

CITY OF NEWBERRY, SOUTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2022

Prepared by: Finance Department

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CITY OF NEWBERRY, SOUTH CAROLINA

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INTRODUCTORY SECTION

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CITY OF NEWBERRY

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

December 15, 2022

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 annual comprehensive financial report of the City of Newberry (City) for the fiscal year ended June 30, 2022.

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 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 & Co., 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, 2022, 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 unmodified opinion that the City's financial statements for the fiscal year ended June 30, 2022, 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 auditors issued their report after consideration of the City of Newberry's internal control over financial reporting and on the auditor's test of the City's compliance with certain provisions of laws, regulations, contracts, and grants. That report concerning compliance and internal control is located at the end of the annual comprehensive financial report.

"City of Friendly Folks"

Post Office Box 538 • Newberry, South Carolina 29108 • Phone (803) 321-1007 • FAX (803) 321-1009
www.cityofnewberry.com www.visitnewberrysc.com

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 2020 Census is 10,119 (a 1.5% decline from 2010), and the population of the County as registered by the 2020 Census is 38,440 (a 2.5% increase from 2010). 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, for passing ordinances, adopting the budget, appointing committees, and hiring the City's manager, municipal judge and attorney. The City Manager is responsible for implementing the policies of City Council, directing day-to-day business and administrative operations, and appointing departmental officials and all other City employees. As of June 30, 2022, the City Manager was assisted by nine staffed departments, including Economic and Community Development overseen by the City Manager's office; Finance; Fire; Human Resources; Parks, Recreation, and Tourism; Planning and Development Services; Police; Public Works; and Utilities.

The City of Newberry is a full-service provider within its boundaries and provides a full range of municipal 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 2022-2023 budget preparation, all departments of the City of Newberry were required to submit requests for appropriations to the City Manager by mid-February of 2022. The City Manager and Finance Director use these requests as the starting point for developing a proposed budget. The City Manager then presented this proposed budget to the Council for review in June. 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). By state law 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 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. Since this period a concerted community revitalization effort has been undertaken. Today, Newberry's economic base is widely diversified and comprised of manufacturing, agriculture, timber products & wood processing, textiles, and food processing. This diversity has enabled the region to weather swings or changes in the global economy.

After the success of the City's first public-private partnership, in the Oakland Mill Redevelopment (2010), the City of Newberry tackled its next public-private endeavor in the creation of an Open Access Fiber Network. The City recently completed buildout of a \$5M award-winning fiber network to every home and businesses within the City of Newberry; the first of its kind in South Carolina. The City built this network as "open access" so that multiple service providers had the ability to light the system and serve its residents. To date WCFiber (subsidiary of WCTel), based out of Abbeville, SC, is the only private provider to step-up and offer services on the system (Streaming TV, Internet, IP Phone). The City is paid back on its investment by a per customer share, remitted to the City, through the provider in monthly payments.

The City has also recently completed construction of a \$6.4M recreation facility supported by \$4.6M in CPST funding from the County's Capital Project Sales Tax. The City's newest facility, nearly 100 acres currently developed, boasts scenic walking trails, a five-acre lake, baseball fields, all-purpose fields, covered shelters, a pickle ball court, an accessible playground and a baseball-themed splash pad (Gully Washer Splash Pad). It is the City's desire that residents will utilize this facility for their many differing recreational needs. Surrounding this new recreation development, the City has reserved almost 100 acres, which can be developed into future residential housing, to serve the City's growing housing needs; thanks to the addition of Samsung and continued expansion of other industries in and around Newberry.

The City was also happy to welcome its first Community Housing Development in over 40 years in FY19, Newberry Landing. FY21 marked the beginning of phase two of this development and will finish out the 84-lot development for single family, patio style homes; which has been zoned as RD to allow for smaller lot sizes. This Development is being headed by Bailey Builders out of the Augusta area who is currently offering numerous floorplan designs for the development. Upon completion of this development (Newberry Landing) the City will become owners of the infrastructure being installed to service the Community and its residents. This development is projected to wrap in early FY23 with the completion of all 84 homes.

Long-term Financial Planning. A continued emphasis on long range financial planning is a cornerstone of the City's success. Options and strategies continued in fiscal year 2022 included:

- Continued emphasis on remaining a professionally competitive organization, vying for the best talent and skill in the central piedmont region of South Carolina.
- Continued promotion, revitalization, and renewal of the City's downtown.
- Continued monitoring of 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.
- Continue to promote sound economic development strategies and expansion of the City's utility system through enhanced technology efforts.
- Continue to monitor electric industry trends as an important factor in our strategic plan.
- Continue to improve the City's technology and fiber infrastructure.
- Continue to promote projects that enhance the quality of life for Newberry citizens.
- Monitor existing services to ensure that the service goals of the City are being 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. On April 21, 2015 these policies were amended and restated so they would also include the Utility Fund. 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. This expanded authority allows 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 2022 information, the unassigned portion of the fund balance of the General Fund stood at 41.53% percent of the total audited General Fund expenditures.

Under the amended and restated Statement of Financial Policies, the City will strive to maintain a minimum liquidity of 300 days’ cash on hand in the Utility Fund (exclusive of Purchased Power Costs and Depreciation). Additionally, the City maintains a liquidity target for operational purposes of 365 days’ cash on hand (exclusive of Purchased Power Costs and Depreciation). Such liquidity shall be exclusive of all reserves not anticipated to be readily available for use in emergencies. Should liquidity fall below 300 days’ cash on hand, the City Manager shall prepare and submit a plan for expenditure reductions and/or revenue increases in the City’s Utility Fund to the City Council and shall rebuild the balance within 18 months. In the event liquidity for operational purposes exceeds 365 days’ cash on hand, the difference may be used to fund the following activities: the Utility’s Capital Improvement Program, one-time expenditures related to the utility, ongoing or new utility programs, or the Rate Stabilization Fund.

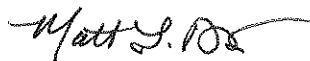
Awards and Acknowledgements

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 annual comprehensive financial report (ACFR) for the fiscal year ended June 30, 2021. This was the twenty-ninth consecutive year that the City of Newberry’s 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 annual comprehensive 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 annual comprehensive 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 annual comprehensive 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,



Matt T. DeWitt
City Manager



Shannon D. Smith
Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

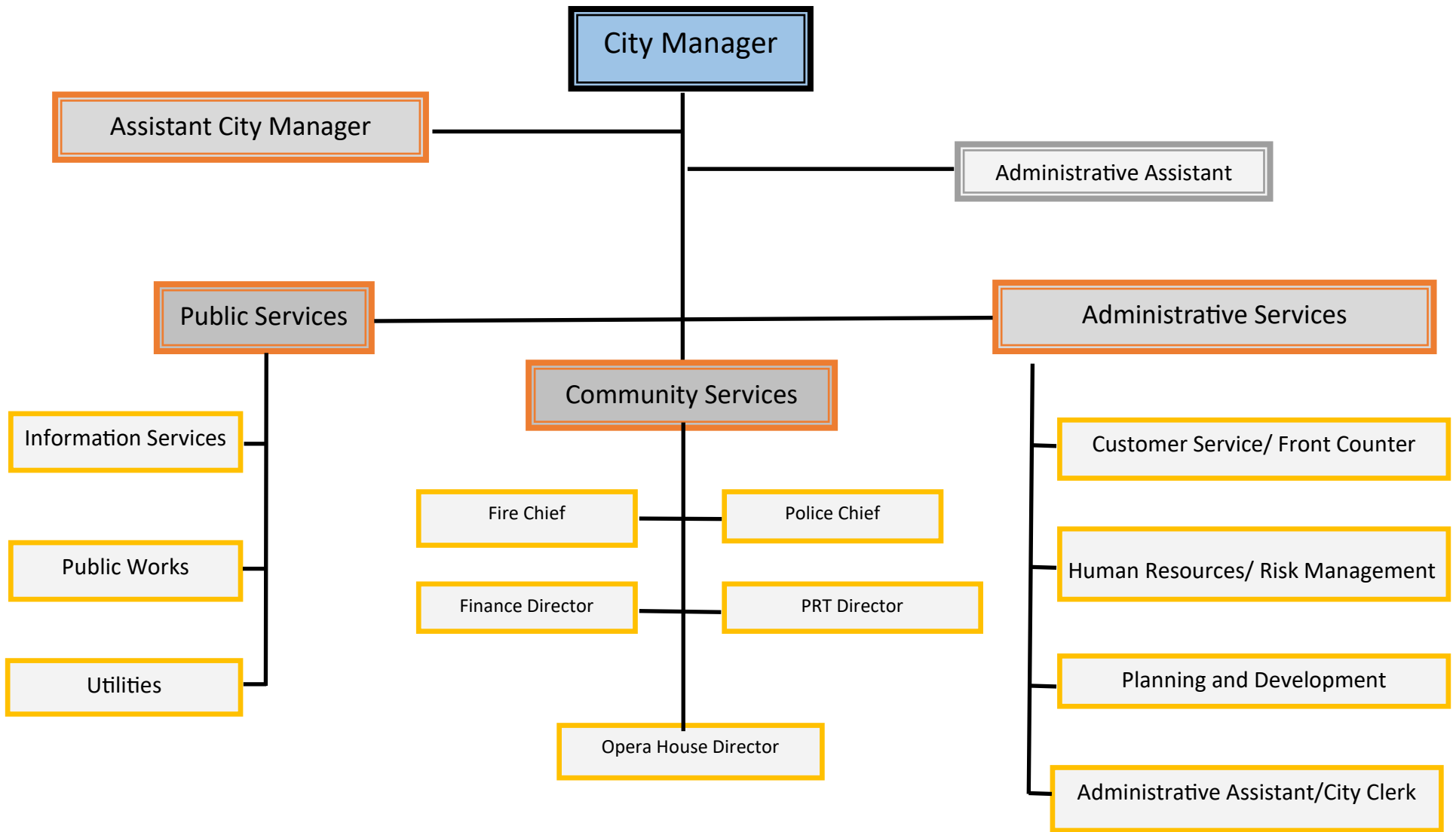
**City of Newberry
South Carolina**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

