8	7	7	7	7	5	5	5	5
Building Maintenance	2	2	2	2	2	2	2	1	1	1
Garage	3	3	3	3	3	3	3	3	3	3
Recreation	9.5	9.5	11	14	14	10	13	13	13	8
Utility System										
Administration/Finance/Warehouse/ Information Services	11	11	11	11	11	12	13	13	15	13
Electric	12	12	12	12	12	11	11	11	11	9
Water/Sewer Maintenance	11	11	11	11	11	11	11	11	11	11
Water Plant	9	9	9	9	9	9	9	9	9	8
Wastetreatment Plant	6	6	6	6	6	6	6	6	6	6
Total	152.75	152.75	154.25	162.2	164.2	160.2	162.8	161.8	161.8	149.8

- (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 2012.

**City of Newberry
Operating Indicators by Function (1)
Last Ten Fiscal Years**

FUNCTION	FISCAL YEAR									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Government (2)										
Finance										
Businesses with licenses (for last completed calendar year)	1,061	1,099	1,192	1,114	1,147	1,166	1,169	1,143	1,140	1,133
Planning and Development										
New construction values per building permits	\$ 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	\$ 721,880
Public Safety										
Police										
Incidences	10,009	9,477	11,811	11,277	11,814	12,901	12,742	11,492	11,373	11,355
Arrests and traffic violations	5,027	4,095	5,997	5,207	8,251	7,015	6,304	6,454	6,069	6,564
Parking violations	155	212	277	245	272	429	542	351	310	53
Fire										
Volunteer personnel	20	21	19	16	18	15	14	18	16	12
Calls answered	488	540	643	593	543	501	491	493	541	951
Inspections	141	100	353	497	583	761	739	595	603	559
Public Works (3)										
Streets										
Streets resurfaced (miles)	1.37	2.23	1.04	1.2	0.90	0.93	1.64	0.51	-	2.13
Sanitation										
Refuse collected in tons per year	7,572	7,277	7,387	8,138	8,707	8,228	7,615	7,715	7,493	7,213
Recreation										
# Participants residing within City limits	546	803	854	792	805	729	942	859	990	961
# Participants residing outside City limits	174	296	301	209	233	320	338	349	417	369
# Participants total	720	1,099	1,155	1,001	1,038	1,049	1,280	1,208	1,407	1,330
Utility System										
Electric										
Maximum monthly non-coincident purchased demand (kW)	36,303	35,783	31,308	34,714	30,670	30,697	31,314	32,243	32,243	31,606
Water										
Average production (gallons per day)	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	4,873,655
Sewer										
Average treatment (gallons per day)	2,352,745	2,186,575	2,255,724	2,310,800	2,390,000	2,200,000	2,342,925	2,921,639	2,462,896	2,650,000

(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
Last Ten Fiscal Years

FUNCTION (2)	FISCAL YEAR									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Public Safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	35	35	37	32	31	38	38	38	38	40
Fire										
Stations	2	2	2	2	2	2	2	2	2	2
Fire trucks	5	5	6	6	6	7	7	7	7	7
Public Works (3)										
Streets										
Streets within City (miles)	84	84	84	84	84	84	87	87	87	87
Sanitation										
Packer trucks	4	4	5	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	253	247	247	247	253	255	259	260	260	260
Miles of secondary conductor	86	86	86	87	88	89	91	92	93	93
Water										
Miles of water main lines	123	125	125	125	125	126	127	127	127	127
Fire hydrants	474	477	479	481	481	482	482	483	486	493
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	122	123	123	123	124	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, 2012

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 significant deficiencies or material weaknesses in internal control were disclosed by the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of the City of Newberry were disclosed during the audit.
4. No significant deficiencies or material weaknesses in internal control over major programs were disclosed by the audit.
5. The auditor's report on compliance for the major federal award programs for the City of Newberry expresses an unqualified opinion.
6. The audit disclosed no audit findings relating to the major federal award programs for the City of Newberry that the auditor is required to report.
7. The programs that tested as major programs for the year ended June 30, 2012 include:

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

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

B. FINDINGS – FINANCIAL STATEMENTS AUDIT

None

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

None

CITY OF NEWBERRY

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2012**

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures
US Department of Commerce/Economic Development Administration, Public Works Program/Wastewater Treatment Plant Expansion - Stimulus	11.300	04-01-06109	\$ 112,165
US Department of Homeland Security/Passed Through Federal Emergency Management Agency	97.044	EMW-2010-FP-00550	28,495
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	288,885
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	85,874
US Department of Justice, Office of Justice Programs, Bulletproof Vest Program	16.607	1121-0235	2,052
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>2,565,946</u>
Total Federal Expenditures			<u><u>\$ 3,083,417</u></u>

See accompanying notes.

CITY OF NEWBERRY

**NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2012**

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

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Newberry, South Carolina as of and for the year ended June 30, 2012, which collectively comprise the financial statements and have issued our report thereon dated November 7, 2012. 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

Management of the City of Newberry, South Carolina is responsible for establishing and maintaining effective 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.

To the Mayor and Members of City Council
City of Newberry
November 7, 2012

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.

Compliance and Other Matters

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

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

McKinley, Cooper & Co., LLC

November 7, 2012

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INDEPENDENT AUDITOR'S 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, 2012. 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, 2012.

To the Mayor and Members of City Council
City of Newberry
November 7, 2012

Internal Control Over Compliance

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

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

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

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

McKinley, Cooper & Co., LLC

November 7, 2012