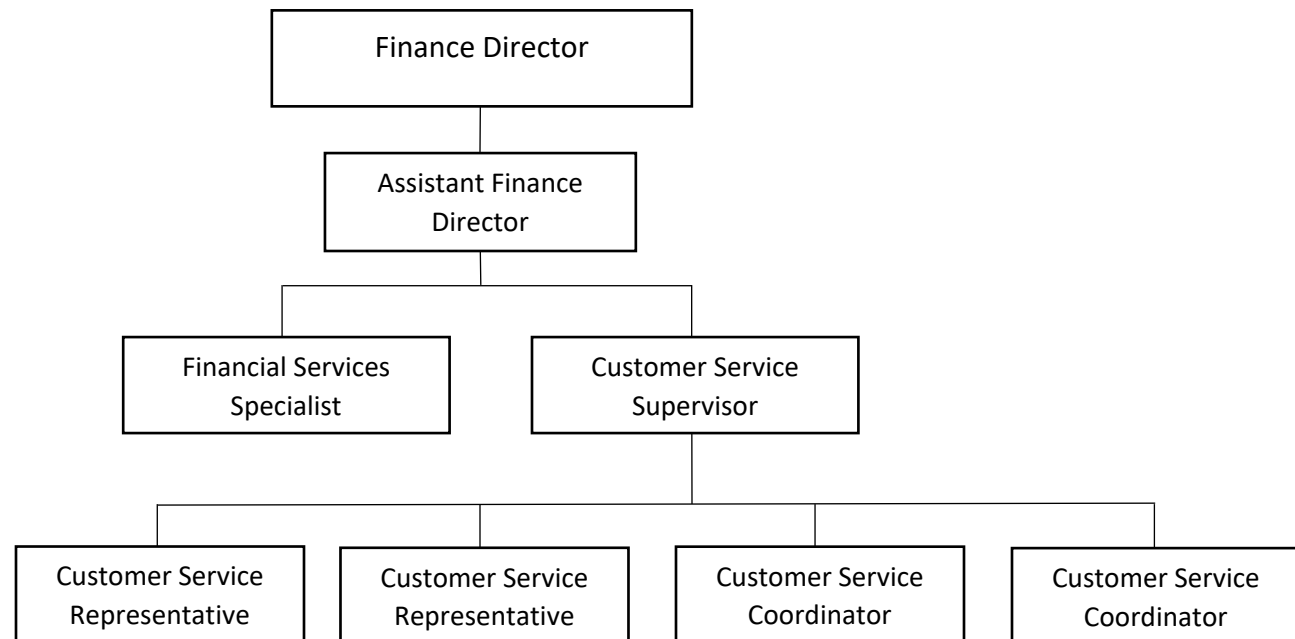
June 30, 2021

Christopher P. Morrill

Executive Director/CEO



City of Newberry
Finance Department
Organizational Chart
June 30, 2022



**CITY OF NEWBERRY, SOUTH CAROLINA
LIST OF PRINCIPAL OFFICERS
JUNE 30, 2022**

MAYOR

G. Foster Senn, Jr.

COUNCIL MEMBER, DISTRICT 1

MAYOR PRO TEM

R. Lemont Glasgow

COUNCIL MEMBER, DISTRICT 2

Edwin E. Wicker

COUNCIL MEMBER, DISTRICT 3,

Carlton L. Kinard

COUNCIL MEMBER, DISTRICT 4

David T. Force

COUNCIL MEMBER, DISTRICT 5

Jackie Holmes

COUNCIL MEMBER, DISTRICT 6

David E. Dubose

CITY MANAGER

Matthew T. DeWitt

CITY ATTORNEY

Robert C. Lake, III

CITY RECORDER

William F. Partridge

**DIRECTOR OF HR AND RISK
MANAGEMENT**

Jana Boice

CHIEF BUILDING INSPECTOR

Wayne Redfern

FINANCE DIRECTOR

Shannon D. Smith

FIRE CHIEF

Gene Shealy

UTILITIES DIRECTOR

Timothy W. Baker

POLICE CHIEF

Kevin R. Goodman

PUBLIC WORKS DIRECTOR

Charles Kip Gunter

**PARKS, RECREATION, AND TOURISM
DIRECTOR**

Scott S. Sawyer

CITY CLERK

Jeff Wicker

FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinion

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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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, 2022, and the respective changes in the financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Newberry, South Carolina and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

To the Honorable Mayor and Members of City Council
City of Newberry
December 15, 2022

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but it is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

To the Honorable Mayor and Members of City Council
City of Newberry
December 15, 2022

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension plan schedules, as listed in the table of contents, 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.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, supplementary information, and the statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information is the responsibility of management as was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical section 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2022, on our consideration of the City'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

To the Honorable Mayor and Members of City Council
City of Newberry
December 15, 2022

matters. The purpose of that report is solely 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 internal control over financial reporting and compliance. That reporting is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

McKinley, Cooper & Co., LLC

Greenville, South Carolina
December 15, 2022

CITY OF NEWBERRY, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2022

As management of the City of Newberry ("City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the year ended June 30, 2022 ("2022") compared to the year ended June 30, 2021 ("2021"). The intent of this discussion and analysis is to look at the City's financial performance as a whole. We would encourage readers to not only consider the information presented here, but also the information provided in the letter of transmittal, the financial statements, and the notes to the financial statements to enhance their understanding of the City's overall financial performance.

FINANCIAL HIGHLIGHTS

- In the Statement of Net Position, at the close of the current year, the City's total assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by approximately \$79,373,191. Unrestricted net position was approximately \$9,222,305. Unrestricted net position does not include assets with externally imposed restrictions or restrictions imposed by law. Unrestricted net position of the City's governmental activities was a deficit of approximately \$1,250,684, which was an increase of approximately \$3,162,149 from the prior year. Unrestricted net position of the City's business-type activities was approximately \$10,472,989, which was a decrease of approximately \$2,290,322 from the prior year.
- The City's unrestricted net position at June 30, 2022 includes the impact of approximately \$13,500,000 for the City's share of the State of South Carolina's underfunded pension plans, as required by Governmental Accounting Standards Board Statements No. 68 and 71.
- The City's total net position increased by approximately \$3,690,278 compared to the prior year's ending net position, as revenues of approximately \$46,944,542 exceeded expenses of approximately \$43,254,264.
- As of the close of the current year, the City's governmental funds reported combined ending fund balances of approximately \$8,275,288, an increase of approximately \$3,035,500 from the prior year's ending fund balances.
- At the end of the current year, unassigned fund balance for the General Fund was approximately \$4,108,333, which was an increase of approximately \$2,978,961 from the prior year. Unassigned fund balance at the end of the current year was approximately 42% of total General Fund expenditures for the year ended June 30, 2022.
- The City's maximum/minimum fund balance policy as described in the notes to the financial statements allows the transfer of a portion of the unassigned fund balance in the General Fund to a general capital reserve account. In fiscal year 2022, the City will not transfer any money to the General Capital Reserve Fund in accordance with this policy.

OVERVIEW OF FINANCIAL STATEMENTS

This annual report consists of four parts – *Introductory Section*, *Financial Section* (which includes management's discussion and analysis, the financial statements, the required supplementary information, and the supplementary information), the *Statistical Section*, and the *Compliance Section*.

Financial Statements

This discussion and analysis are intended to serve as an introduction to the City's financial statements. The City's financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The financial statements present two different views of the City through the use of government-wide statements and fund financial statements. In addition to the financial statements, this report contains supplementary information that will enhance the reader's understanding of the financial condition of the City.

Government-wide Financial Statements – The financial statements include two kinds of statements that present different views of the City. The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the City's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the differences between these items reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

CITY OF NEWBERRY, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2022

OVERVIEW OF FINANCIAL STATEMENTS (CONTINUED)

The *Statement of Activities* presents information showing how the government's net position changed during the most recent year. All changes in net position 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.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes, business licenses and permits, and state and federal grant funds (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 include general government, public safety, public works, parks, recreation and tourism, and community development. The business-type activity of the City is the Combined Public Utility System (electric, water, and sewer). The government-wide financial statements can be found as listed in the table of contents.

Fund Financial Statements – The fund financial statements provide a more detailed look at the City's most significant activities. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like all other governmental entities in South Carolina, uses fund accounting to ensure and reflect compliance with finance-related legal requirements, such as the General Statutes or the City's budget ordinance. All of the funds of the City can be divided into the following categories: governmental and proprietary funds.

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the City's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the City's programs. The relationship between *governmental activities* (reported in the Statement of Net Position and the Statement of Activities) and *governmental funds* is described in a reconciliation that is a part of the fund financial statements.

The City maintains 16 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 and the Recreation Complex Special Revenue Fund, as these are considered to be major funds. Information for the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided as supplementary information as listed in the table of contents. 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, for the seizure fund, and for the federal equitable sharing fund.

Proprietary Funds – The City maintains one type of proprietary fund, an enterprise fund. The City 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. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements, only in more detail. The financial statements of the City's enterprise fund, the Utility Fund, can be found as listed in the table of contents.

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 as listed in the table of contents.

Other Information – In addition to the financial statements and accompanying notes, this report includes certain required supplementary information. The City adopts an annual budget for its General Fund, as required by General Statutes, and the Recreation Complex Special Revenue Fund. Required budgetary comparison schedules have been provided for these two funds to demonstrate compliance with budgets. The City has also provided the required schedules for its participation in the State retirement plans as required by GAAP. Required supplementary information can be found as listed in the table of contents. Other supplementary information, including combined and individual fund financial schedules, is presented immediately following the required supplementary information. This information can be found as listed in the table of contents.

CITY OF NEWBERRY, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2022

OVERVIEW OF FINANCIAL STATEMENTS (CONTINUED)

Figure A-1 Major Features of the City's Government-Wide and Fund Financial Statements			
	Fund Financial Statements		
	Government-Wide Financial Statements	Governmental Funds	Proprietary Funds
Scope	Entire City government.	The activities of the City that are not proprietary.	Activities the City operates similar to private businesses.
Required Financial Statements	<ul style="list-style-type: none"> ▪ Statement of Net Position. ▪ Statement of Activities. 	<ul style="list-style-type: none"> ▪ Balance Sheet. ▪ Statement of Revenues, Expenditures, and Changes in Fund Balances. 	<ul style="list-style-type: none"> ▪ Statement of Net Position ▪ Statement of Revenues, Expenses, and Changes in Net Position. ▪ Statement of Cash Flows.
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus.	Modified accrual accounting and current financial resources focus.	Accrual accounting and economic resources focus.
Type of Balance Sheet Information	All balance sheet elements, both financial and capital, and short-term and long-term.	Only balance sheet elements that come due during the year or shortly thereafter. No capital assets or long-term obligations are included.	All balance sheet elements, short-term and long-term.
Type of Inflow/Outflow Information	All revenues and expenses during year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter.	All revenues and expenses during year, regardless of when cash is received or paid.

CITY OF NEWBERRY, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2022

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The following table provides a summary of the City's net position as of June 30, 2022 compared to June 30, 2021:

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Assets:						
Current and Other Assets	\$ 9,710,753	\$ 6,494,944	\$ 19,993,534	\$ 22,089,388	\$ 29,704,287	\$ 28,584,332
Capital Assets, Net	21,168,608	21,394,584	87,106,445	87,066,624	108,275,053	108,461,208
Total Assets	30,879,361	27,889,528	107,099,979	109,156,012	137,979,340	137,045,540
Deferred Outflows of Resources						
Deferred Pension Charges	1,818,993	1,996,088	973,696	1,044,758	2,792,689	3,040,846
Liabilities						
Other Liabilities	994,879	803,780	2,524,036	2,660,387	3,518,915	3,464,167
Net Pension Liabilities	8,450,025	10,075,156	5,098,098	5,867,058	13,548,123	15,942,214
Long-term Liabilities	553,398	737,748	41,156,755	43,319,490	41,710,153	44,057,238
Total Liabilities	9,998,302	11,616,684	48,778,889	51,846,935	58,777,191	63,463,619
Deferred Inflows of Resources						
Deferred Pension Credits	1,788,711	496,589	832,936	150,765	2,621,647	647,354
Net Position						
Net Investment in Capital Assets	21,006,835	21,109,581	46,392,020	43,964,440	67,398,855	65,074,021
Restricted	1,155,190	1,075,595	1,596,841	1,475,319	2,752,031	2,550,914
Unrestricted	(1,250,684)	(4,412,833)	10,472,989	12,763,311	9,222,305	8,350,478
Total Net Position	\$ 20,911,341	\$ 17,772,343	\$ 58,461,850	\$ 58,203,070	\$ 79,373,191	\$ 75,975,413

The City's total assets increased approximately \$933,800 from the prior year, primarily due to an increase in cash and investments of approximately \$2,037,732. Capital assets decreased approximately \$186,155 from the prior year due to capital asset additions of approximately \$4,875,166 exceeded by depreciation expense of approximately \$5,061,321. Total liabilities decreased approximately \$4,686,428 from the prior year including regularly scheduled principal payments on the City's debt and lease purchase obligations of approximately \$2,510,989, and by a decrease in the net pension liabilities of approximately \$2,394,091. The changes in deferred outflows and deferred inflows of resources were primarily due to differences between expected and actual liability/investment experience, changes in assumptions, and changes in the percentage of the City's share of the net pension liabilities in the State retirement plans.

The City's net investment in capital assets (i.e., land, buildings, machinery, equipment, infrastructure, vehicles, etc.) less any related outstanding debt used to acquire those assets was approximately \$67,398,855 at June 30, 2022. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position of approximately \$2,752,031 represents resources that are subject to external restrictions on how they may be used. This portion is restricted primarily for debt service or functions which are restricted by the revenue source (i.e. hospitality fee, accommodations tax, etc.), including approximately \$423,085 for parks and recreation improvements.

CITY OF NEWBERRY, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2022

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

The remaining portion of the City's net position approximately \$9,222,305 is unrestricted and is available to be used at the City's discretion, including using resources to meet the obligations of the City's combined public utility system.

The following table shows the changes in the City's net position for 2022 compared to 2021:

	Governmental Activities		Business-type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program Revenues:						
Charges for Services	\$ 2,076,444	\$ 1,866,847	\$ 34,421,459	\$ 34,655,427	\$ 36,497,903	\$ 36,522,274
Operating Grants and Contributions	2,538,755	275,711	-	-	2,538,755	275,711
Capital Grants and Contributions	556,201	348,561	-	378,696	556,201	727,257
General Revenues:						
Taxes	3,781,493	3,479,290	-	-	3,781,493	3,479,290
Other	3,552,571	3,267,580	17,619	10,314	3,570,190	3,277,894
Total Revenues	12,505,464	9,237,989	34,439,078	35,044,437	46,944,542	44,282,426
Expenses:						
General Government	4,626,393	1,500,490	-	-	4,626,393	1,500,490
Public Safety	3,506,247	5,370,982	-	-	3,506,247	5,370,982
Public Works	1,728,407	2,637,915	-	-	1,728,407	2,637,915
Parks, Recreation, & Tourism	1,282,079	1,650,703	-	-	1,282,079	1,650,703
Community Development	32,287	55,735	-	-	32,287	55,735
Interest and Other Charges	56,962	12,062	-	-	56,962	12,062
Utility System	-	-	32,021,889	30,349,154	32,021,889	30,349,154
Total Expenses	11,232,375	11,227,887	32,021,889	30,349,154	43,254,264	41,577,041
Change in Net Position Before Transfers	1,273,089	(1,989,898)	2,417,189	4,695,283	3,690,278	2,705,385
Transfers In (Out)	1,865,909	1,865,909	(1,865,909)	(1,865,909)	-	-
Change in Net Position	3,138,998	(123,989)	551,280	2,829,374	3,690,278	2,705,385
Net Position, Beginning of Year	17,772,343	17,896,332	58,203,070	55,373,696	75,975,413	73,270,028
Prior Period Adjustment	-	-	(292,500)	-	(292,500)	-
Net Position, End of Year	\$ 20,911,341	\$ 17,772,343	\$ 58,461,850	\$ 58,203,070	\$ 79,373,191	\$ 75,975,413

Governmental Activities. Governmental activities increased the City's net position by approximately \$3,138,998 in the current year. Key changes in governmental activities revenues and expenses compared to the prior year were as follows:

- Total governmental activities revenues increased from the prior year (approximately \$3,267,475).
- Total governmental activities expenses increased slightly by approximately \$4,488 from the prior year primarily due to higher operating costs.

Business-type Activities. Net position for business-type activities increased by approximately \$551,280 in the current year, as revenues of approximately \$34,439,078 exceeded expenses and transfers out of approximately \$33,887,798. See the discussion for the Proprietary Fund in the following section for details.

CITY OF NEWBERRY, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2022

FINANCIAL ANALYSIS OF THE CITY'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's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year.

As of the end of the current year, the City's governmental funds reported combined ending fund balances of approximately \$8,275,288, an increase of approximately \$3,035,500 from the prior year fund balances.

Approximately \$4,108,333 (49%) of the total governmental fund balance constitutes unassigned fund balance, all of which is for the General Fund. The remainder of the fund balance is nonspendable, restricted, committed, or assigned to indicate that it is not available for new spending because it has already been set aside or constrained.

The General Fund is the chief operating fund of the City. At the end of the current year, the total fund balance was approximately \$6,156,371. As a measure of the General Fund's liquidity, it may be useful to compare total unassigned fund balance to total General Fund expenditures. Total unassigned fund balance of the General Fund of approximately \$4,108,333 represents 41% of total General Fund expenditures for the current year.

The fund balance for the General Fund increased by approximately \$3,217,498, as expenditures of approximately \$9,892,277 were exceeded by revenues of approximately \$10,902,895, and transfers in of approximately \$2,206,880. The increase in fund balance was primarily a result of American Rescue Plan Funds.

In addition, the fund balances of the other governmental funds decreased by approximately \$181,998 from the prior year fund balances. This decrease was due to expenditures exceeding revenues in the Recreation Complex Fund as the City spent funds on capital outlay for the new recreation complex and increased expenditures in the nonmajor governmental funds.

Proprietary Fund. The City's proprietary fund statements provides the same type of information found in the government-wide statements but in more detail. Net position of the Utility Fund (the combined public utility system consisting of electric, water, and sewer operations) at the end of the year totaled approximately \$58,461,850, which was an increase of approximately \$258,780 from the prior year's net position. Details on changes in the Utility Fund were as follows:

- Total operating revenues decreased approximately \$233,968 from the prior year to approximately \$34,421,459. The City also had lower electric operating revenues as the City continued to receive credits from its electric provider, Piedmont Municipal Power Agency ("PMPA"), and passed those credits on to its customers in FY 2022. Operating expenses increased approximately \$2,303,069 from the prior year to approximately \$30,824,631. Operating income was approximately \$3,596,828, a decrease of approximately \$2,537,037 from the prior year's operating income of approximately \$6,133,865, primarily due to the factors discussed earlier.
- Payments on the Series 2015 Revenue Bond totaled \$1,455,000, with approximately \$1,200,000 in interest. Principal payments totaled approximately \$730,000, with interest totaling approximately \$400,000 for the year.
- Total net position was approximately \$58,461,850 at June 30, 2022, consisting of approximately \$46,392,020 representing the net investment in capital assets, approximately \$1,596,989 that was restricted (for future debt service and renewal and replacement), with the balance of approximately \$10,472,989 that was unrestricted. Unrestricted net position decreased approximately \$2,290,322 from the prior year.

General Fund Budgetary Highlights: If budget amendments are made, they generally fall into one of three categories: amendments made to adjust the estimates used to prepare the original budget ordinance once exact information is available; amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and increases in appropriations that become necessary to maintain services.

CITY OF NEWBERRY, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2022

FINANCIAL ANALYSIS OF THE CITY'S FUNDS (CONTINUED)

Actual revenues totaling approximately \$10,902,895 were approximately \$2,457,522 under budgeted revenues of approximately \$13,360,417. Intergovernmental revenues were approximately \$2,952,448 less than budget, primarily due to the impact of the COVID-19 pandemic.

Actual expenditures totaling approximately \$9,892,277 were approximately \$1,171,758 lower than budgeted expenditures of approximately \$11,064,035. This was primarily due to the City not paving roads because they did not receive County Transportation funds, the City's share of employee insurance coming in under budget, and the City's Planning and Development department did not demolish as many houses as they planned.

Also, transfers in from other funds of approximately \$2,206,880 were approximately \$3,721 higher than budgeted transfers in of approximately \$2,203,159.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City's capital assets as of June 30, 2022 and June 30, 2021, amounted to approximately \$108,275,053 and \$108,461,208 (net of accumulated depreciation), respectively. This investment in capital assets includes land, construction in progress, buildings and improvements, infrastructure, utility systems, equipment, furniture and fixtures, and vehicles. See the table below:

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 1,536,519	\$ 1,536,519	\$ 320,344	\$ 320,344	\$ 1,856,863	\$ 1,856,863
Construction in Progress	-	5,647,202	1,039,985	967,167	1,039,985	6,614,369
Buildings and Improvements	18,233,125	7,618,099	14,976,134	14,848,979	33,209,259	22,467,078
Infrastructure	345,634	391,916	-	-	345,634	391,916
Utility Systems	-	-	68,777,553	69,001,278	68,777,553	69,001,278
Equipment, Furniture, and Fixtures	436,611	5,408,597	1,346,610	1,114,799	1,783,221	6,523,396
Vehicles	788,725	792,251	645,819	814,057	1,434,544	1,606,308
Total	\$ 21,340,614	\$ 21,394,584	\$ 87,106,445	\$ 87,066,624	\$ 108,447,059	\$ 108,461,208

The total decrease in the City's capital assets for the current year was approximately \$186,155. Major capital asset events during the current year included the following:

- Capital asset additions of approximately \$1,213,137 for governmental activities:
 - Purchases of various machinery and equipment totaling approximately \$180,215.
 - Purchases of various vehicles totaling approximately \$393,337.
 - Building and improvement additions of approximately \$639,585.
- Capital asset additions of approximately \$4,009,183 for business-type activities:
 - Approximately \$3,049,152 related to utility system upgrades.
 - Purchase of various vehicles and other equipment totaling approximately \$663,217.
 - Additions to buildings and improvements of approximately \$296,814.
- Depreciation expense of approximately \$1,426,556 and \$3,634,765 for governmental activities and business-type activities, respectively.

CITY OF NEWBERRY, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2022

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Additional information about the City's capital assets is included in Note 3 in the notes to the financial statements.

Debt Administration

As of June 30, 2022 and June 30, 2021, the City had total outstanding debt (consisting of revenue bonds and lease purchases) of approximately \$40,876,198 and \$43,387,187, respectively. See the table below:

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Debt:						
Revenue Bonds (including premium)	\$ -	\$ -	\$ 40,714,425	\$ 43,102,184	\$ 40,714,425	\$ 43,102,184
Lease Purchases	161,773	285,003	-	-	161,773	285,003
Total Debt	<u>\$ 161,773</u>	<u>\$ 285,003</u>	<u>\$ 40,714,425</u>	<u>\$ 43,102,184</u>	<u>\$ 40,876,198</u>	<u>\$ 43,387,187</u>

The total decrease in the City's debt for the current year was approximately \$2,510,989. Major 2022 events for the City's governmental and business-type activities were as follows:

- The City's governmental activities total debt decreased by approximately \$123,230 due to regularly scheduled principal payments of \$123,230.
- The City's business type total debt decreased by approximately \$2,387,759 due to regularly scheduled principal payments and amortization of the bond premium.

The State of South Carolina limits the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government's boundaries. As of June 30, 2022, the City had no debt subject to the 8% debt limit of approximately \$2,740,030.

Other long-term obligations include the City's accrued compensated absences. Additional information about the City's long-term obligations is included in Note 3 in the notes to the financial statements.

ECONOMIC FACTORS AND 2022 BUDGET FOR THE CITY

At June 30, 2022, unemployment for Newberry County stood at 3.3% compared to 4.0% at June 30, 2021. In comparison, the state's unemployment rate at June 30, 2022 was 3.2% and the national rate was 3.6%. Fiscal year 2022 data from the City's Local Hospitality and Accommodations Fee Fund showed an increase when compared to fiscal year 2021 data. Hospitality and Accommodations gross sales increased 12.8%, from \$45.509 million for the year ended June 30, 2021 to \$51.330 million for the year ended June 30, 2022. This increase is attributable to the global pandemic coming to an end.

The City began the budgetary process in January 2022, at which time the uncertain economic conditions forecast for fiscal year 2023 were considered. A general operating tax of 79.6 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, 2022, the unassigned fund balance of the General Fund was approximately \$4,108,333. The City has budgeted a use of fund balance for fiscal year 2023 of approximately \$388,866.

In the City's utility enterprise fund, City Council increased water rates 2% on minimum charges and sewer rates 2% on minimum charges, primarily to achieve the City's goal of having each service type (electric, water, and sewer) function in a self-supporting manner.

CITY OF NEWBERRY, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2022

ECONOMIC FACTORS AND 2022 BUDGET FOR THE CITY (CONTINUED)

The City's elected officials and staff considered many factors when setting the budget for the year ended June 30, 2023 budget. The state of the economy, tourism activity, anticipated building activity, future capital needs, and the best interests of the City's residents were all taken into account. Economic factors and key budget highlights that were considered in preparing the 2023 budget were as follows:

- The City continues to benefit from a strong local economy relative to other areas of the country and state. Following a decline with the recession, building permits have steadily increased. In turn, tax receipts and other revenues are expected to continue to grow as well. Commercial occupancy rates also appear to be steadily improving despite the global pandemic.
- City Council approved total General Fund expenditures for FY 2023 of approximately \$11,265,491, which is an increase of \$594,965 from its FY 2022 original budget.

REQUESTS FOR INFORMATION

This financial report is designed to provide an overview of the City's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Director of Finance, City of Newberry, 1330 College Street, Newberry, South Carolina, 29108 or visit our website at www.cityofnewberry.com.

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BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF NEWBERRY, SOUTH CAROLINA

STATEMENT OF NET POSITION

JUNE 30, 2022

	PRIMARY GOVERNMENT		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Investments	\$ 10,586,533	\$ 10,530,244	\$ 21,116,777
Cash and Cash Investments, Restricted	479,193	1,596,841	2,076,034
Receivables, Net:			
Taxes	209,470	-	209,470
Accounts	-	3,024,872	3,024,872
Intergovernmental	144,624	-	144,624
Other	477,135	-	477,135
Internal Balances	(2,618,885)	2,618,885	-
Inventories and Prepaids	77,683	2,222,692	2,300,375
Notes Receivable	355,000	-	355,000
Capital Assets, Net:			
Non-Depreciable	1,536,519	1,360,329	2,896,848
Depreciable, Net	19,632,089	85,746,116	105,378,205
TOTAL ASSETS	30,879,361	107,099,979	137,979,340
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Pension Charges	1,818,993	973,696	2,792,689
LIABILITIES			
Accounts Payable	298,810	2,094,417	2,393,227
Intergovernmental Payables	14,299	-	14,299
Accrued Salaries and Payroll Liabilities	681,770	121,355	803,125
Accrued Interest Payable	-	300,239	300,239
Unearned Revenue	-	8,025	8,025
Non-Current Liabilities:			
Net Pension Liability - Due in More Than One Year	8,450,025	5,098,098	13,548,123
Long-term Obligations - Due Within One Year	302,133	2,775,273	3,077,406
Long-term Obligations - Due in More Than One Year	251,265	38,381,482	38,632,747
TOTAL LIABILITIES	9,998,302	48,778,889	58,777,191
DEFERRED INFLOWS OF RESOURCES			
Deferred Pension Credits	1,788,711	832,936	2,621,647
NET POSITION			
Net Investment in Capital Assets	21,006,835	46,392,020	67,398,855
Restricted for:			
Tourism Related Costs	650,628	-	650,628
Streetscape	4,245	-	4,245
Public Safety	50,340	-	50,340
Parks and Recreation Improvements	423,085	-	423,085
Nonexpendable - Permanent Fund (Japanese Gardens)	10,000	-	10,000
Expendable - Permanent Fund (Japanese Gardens)	16,892	-	16,892
Debt Service	-	1,465,029	1,465,029
Renewal and Replacement	-	131,812	131,812
Unrestricted	(1,250,684)	10,472,989	9,222,305
TOTAL NET POSITION	\$ 20,911,341	\$ 58,461,850	\$ 79,373,191

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

CITY OF NEWBERRY, SOUTH CAROLINA

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Totals
PRIMARY GOVERNMENT							
Governmental Activities:							
General Government	\$ 4,626,393	\$ 231,262	\$ 2,538,755	\$ -	\$ (1,856,376)	\$ -	\$ (1,856,376)
Public Safety	3,506,247	934,700	-	-	(2,571,547)	-	(2,571,547)
Public Works	1,728,407	880,562	-	556,201	(291,644)	-	(291,644)
Parks, Recreation, and Tourism	1,282,079	29,920	-	-	(1,252,159)	-	(1,252,159)
Community Development	32,287	-	-	-	(32,287)	-	(32,287)
Interest on Long-term Debt	56,962	-	-	-	(56,962)	-	(56,962)
Total Governmental Activities	11,232,375	2,076,444	2,538,755	556,201	(6,060,975)	-	(6,060,975)
Business-type Activities:							
Utility System	32,021,889	34,421,459	-	-	-	2,399,570	2,399,570
Total Business-type Activities	32,021,889	34,421,459	-	-	-	2,399,570	2,399,570
TOTAL - PRIMARY GOVERNMENT	\$ 43,254,264	\$ 36,497,903	\$ 2,538,755	\$ 556,201	(6,060,975)	2,399,570	(3,661,405)
General Revenues:							
Taxes:							
Property Taxes Levied for General Purposes					2,543,128	-	2,543,128
Hospitality and Accommodations Taxes					1,238,365	-	1,238,365
Business Licenses					1,956,300	-	1,956,300
Unrestricted Intergovernmental Revenue					1,026,504	-	1,026,504
Interest Revenue					4,658	17,619	22,277
Miscellaneous					565,109	-	565,109
Transfers					1,865,909	(1,865,909)	-
Total General Revenues and Transfers					9,199,973	(1,848,290)	7,351,683
CHANGE IN NET POSITION					3,138,998	551,280	3,690,278
NET POSITION, Beginning of Year					17,772,343	58,203,070	75,975,413
PRIOR PERIOD ADJUSTMENT					-	(292,500)	(292,500)
NET POSITION, End of Year					\$ 20,911,341	\$ 58,461,850	\$ 79,373,191

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

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FUND FINANCIAL STATEMENTS

CITY OF NEWBERRY, SOUTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2022

	GENERAL FUND	RECREATION COMPLEX FUND	NON MAJOR FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS				
Cash and Investments	\$ 9,070,885	\$ -	\$ 1,515,648	\$ 10,586,533
Cash and Investments, Restricted	-	398,237	80,956	479,193
Receivables, Net:				
Taxes	209,470	-	-	209,470
Intergovernmental	85,437	-	59,187	144,624
Other	344,260	19,277	113,598	477,135
Notes Receivables	-	-	355,000	355,000
Due from Other Funds	-	-	19,324	19,324
Inventories	77,683	-	-	77,683
TOTAL ASSETS	\$ 9,787,735	\$ 417,514	\$ 2,143,713	\$ 12,348,962
LIABILITIES				
Accounts Payable	\$ 242,483	\$ 37,565	\$ 18,762	\$ 298,810
Intergovernmental Payables	14,299	-	-	14,299
Accrued Salaries and Payroll Liabilities	677,195	4,575	-	681,770
Due to Other Funds	2,614,596	-	23,613	2,638,209
TOTAL LIABILITIES	3,548,573	42,140	42,375	3,633,088
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenues	82,791	-	357,795	440,586
FUND BALANCES				
Nonspendable				
Inventories	77,683	-	-	77,683
Japanese Gardens	-	-	10,000	10,000
Restricted				
Tourism Related Expenditures	-	-	650,628	650,628
Streetscape	-	-	4,245	4,245
Public Safety	-	-	50,340	50,340
Parks and Recreation Improvements	-	375,374	-	375,374
Japanese Gardens	-	-	16,892	16,892
Committed				
Tourism Related Expenditures	-	-	205,239	205,239
Parks and Recreation	-	-	217,846	217,846
Public Safety	-	-	29,516	29,516
Cultural Arts	-	-	140,155	140,155
Special Events	-	-	140,243	140,243
Assigned				
Community Development	-	-	278,439	278,439
Future Capital Outlay	1,581,489	-	-	1,581,489
Other	388,866	-	-	388,866
Unassigned	4,108,333	-	-	4,108,333
TOTAL FUND BALANCES	6,156,371	375,374	1,743,543	8,275,288
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 9,787,735	\$ 417,514	\$ 2,143,713	\$ 12,348,962

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

CITY OF NEWBERRY, SOUTH CAROLINA

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE
SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2022

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS \$ 8,275,288

Amounts reported for the governmental activities in the Statement of Net Position are different because of the following:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets were \$37,364,461 and the accumulated depreciation was \$16,195,853. 21,168,608

Property taxes receivable and other long-term receivables will ultimately be collected, but are not available soon enough to pay for the current period's expenditures, and therefore have been deferred in the governmental funds. 440,586

The City's proportionate shares of the net pension liabilities, deferred outflows of resources, and deferred inflows of resources related to its participation in the State retirement plans are not recorded in the governmental funds but are recorded in the Statement of Net Position. (8,419,743)

Long-term liabilities, including bonds payable, lease purchases, and capital leases, are not due or payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at yearend consisted of the following:

Compensated Absences (391,625)
Lease Purchase Obligations (161,773)

TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES \$ 20,911,341

CITY OF NEWBERRY, SOUTH CAROLINA

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022**

	GENERAL FUND	RECREATION COMPLEX FUND	NON MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES				
Taxes	\$ 2,505,355	\$ -	\$ 1,238,365	\$ 3,743,720
Licenses, Permits, and Fees	2,419,309	-	-	2,419,309
Fines, Forfeitures and Penalties	371,816	-	99,875	471,691
Charges for Services	1,111,824	29,920	-	1,141,744
Intergovernmental	4,103,013	-	18,447	4,121,460
Miscellaneous	386,920	4,500	173,689	565,109
Interest Revenue	4,658	-	-	4,658
TOTAL REVENUES	10,902,895	34,420	1,530,376	12,467,691
EXPENDITURES				
Current:				
General Government	953,260	-	-	953,260
Public Safety	3,229,703	-	43,706	3,273,409
Public Works	1,335,372	-	-	1,335,372
Parks, Recreation, and Tourism	721,100	141,425	-	862,525
Community Development	-	-	32,287	32,287
Non-Departmental	2,405,532	-	1,042,386	3,447,918
Capital Outlay	1,067,118	146,019	-	1,213,137
Debt Service:				
Principal	123,230	-	-	123,230
Interest	56,962	-	-	56,962
TOTAL EXPENDITURES	9,892,277	287,444	1,118,379	11,298,100
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,010,618	(253,024)	411,997	1,169,591
OTHER FINANCING SOURCES (USES)				
Transfers In	2,206,880	214,000	735,083	3,155,963
Transfers Out	-	-	(1,290,054)	(1,290,054)
TOTAL OTHER FINANCING SOURCES (USES)	2,206,880	214,000	(554,971)	1,865,909
NET CHANGES IN FUND BALANCES	3,217,498	(39,024)	(142,974)	3,035,500
FUND BALANCES, Beginning of Year	2,938,873	414,398	1,886,517	5,239,788
FUND BALANCES, End of Year	\$ 6,156,371	\$ 375,374	\$ 1,743,543	\$ 8,275,288

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

CITY OF NEWBERRY, SOUTH CAROLINA

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022**

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	\$ 3,035,500
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Amounts reported for the governmental activities in the Statement of Activities are different because of the following:

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. They are considered revenue in the Statement of Activities. In addition, revenues in the funds that provide current financial resources are reported as revenues in the funds. They are considered revenues in the Statement of Activities.	(10,790)
--	----------

Changes in the City's proportionate share of the net pension liabilities, deferred outflows of resources, and deferred inflows of resources related to the state retirement plans for the current year are not reported in the governmental funds but are reported in the Statement of Activities.	155,914
--	---------

Repayment of debt and lease purchase principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	123,230
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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.	61,120
---	--------

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, capital outlay expenditures that qualify as capital assets are allocated over the estimated useful lives as depreciation expense. This is the amount by which capital asset additions of \$1,213,137 were exceeded by depreciation expense of \$1,426,556 in the current period.	(213,419)
--	-----------

The net effect of miscellaneous transactions involving capital assets (sales, trade-ins, etc.) is to increase (decrease) net position.	(12,557)
--	----------

TOTAL CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ 3,138,998
--	---------------------

CITY OF NEWBERRY
PROPRIETARY FUND
STATEMENT OF NET POSITION
JUNE 30, 2022

ASSETS

CURRENT ASSETS

Cash and Investments	\$ 10,530,244
Accounts Receivable (net of allowances for uncollectibles)	3,024,872
Due from Other Funds	2,618,885
Inventory	2,222,692
Restricted Assets	
Cash and Investments	1,596,841

TOTAL CURRENT ASSETS	19,993,534
-----------------------------	-------------------

NONCURRENT ASSETS

Capital Assets, Net	
Non-Depreciable	1,360,329
Buildings and Fixtures	85,746,116

TOTAL NONCURRENT ASSETS	87,106,445
--------------------------------	-------------------

TOTAL ASSETS	107,099,979
---------------------	--------------------

DEFERRED OUTFLOWS OF RESOURCES

Deferred Outflows of Resources Related to Pensions	973,696
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TOTAL DEFERRED OUTFLOWS OF RESOURCES	973,696
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(Continued)

CITY OF NEWBERRY
PROPRIETARY FUND
STATEMENT OF NET POSITION (CONTINUED)
JUNE 30, 2022

LIABILITIES

CURRENT LIABILITIES

Accounts Payable	\$ 2,094,417
Accrued Salaries Payable	121,355
Compensated Absences Payable	143,757
Accrued Interest Payable	300,239
Unearned Revenue	8,025
Revenue Bonds Payable	2,631,516

TOTAL CURRENT LIABILITIES	5,299,309
----------------------------------	-----------

NONCURRENT LIABILITIES

Revenue Bonds Payable	38,304,074
Compensated Absences Payable	77,408
Net Pension Liability	5,098,098

TOTAL NONCURRENT LIABILITIES	43,479,580
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TOTAL LIABILITIES	48,778,889
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DEFERRED INFLOWS OF RESOURCES

Deferred Inflows of Resources Related to Pensions	832,936
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TOTAL DEFERRED INFLOWS OF RESOURCES	832,936
--	---------

NET POSITION

Net Investment in Capital Assets	46,392,020
Restricted for	
Debt Service	1,465,029
Maintenance	131,812
Unrestricted	10,472,989

TOTAL NET POSITION	\$ 58,461,850
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CITY OF NEWBERRY
PROPRIETARY FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
NET POSITION
YEAR ENDED JUNE 30, 2022

	Business-type Activities
	Electric, Water, and Sewer
OPERATING REVENUES	
Charges for Sales and Services	\$ 34,301,560
Miscellaneous	119,899
TOTAL OPERATING REVENUES	34,421,459
OPERATING EXPENSES	
Costs of Sales and Services	25,913,984
Administration	1,275,882
Depreciation	3,634,765
TOTAL OPERATING EXPENSES	30,824,631
OPERATING INCOME	3,596,828
NONOPERATING REVENUES (EXPENSES)	
Interest Revenue	17,619
Interest Expense, Bank Fees and Other	(1,197,258)
TOTAL NONOPERATING REVENUES (EXPENSES)	(1,179,639)
INCOME BEFORE TRANSFERS	2,417,189
TRANSFERS	
Transfers In (Out)	(1,865,909)
TOTAL TRANSFERS	(1,865,909)
CHANGE IN NET POSITION	551,280
NET POSITION, beginning	58,203,070
PRIOR PERIOD ADJUSTMENT	(292,500)
NET POSITION, ending	\$ 58,461,850

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

CITY OF NEWBERRY

**PROPRIETARY FUND
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2022**

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from Customers	\$ 35,356,867
Purchase of Electricity	(17,306,750)
Payments for Goods and Services	(4,318,893)
Payments to Employees	(2,796,790)

NET CASH PROVIDED BY OPERATING ACTIVITIES	10,934,434
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CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Transfers In (Out)	(1,865,909)
--------------------	-------------

NET CASH (USED IN) NONCAPITAL AND RELATED FINANCING ACTIVITIES	(1,865,909)
---	-------------

CASH FLOWS FROM CAPITAL REALTED FINANCING ACTIVITIES

Acquisition and Construction of Capital Assets	(4,009,183)
Principal Payments on Bonds and Notes Payable	(2,387,759)
Interest and Other Fees Paid	(1,370,442)

NET CASH (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	(7,767,384)
--	-------------

CASH FLOWS FROM INVESTING ACTIVITIES

Interest Received	17,619
-------------------	--------

NET CASH PROVIDED BY INVESTING ACTIVITIES	17,619
--	--------

**NET INCREASE IN RESTRICTED AND UNRESTRICTED
CASH AND CASH EQUIVALENTS**

1,318,760

**RESTRICTED AND UNRESTRICTED CASH
AND CASH EQUIVALENTS, beginning**

10,808,325

**RESTRICTED AND UNRESTRICTED CASH
AND CASH EQUIVALENTS, ending**

\$ 12,127,085

**RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED
BY OPERATING ACTIVITIES**

Operating Income	\$ 3,596,828
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
Depreciation Expense	3,634,765
Change in accounts representing operating activities:	
Receivables, Net	(1,055,307)
Inventories	68,111
Deferred Outflows Related to Pensions	71,062
Accounts Payable	152,102
Accrued Expenses and Due to Other Funds	4,676,923
Unearned Revenue	(123,261)
Net Pension Liability	(768,960)
Deferred Inflows Related to Pensions	682,171

NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 10,934,434
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The accompanying notes are an integral part of these financial statements.

CITY OF NEWBERRY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2022

The City of Newberry ("City") was established in 1832. Section 47-26 of the 1962 Code of Laws, as amended (Home Rule Act), requires that municipalities adopt a specific form of government. The City 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Reporting Entity

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP"), as applied to governmental units. 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.

As required by GAAP, the financial statements must present the City's financial information with any of its component units (if significant). The primary criterion for determining inclusion or exclusion of a legally separate entity (component unit) is financial accountability, which is presumed to exist if the City both appoints a voting majority of the entity's governing body, and either 1) the City is able to impose its will on the entity or, 2) there is a potential for the entity to provide specific financial benefits to, or impose specific financial burdens on the City. If either or both of the foregoing conditions are not met, the entity could still be considered a component unit if it is fiscally dependent on the City and there is a potential that the entity could either provide specific financial benefits to, or to impose specific financial burdens on the City.

In order to be considered fiscally independent, an entity must have the authority to do all of the following: (a) determine its budget without the City having the authority to approve or modify that budget; (b) levy taxes or set rates or charges without approval by the City; and (c) issue bonded debt without approval by the City. An entity has a financial benefit or burden relationship with the City if, for example, any one of the following conditions exists: (a) the City is legally entitled to or can otherwise access the entity's resources, (b) the City is legally obligated or has otherwise assumed the obligation to finance the deficits or, or provide financial support to, the entity, or (c) the City is obligated in some manner for the debt of the entity. Finally, an entity could be a component unit even if it met all the conditions described above for being fiscally independent if excluding it would cause the City's financial statements to be misleading.

CITY OF NEWBERRY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2022

Blended component units, although legally separate entities, are in substance, part of the government's operations and data from these units are combined with data of the primary government in the fund financial statements. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize they are legally separate from the City. Based on the criteria above, the City has no significant component units.

Related Organizations

The Clinton-Newberry Natural Gas Authority (the "Authority") is controlled by a seven-member Board, which has oversight responsibility over all of the activities of the Authority, which is to provide natural gas to the municipalities of Clinton and Newberry. This seven-member Board is appointed by the City of Clinton (two members) and the City of Newberry (two members). Also, the mayor of each City is an ex-officio member of the Board. A seventh member is also appointed by the other six. The Authority is not included in any other governmental "reporting entity" as defined in GASB Sec. 2100.108 since a majority of its Board members are not controlled by another governmental entity and the Authority's Board has decision making authority, the power to designate management, the ability to significantly influence operations, and the primary accountability for fiscal matters. For these reasons, the Authority is recognized as a primary government in accordance with GAAP and is not a component unit of the City. The City received approximately \$545,762 from the Authority for the year ended June 30, 2022 for economic development and other contributions.

The Newberry Opera House ("NOH") is a not-for-profit organization located in Newberry, South Carolina. City Council is responsible for appointing the members of the board of directors ("Board") for the NOH (both the Mayor and the City Manager serve as members of the Board), but it cannot remove Board members at will. The City is not financially accountable for NOH and thus it is not considered to be a component unit of the City. The City owns and maintains the building in which the NOH is using. The City expended approximately \$330,000 towards the operations of the NOH during the year ended June 30, 2022, primarily for utilities and salaries and benefits for several employees.

Major Operations

The City's major governmental operations include: general government, public safety (police and fire), public works, parks, recreation, and tourism, community development, and non-departmental (which includes general insurance, employee benefits, and community promotions and projects). In addition, the City provides electric, water, and sewer operations through its enterprise fund.

Measurement Focus, Basis of Accounting, and Basis of Presentation

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the activities of the City (the "Primary Government"). For the most part, the effect of interfund activity (except for interfund services provided and used between

CITY OF NEWBERRY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2022

functions) has been removed from these financial statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely, to a significant extent, on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions 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*. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the City.

The **government-wide financial statements** are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the financial statements of the Proprietary Funds. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Non-exchange transactions, in which the City gives or receives value without directly receiving or giving equal value in exchange, includes property taxes, grants and donations. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

The government-wide statements are prepared using a different measurement focus from the manner in which governmental fund financial statements are prepared (see further detail below). Governmental fund financial statements therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Governmental **fund financial statements** are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property taxes, intergovernmental revenues, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be measurable and susceptible to accrual and so have been recognized as revenues of the current fiscal period.

For this purpose, the government considers its revenues to be available if they are generally collected within sixty days of the end of the current fiscal period with the exception of property taxes, for which the City uses a fifteen day availability period, and certain reimbursement expenditure grants, for which a twelve month availability period is generally used. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, capital lease

CITY OF NEWBERRY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2022

expenditures, lease purchase expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payments are due and payable. Capital asset acquisitions are reported as capital outlay expenditures in governmental funds. Proceeds of long-term debt, lease purchase obligations, and acquisitions under capital leases are reported as other financing sources.

Fund financial statements report detailed information about the City. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

When both restricted and unrestricted resources are available for use, it is the City's practice to use restricted resources first, then unrestricted resources as they are needed.

The accounts of the government are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. The following fund types and major funds are used by the City.

Governmental Fund Types are those through which most governmental functions of the City are financed. The City's expendable financial resources and related balance sheet items (except for those accounted for in the Proprietary Funds) are accounted for through governmental funds. Governmental funds are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. The City's governmental fund types and major and non-major funds are as follows:

The ***General Fund, a major fund*** and a budgeted fund, is the general operating fund of the City and accounts for all revenues and expenditures of the City except those required to be accounted for in other funds. All general tax revenues and other receipts that (a) are not allocated by law or contractual agreement to other funds or (b) that have not been restricted, committed, or assigned to other funds are accounted for in the General Fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Fund.

Special Revenue Funds are used to account for the proceeds of specific revenue sources (that are expected to continue to comprise a substantial portion of the inflows of the fund) that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The City has one major special revenue fund, the Recreation Complex Fund, which received most of its funding from Newberry County capital projects sales tax, supplemented by local funds. The City has the following non-major special revenue funds:

CITY OF NEWBERRY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2022

Newberry Allied Narcotics Unit Fund ("NANU")	Streetscape Fund
Federal Equitable Sharing Fund	Local Hospitality/Accommodation Fee Fund
Tourism Fund	Volunteer Firemen Fund
Special Events Fund	Victim's Rights Fund
State Accommodations Tax Fund	Seizure Fund
Cultural Arts Fund	Oakland Tennis Fund
Community Housing/Development Fund	

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 with benefit the government or its citizens. The City has one non-major permanent fund, the Japanese Gardens Fund.

Proprietary Fund Types are accounted for based on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Proprietary funds are made up of two classes: enterprise funds and internal service funds. The City has one enterprise fund and does not have any internal service funds.

Proprietary funds distinguish operating revenues and expenses from non-operating 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 enterprise funds are primarily charges for services/fees. Operating expenses for enterprise funds include the expense for providing goods and services, administrative expenses, maintenance, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises — where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The City has one enterprise fund, the **Utility Fund, a major fund** and a budgeted fund, which is used to account for assets and activities of the City's electric, water, and sewer operations. All costs are financed through charges to utility customers.

CITY OF NEWBERRY, SOUTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022**

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity

Cash, Cash Equivalents, and Investments

The City considers all highly liquid investments (including restricted assets) with original maturities of three months or less when purchased and money market mutual funds to be cash equivalents. Securities with an initial maturity of more than three months (from when initially purchased) and other non-money market mutual funds are reported as investments.

The City's operating cash and investment policy is designed to operate within existing statutes (which are identical for all non-fiduciary funds, fund types, and component units within the State of South Carolina). The statutes of the State of South Carolina authorize the City to invest in the following:

- (a) Obligations of the United States and its agencies, the principal and interest of which is fully guaranteed by the United States.
- (b) Obligations issued by the Federal Financing Bank, Federal Farm Credit Bank, the Bank of Cooperatives, the Federal Intermediate Credit Bank, the Federal Land Banks, the Federal Home Loan Banks, the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Housing Administration, and the Farmers Home Administration, if, at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations.
- (c) (i) General obligations of the State of South Carolina or any of its political units; or (ii) revenue obligations of the State of South Carolina or its political units, if at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations.
- (d) Savings and Loan Associations to the extent that the same are insured by an agency of the federal government.
- (e) Certificates of deposit where the certificates are collaterally secured by securities of the type described in (a) and (b) above held by a third party as escrow agent or custodian, of a market value not less than the amount of the certificates of deposit so secured, including interest; provided, however, such collateral shall not be required to the extent the same are insured by an agency of the federal government.
- (f) Repurchase agreements when collateralized by securities as set forth in this section.

CITY OF NEWBERRY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2022

- (g) No load open-end or closed-end management type investment companies or investment trusts registered under the Investment Company Act of 1940, as amended, where the investment is made by a bank or trust company or savings and loan association or other financial institution when acting as trustee or agent for a bond or other debt issue of that local government unit, political subdivision, or county treasurer if the particular portfolio of the investment company or investment trust in which the investment is made (i) is limited to obligations described in items (a), (b), (c), and (f) of this subsection, and (ii) has among its objectives the attempt to maintain a constant net asset value of one dollar a share and to that end, value its assets by the amortized cost method.

The City's cash and investment objectives are preservation of capital, liquidity, and yield. The City reports its cash and investments at fair value which is normally determined by quoted market prices. The City currently or in the past year has primarily used the following investments in its operating activities:

- Money market mutual funds are generally open-ended funds that invest in short term debt securities (including obligations of the United States and related agencies) that generally have a weighted average maturity of 60 days or less and do not invest more than 5% in any one issuer, except for government securities and repurchase agreements.
- South Carolina Local Government Investment Pool ("LGIP" or "Pool") investments are invested with the South Carolina State Treasurer's Office, which established the South Carolina Pool pursuant to Section 6-6-10 of the South Carolina Code. The Pool is an investment trust fund, in which public monies in excess of current needs, which are under the custody of any city treasurer or any governing body of a political subdivision of the State, may be deposited. In accordance with GASB Statement No. 31 *"Accounting and Financial Reporting for Certain Investments and for External Investment Pools"* and GASB Statement No. 72 *"Fair Value Measurement and Application"*, investments are carried at fair value determined annually based upon (a) quoted market prices for identical or similar investments or (b) observable inputs other than quoted market prices. The total fair value of the Pool is apportioned to the entities with funds invested on an equal basis for each share owned, which are acquired at a cost of \$1.00. Funds may be deposited by Pool participants at any time and may be withdrawn upon 24 hours' notice. Financial statements for the Pool may be obtained by writing the Office of State Treasurer, Local Government Investment Pool, P.O. Box 11778, Columbia, SC 29211-1960.

Receivables and Payables

During the course of its operations, the City has numerous transactions occurring between funds. These transactions include expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as transfers in (out). To the extent that certain transactions between funds had not been paid or received as of year-end, balances of interfund amounts or payables have been recorded.

CITY OF NEWBERRY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2022

All trade and property taxes receivable are shown net of an allowance for uncollectible amounts. Trade receivables are comprised of amounts due from entities and individuals for a variety of types of fees, charges and services, including utility billings, franchise fees, hospitality fees, and other fees and charges.

Inventories and Prepaid Items

Inventories are for supplies and are stated at average cost. The costs of inventories and prepaid items are accounted for using the consumption method (expensed when consumed).

Capital Assets

General capital assets are those assets not specifically related to activities reported in the Proprietary Fund. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the Government-Wide Statement of Net Position but are not reported in the fund financial statements. Capital assets utilized by the Proprietary Fund are reported both in the business-type activities column of the Government-Wide Statement of Net Position and in the respective fund financial statements.

The City defines capital assets as assets with an initial, individual cost of more than \$5,000, and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if not purchased or constructed. Donated capital assets are recorded at estimated acquisition value (as estimated by the City) at the date of donation.

Public domain (“infrastructure”) general capital assets, consist of the road network (i.e. roads, curbs, gutters, sidewalks, etc.) and sewer system assets that were acquired or that received substantial improvements. These assets are reported at estimated historical cost. The City uses a \$10,000 threshold for capitalizing infrastructure assets. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets’ lives are not capitalized.

Capital assets are depreciated on the straight-line method using the following estimated useful lives:

Buildings and Improvements	10 - 50 years
Infrastructure	30 - 50 years
Utility Systems	30 – 40 years
Vehicles	5 - 20 years
Equipment, Furniture, and Furnishings	5 - 15 years

CITY OF NEWBERRY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2022

Compensated Absences

The City's policy allows employees to accumulate vacation leave up to six work weeks and unused sick leave up to a maximum of eighteen work weeks. Upon termination, any accumulated vacation leave will be paid to the employee. Sick leave must be used for a valid illness and will not be paid upon termination. The City reports compensated absences in accordance with the provisions of GASB Statement No. 16 "*Accounting for Compensated Absences*". The entire compensated absence liability and expense is reported in the government-wide financial statements. The portion applicable to the City's enterprise activities is also recorded in the Enterprise Fund financial statements, if material. Governmental funds will only recognize compensated absences liability if they have matured, for example, as a result of employee resignations or retirements.

Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. Debt premiums and discounts are deferred and amortized over the life of the debt using the straight-line method (as it approximates the effective interest method) if material. Debt is reported net of applicable premiums and discounts. Issuance costs are expensed when incurred.

In the governmental fund financial statements, debt premiums, discounts and issuance costs are recognized immediately. The face amount of debt, lease purchases, and capital leases issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures. In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current financial resources. However, claims and judgments, debt, lease purchases, and capital leases, compensated absences, net pension obligations, special termination benefits and other related long-term liabilities that will eventually be paid from governmental funds are not reported as a liability in the fund financial statements until due and payable.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position and the Balance Sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City currently has one type of deferred outflows of resources: The City reports *deferred pension charges* in its Statements of Net Position in connection with its participation in the South Carolina Retirement System and South Carolina Police Officers Retirement System. These *deferred pension charges* are either (a) recognized in the subsequent period as a reduction of the net pension liability (which includes pension contributions made after the measurement date) or (b) amortized in a systematic and rational method as pension expense in future periods in accordance with GAAP.

CITY OF NEWBERRY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2022

In addition to liabilities, the Statement of Net assets and the Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City currently has two types of deferred inflows of resources: (1) The City reports *unavailable revenue* for property taxes and notes receivable only in the governmental funds balance sheet; it is deferred and recognized as an inflow of resources (property tax and other revenues) in the period the amounts become available. (2) The City also reports *deferred pension credits* in its Statement of Net assets in connection with its participation in the South Carolina Retirement System and South Carolina Police Officers Retirement System. These *deferred pension credits* are amortized in a systematic and rational method and recognized as a reduction of pension expense in future periods in accordance with GAAP.

Fund Balance

In accordance with GAAP, the City classifies its governmental fund balances as follows:

Nonspendable – includes amounts that inherently cannot be spent either because it is not in spendable form (i.e. prepaids, inventories, etc.) or because of legal or contractual requirements (i.e. principal on an endowment, etc.).

Restricted – includes amounts that are constrained by specific purposes which are externally imposed by (a) other governments through laws and regulations, (b) grantors or contributions through agreements, (c) creditors through debt covenants or other contracts, or (d) imposed by law through constitutional provisions or enabling legislation.

Committed – includes amounts that are constrained for specific purposes that are internally imposed by the government through either an ordinance or resolution (both are equally binding) made by the highest level of decision making authority (City Council) before the end of the reporting period. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

Assigned – includes amounts that are intended to be used for specific purposes that are neither considered restricted nor committed and that such assignments are made by an approved motion by City Council before the report issuance date.

Unassigned – includes amounts that do not qualify to be accounted for and reported in any of the other fund balance categories. This classification represents the amount of fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific

CITY OF NEWBERRY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2022

purposes exceeded the amounts of restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

The City generally uses restricted amounts to be spent first when both restricted and unrestricted (committed, assigned, and unassigned) fund balance is available unless there are legal documents, contracts, or agreements that prohibit doing such. Additionally, the City generally would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The City's Council has set a General Fund minimum unassigned fund balance target at 33% of total audited General Fund expenditures for the previous fiscal year and a maximum of 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.

Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources in the Statement of Net Position. Net position is classified as net investment in capital assets; restricted; and unrestricted. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Outstanding debt which has not been spent is included in the same net position component as the unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments.

Pensions

In government-wide financial statements, pensions are required to be recognized and disclosed using the accrual basis of accounting (see Note IV.B and the required supplementary information immediately following the notes to the financial statements for more information), regardless of the amount recognized as pension expenditures on the modified accrual basis of accounting. The City recognizes a net pension liability for its participation in the Plans, which represents the City's proportionate share of the total pension liability over the fiduciary net position of the Plans, measured as of the City's preceding fiscal year-end.

Changes in the net pension liability during the period are recorded as pension expense, or as deferred outflows or inflows of resources depending on the nature of the change, in the period incurred. Those changes in net pension liability that are recorded as deferred outflows or inflows of resources that arise

CITY OF NEWBERRY, SOUTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022**

from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the respective qualified pension plan and recorded as a component of pension expense beginning with the period in which they are incurred. Projected earnings on qualified pension plan investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred outflows or inflows of resources and amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred.

Fair Value

The fair value ("FV") measurement and disclosure framework provides for a three-tier FV hierarchy that gives highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the FV hierarchy are described below:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the City can access at the measurement date.

Level 2 – Inputs to the valuation methodology, other than quoted prices included in Level 1, that are observable for an asset or liability either directly or indirectly and include:

- Quoted prices for similar assets and liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted market prices that are observable for the asset or liability.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Inputs to the valuation methodology that are unobservable for an asset or liability and include:

- FV is often based on developed models in which there are few, if any, observable inputs.

The asset's or liability's FV measurement level within the FV hierarchy is based on the lowest level of any input that is significant to the FV measurement. Valuation techniques used maximize the use of observable inputs and minimize the use of unobservable inputs.

The valuation methodologies described above may produce a FV calculation that may not be indicative of future net realizable values or reflective of future FVs. The City believes that the valuation methods used are appropriate and consistent with GAAP. The use of different methodologies or assumptions to determine the FV of certain financial instruments could result in a different FV measurement at the

CITY OF NEWBERRY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2022

reporting date. There have been no significant changes from the prior year in the methodologies used to measure FV.

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. Those estimates and assumptions affect the reported amounts of assets and deferred outflows of resources and liabilities and deferred inflows of resources and disclosure of these balances as of the date of the financial statements. In addition, they affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates and assumptions.

Comparative Data

Comparative data (i.e. presentation of prior year totals by fund type) has not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

The City follows the following procedures in establishing its annual budgets:

1. By mid-February of each year, all departments/agencies of the government submit requests for appropriation to the City Manager so that a budget may be prepared. The budget is prepared by fund, function and department, and includes information on the past year, the current year budget and requested appropriations for the next fiscal year.
2. In May of each year, the proposed budget is presented to the City Council for review. The City Council adopts an annual budget for the General Fund, most Special Revenue Funds, Enterprise Fund, and Japanese Gardens Fund prior to the beginning of the next fiscal year. Annual budgets are not adopted for the Federal Equitable Sharing, Volunteer Fire, and Seizure Special Revenue Funds. For budget administration purposes, the Utility Gross Revenue Fund and any Utility Debt Service or Utility Capital Funds are considered a single enterprise fund.
3. 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. Changes that alter total expenditures of any fund must be changed by an affirmative vote of a majority of City Council. Budgeted expenditure appropriations lapse at yearend.

CITY OF NEWBERRY, SOUTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022**

4. The budgets for the budgeted funds are legally adopted on a basis consistent with GAAP, with the exception of the Enterprise Fund, which follows the City's budgetary basis. The budgets at the end of the year for these funds represent the budgets adopted and amended by the City Council.

NOTE 3 – DETAILED NOTES ON ALL FUNDS AND ACTIVITIES

Deposits and Investments

Deposits

Custodial Credit Risk for Deposits: Custodial credit risk for deposits is the risk that, in the event of a bank failure, the City's deposits might not be recovered. The City does not have a formal deposit policy for custodial credit risk but follows the investment policy statutes of the State of South Carolina. As of June 30, 2022, none of the City's bank balances of approximately \$14,977,000 (with a carrying value of approximately \$15,596,000) were exposed to custodial credit risk.

Investments

As of June 30, 2022, the City had the following investments:

Investment Type	Fair Value Level (1)	Credit Rating ^	Fair Value	Weighted Average Maturity
South Carolina Local Government Investment Pool	N/A	Unrated	\$ 6,734,635	< 1 Year
U.S. Treasury Money Market Mutual Funds	Level 1	AAAm, Aaa-mf	862,621	< 1 Year
Total			<u>\$ 7,597,256</u>	

(1) See Note I.C.11 for details of the City's fair value hierarchy.

^ If available, credit ratings are for Standard & Poor's and Moody's Investors Service.

N/A - Not Applicable

Interest Rate Risk: The City's investment policy is to mitigate interest rate risk and ensure the preservation of capital in the overall portfolio. The policy does not place a limit on its investment maturities to help manage the City's exposure to fair value losses from increasing interest rates. Investments in securities and agencies related to the U.S. Government earn interest at a stated fixed rate and are normally held until maturity when the full principal and interest amount is paid to the City.

Credit Risk for Investments: The City's investment policy requires that the portfolio consist largely of securities with active secondary or resale markets. In addition, a portion of the portfolio may be placed in the South Carolina Local Government Investment Pool. This fund is unrated.

CITY OF NEWBERRY, SOUTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022**

Custodial Credit Risk for Investments: Custodial credit risk for investments is the risk that, in the event of a bank failure, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy requires that securities be held by a third-party custodian in the name of the City. As of June 30, 2022, the City did not have any security investments.

Concentration of Credit Risk for Investments: The City's investment policy places no limit on the amount it may invest in any one issuer. Investments issued or explicitly guaranteed by the U.S government and investments in mutual funds and external investment pools are excluded from this disclosure requirement. No other investments exceeded 5% of the total as of June 30, 2022.

Reconciliation to the Financial Statements

A reconciliation of cash and investments as shown in the Statements of Net Position for all activities is as follows:

Description	Amount
Carrying Amount of Deposits	\$ 15,595,555
Fair Value of Investments	7,597,256
Total Deposits and Investments	\$ 23,192,811
Statement of Net Position	
Cash and Investments	\$ 21,116,777
Cash and Investments, Restricted	2,076,034
Total Cash and Cash Equivalents	\$ 23,192,811

Receivables and Unavailable/Unearned Revenues

Property Taxes

Property taxes receivable represent current real and personal property as well as delinquent real and personal property taxes for the past ten years, less an allowance for amounts estimated to be uncollectible. All net property taxes receivable at year end, except those collected within 15 days, are recorded as unavailable tax revenue and thus not recognized as revenue until collected in the governmental funds (if material).

Property taxes are assessed and collected by Newberry County. The County levies its real property taxes each September based upon current assessed valuation. Assessed values are established by the County Assessor, the County Auditor, and the South Carolina Department of Revenue and Taxation at various rates of 4 to 10.5 percent of the estimated market value.

CITY OF NEWBERRY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2022

Real property and all personal property taxes other than vehicle property taxes attach as an enforceable lien on property as of January 16th. Taxes are levied and billed in October on all property other than vehicles and are payable without penalty until January 15th of the following year. Penalties are assessed on unpaid taxes on the following dates:

January 16 through February 1	- 3% of tax
February 2 through March 17	- 10% of tax
After March 17	- 15% of tax plus collection cost

After proper notification, the law requires "exclusive possession" of property necessary to satisfy the delinquent taxes. Properties with unpaid taxes are sold at a public auction during the month of October. Vehicle property taxes attach a lien and are levied throughout the year depending on when the vehicles' license tags expire. The lien and collection date for motor vehicle taxes is the last day of the month in which the motor vehicle license expires.

The City's fiscal year 2022 real and business personal property taxes (which was for tax year 2020) were levied in October 2020 based on a millage rate of 80.7 mills. The City's assessed value of real and personal property (including vehicles) was approximately \$29,822,000 for tax year 2020. Any amounts received by Newberry County but not yet remitted to the City at yearend are included in Taxes Receivable in the Balance Sheet and Statement of Net Position.

Other Receivables

Accounts receivable and other receivables represent amounts due to the City for grants, derived tax revenues, charges for services, etc. All receivables are shown net of an allowance for uncollectibles.

The City's receivables at June 30, 2022 consisted of the following:

Description	Governmental Activities	Business-type Activities	Totals
Property Taxes	\$ 278,628	\$ -	\$ 278,628
Utility Accounts	-	2,446,317	2,446,317
Utility Unbilled Accounts	-	1,798,934	1,798,934
Intergovernmental	144,624	-	144,624
Interest and Other	477,135	-	477,135
Gross Receivables	900,387	4,245,251	5,145,638
Less: Allowance for Uncollectibles	(69,158)	(1,220,379)	(1,289,537)
Net Receivables	\$ 831,229	\$ 3,024,872	\$ 3,856,101

CITY OF NEWBERRY, SOUTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022**

Notes Receivable

The City issued a loan of \$330,000 to Newberry Hospital, LLC, a North Carolina limited liability company in 2004. 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 in 2004. 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. These notes are reflected as unavailable revenues on the governmental funds' balance sheet, as they were not collected within the City's availability period.

Unavailable and Unearned Revenues

Governmental funds report as a component of deferred inflows of resources revenues that are not considered to be available to liquidate liabilities (unavailable revenue) of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned (unearned revenue).

As of June 30, 2022, the City reported the following unearned and unavailable revenues:

Description	Fund	Unavailable	Unearned
Property Taxes	General	\$ 82,791	\$ -
Notes Receivable	Community Housing/Development	355,000	-
Other	Tourism	2,795	-
Total Governmental Funds		<u>\$ 440,586</u>	<u>\$ -</u>
	Proprietary	\$ -	\$ 8,025
		<u>\$ -</u>	<u>\$ 8,025</u>

Interfund Receivables and Payables

Interfund balances at June 30, 2022 consisted of the following individual fund receivables and payables (all of which are expected to be repaid within one year except as noted below):

CITY OF NEWBERRY, SOUTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022**

Fund	Receivables	Payables
<u>Major Governmental Fund</u>		
General Fund	\$ -	\$ 2,614,596
<u>Major Proprietary Fund</u>		
Utility Fund	2,618,885	-
<u>Other Non Major Governmental Funds</u>		
Other Governmental Funds	19,324	23,613
Totals	<u>\$ 2,638,209</u>	<u>\$ 2,638,209</u>

Outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures/expenses occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. The amount due from the General Fund to the Proprietary Fund includes an original amount of approximately \$5,647,000 for the installation of a fiber optic network paid for with Proprietary Fund cash. The General Fund is planning to reimburse the Proprietary Fund over a period of 10-15 years.

Interfund Transfers

Interfund transfers for the year ended June 30, 2022 consisted of the following:

Fund	Transfers In	Transfers Out
<u>Major Governmental Funds</u>		
General Fund	\$ 2,206,880	\$ -
Recreation Complex	214,000	-
<u>Other Non Major Governmental Funds</u>		
Other Governmental Funds	640,083	1,290,054
Japanese Gardens	95,000	-
Total Governmental Funds	3,155,963	1,290,054
<u>Major Proprietary Fund</u>		
Utility Fund	-	1,865,909
	<u>\$ 3,155,963</u>	<u>\$ 3,155,963</u>

Transfers are used to (1) move unrestricted general fund revenues to finance various programs that the government accounts for in other funds, (2) 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, (3) move tourism related revenues from the collecting fund to the expending fund due to

CITY OF NEWBERRY, SOUTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022**

legal constraints, or to (4) move other unrestricted revenues to the general fund. The City has established a transfer policy whereby the City makes a transfer from the Proprietary Fund to the General Fund that approximates business license fees, municipal ad valorem taxes, and return on investment that a privately-owned utility would have incurred. The rate of return targeted by the City is 5% of the gross operating revenues of the City. However, the City's policy caps the transfer at \$1,866,000. The City made a transfer of approximately \$1,866,000 to the General Fund in the year ended June 30, 2022 in accordance with its transfer policy.

Capital asset activity for the City's governmental activities for the year ended June 30, 2022, was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities:					
Capital Assets, Non-Depreciable:					
Land	\$ 1,536,519	\$ -	\$ -	\$ -	\$ 1,536,519
Construction In Progress	5,647,202	-	-	(5,647,202)	-
Total Capital Assets, Non-Depreciable	7,183,721	-	-	(5,647,202)	1,536,519
Capital Assets, Depreciable:					
Buildings and Improvements	12,457,782	639,585	21,113	-	13,076,255
Equipment, Furniture, and Fixtures	7,660,442	180,215	37,316	-	7,803,341
Infrastructure	1,949,935	-	-	5,647,202	7,597,137
Vehicles	6,957,873	393,337	-	-	7,351,210
Total Capital Assets, Depreciable	29,026,032	1,213,137	58,429	5,647,202	35,827,943
Less: Accumulated Depreciation for:					
Buildings and Improvements	4,839,683	638,518	8,556	-	5,469,645
Equipment, Furniture, and Fixtures	2,251,845	344,892	37,316	-	2,559,421
Infrastructure	1,558,019	46,283	-	-	1,604,302
Vehicles	6,165,622	396,863	-	-	6,562,485
Total Accumulated Depreciation	14,815,169	1,426,556	45,872	-	16,195,853
Total Capital Assets, Depreciable, Net	14,210,863	(213,419)	12,557	5,647,202	19,632,090
Governmental Activities Capital Assets, Net	\$ 21,394,584	\$ (213,419)	\$ 12,557	\$ -	\$ 21,168,609

Capital asset additions and depreciation expense for governmental activities were charged to functions as follows:

CITY OF NEWBERRY, SOUTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022**

Functions/Programs	Capital Asset Additions	Depreciation Expense
General Government	\$ -	\$ 248,486
Public Safety	164,894	365,481
Public Works	307,184	393,035
Parks, Recreation, and Tourism	741,059	419,554
Total - Governmental Activities	<u>\$ 1,213,137</u>	<u>\$ 1,426,556</u>

Capital asset activity for the City's business-type activities for the year ended June 30, 2022, was as follows:

Business-type Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, Non-Depreciable:				
Land	\$ 320,344	\$ -	\$ -	\$ 320,344
Construction In Progress	967,167	72,818	-	1,039,985
Total Capital Assets, Non-Depreciable	<u>1,287,511</u>	<u>72,818</u>	<u>-</u>	<u>1,360,329</u>
Capital Assets, Depreciable:				
Buildings and Improvements	22,117,781	296,814	-	22,414,595
Utility System	119,719,255	2,976,334	-	122,695,589
Equipment, Furniture, and Fixtures	3,556,051	566,408	584,538	3,537,921
Vehicles	3,908,303	96,809	228,319	3,776,793
Total Capital Assets, Depreciable	<u>149,301,390</u>	<u>3,936,365</u>	<u>812,857</u>	<u>152,424,898</u>
Less: Accumulated Depreciation for:				
Buildings and Improvements	7,268,802	169,659	-	7,438,461
Utility System	50,717,977	3,200,059	-	53,918,036
Equipment, Furniture, and Fixtures	2,441,252	-	249,941	2,191,311
Vehicles	3,094,246	265,047	228,319	3,130,974
Total Accumulated Depreciation	<u>63,522,277</u>	<u>3,634,765</u>	<u>478,260</u>	<u>66,678,782</u>
Total Capital Assets, Depreciable, Net	<u>85,779,113</u>	<u>301,600</u>	<u>334,597</u>	<u>85,746,116</u>
Business-type Activities Capital Assets, Net	<u>\$ 87,066,624</u>	<u>\$ 374,418</u>	<u>\$ 334,597</u>	<u>\$ 87,106,445</u>

At June 30, 2022, the City had outstanding business-type activity construction/purchase commitments of approximately \$107,000.

CITY OF NEWBERRY, SOUTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022**

Lease Recognition

The City recognizes leases in accordance with the Accounting Standards Update (ASU) 2016-02, *Leases*. This standard requires balance sheet (statement of net position) recognition of lease agreements with terms exceeding 12 months and disclosure of significant terms of the lease. The City has evaluated lease contracts and determined that current leases do not result in a material impact on the financial statements.

Long-term Obligations

The City will issue bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds or general obligation refunding bonds are direct obligations and pledge the full faith and credit of the City and are subject to the 8% debt limit requirement if not issued under a bond referendum. The City had no outstanding general obligation or general obligation refunding bonds at June 30, 2022. Utility System Revenue Bonds ("RB") are obligations of the City that are secured by revenue from the utility system operations of the City. Lease Purchase ("LP") obligations are special obligations of the City payable from the general revenues of the City. The full faith, credit, and taxing powers of the City are not pledged for the payment of RB and LP obligations nor the interest thereon.

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CITY OF NEWBERRY, SOUTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022**

Details on the City's outstanding debt as of June 30, 2022 are as follows:

	<u>Balance at June 30, 2021</u>
<i>Revenue Bond</i>	
\$39,005,000 Series 2015 Revenue Bonds were issued in May of 2015 ("Series 2015 Revenue Bonds"), which is due in annual principal installments of \$960,000 - \$3,745,000 beginning on April 1, 2016 through April 1, 2035. Interest is payable semi-annually on April 1st and October 1st with interest ranging from 2.0% to 5.0%. The proceeds from this bond were used to pay off the 2014 Bond Anticipation Note and to finance improvements to the City's Utility System.	\$ 30,010,000
\$9,290,000 Series 2021A Revenue Bonds were issued in February of 2021 ("Series 2021A Revenue Bonds"), which is due in annual principal installments of \$730,000 - \$1,100,000 beginning on September 1, 2021 through September 1, 2031. Interest is payable semi-annually on March 1st and September 1st with interest ranging from 3.0% to 5.0%. The proceeds from this bond were used to pay off the 2009 SRFL.	8,560,000
<i>Lease Purchase Obligations</i>	
\$443,119 lease purchase agreement was entered into in December 2014 ("LP - 11/05"), with 40 quarterly payments (including interest) of \$12,839 beginning February 1, 2015 through November 1, 2024 which includes interest of 3.03%. The proceeds from this lease purchase obligations were used to purchase a pumper fire truck.	123,203
\$151,147 lease purchase agreement was entered into in April 2020 ("LP - 04/20"), with 12 quarterly payments (including interest) of \$12,996 beginning May 1, 2020 through February 1, 2023 which includes interest of 2.71%. The proceeds from this lease purchase obligation were used to purchase a rear load packer truck.	38,570

Interest paid on the debt issued by the City is generally exempt from federal income tax. The City sometimes temporarily reinvests the proceeds of such tax-exempt debt in higher-yielding taxable securities, especially during construction projects. The federal tax code refers to this practice as arbitrage. Excess earnings (the difference between the interest on the debt and the investment earnings received) resulting from arbitrage must be rebated to the federal government. The City does not believe it has an arbitrage liability at June 30, 2022.

CITY OF NEWBERRY, SOUTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022**

Presented below is a summary of changes in long-term obligations for the City's governmental activities for the year ended June 30, 2022:

Long-term Obligations	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Debt from Direct Borrowings/Placements:					
LP - 12/14	\$ 169,939	\$ -	\$ 46,736	\$ 123,203	\$ 48,169
LP - 09/18	26,031	-	26,031	-	-
LP - 04/20	89,033	-	50,463	38,570	38,570
Total Debt	285,003	-	123,230	161,773	86,739
Compensated Absences	452,745	-	61,120	391,625	215,394
Total Governmental Activities	<u>\$ 737,748</u>	<u>\$ -</u>	<u>\$ 184,350</u>	<u>\$ 553,398</u>	<u>\$ 302,133</u>

Resources from the General Fund and Tourism Fund have generally been utilized to liquidate the governmental activities long-term obligations.

Presented below is a summary of changes in long-term obligations for the City's business-type activities for the year ended June 30, 2022:

Long-term Obligations	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type Activities:					
Debt:					
Series 2015 RB	\$ 31,465,000	\$ -	\$ 1,455,000	\$ 30,010,000	\$ 1,510,000
Series 2021A RB	9,290,000	-	730,000	8,560,000	775,000
Premium on Series 2015 RB	545,237	-	38,946	506,291	38,946
Premium on Series 2021A RB	1,801,947	-	163,813	1,638,134	163,813
Total Net Debt	43,102,184	-	2,387,759	40,714,425	2,487,759
Compensated Absences	217,306	3,859	-	221,165	143,757
Total Business-type Activities	<u>\$ 43,319,490</u>	<u>\$ 3,859</u>	<u>\$ 2,387,759</u>	<u>\$ 40,935,590</u>	<u>\$ 2,631,516</u>

Resources from the Utility Fund have generally been utilized to liquidate the business-type activities long-term obligations.

CITY OF NEWBERRY, SOUTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022**

The City's outstanding LP from direct borrowings/placements contain provisions that in an event of default, outstanding amounts can become immediately due if the City is unable to make payment. In addition, the City's lease purchase agreements contain provisions that in an event of default, the lessor could exercise its option to demand return of the financed equipment.

Article Eight, Section Seven of the South Carolina Constitution of 1895, as amended, provides that no City shall incur any bonded debt which shall exceed eight percent (8%) of the assessed value of the property therein and no such debt shall be created without the electors of such City or City voting in favor of such further bonded debt. Prior to Home Rule Act of July 1, 1976, the bonded debt exemption was thirty five percent (35%). In 1976, the General Assembly reduced the general obligation debt limit without voter approval to eight percent (8%) of assessed valuation; whereas, with a referendum any amount can be floated. As of June 30, 2022, the City had no general obligation bonded debt. The City's 8% legal debt limit (on assessed values of approximately \$31,214,000) was approximately \$2,497,000 which was the unused legal debt margin at June 30, 2022.

Both the principal and interest on the bonds are payable solely from the gross revenues of the Utility System, and are secured by a valid pledge of the gross revenues of the system, subject to the application thereof, for the purposes and on the conditions permitted by the 2015 and 2021 Bond Ordinance. Additionally, the bonds are secured by a statutory lien upon the Utility System. The bond covenants require, among other things, that the City prescribe and maintain, and thereafter, collect rates and charges for the services and facilities furnished by the system which, together with other income, are reasonably expected to yield annual net earnings in the current fiscal year equal to at least the sum of one hundred twenty-five percent (125%) of the annual principal and interest requirements in such fiscal year for all bonds outstanding. The commitment extends until the maturity of the bonds. The City is in compliance with its pledged revenue coverage and other financial covenants and restrictions at June 30, 2022.

Presented below is a summary of debt service requirements to maturity by year for the City's governmental and business-type activities as of June 30, 2022:

Year Ended June 30,	Debt		Lease Purchases from Direct Borrowings/Placements		Total
	Principal	Interest	Principal	Interest	
<u>Governmental Activities:</u>					
2023	\$ -	\$ -	\$ 86,739	\$ 3,608	\$ 90,347
2024	-	-	49,645	1,713	51,358
2025	-	-	25,389	289	25,678
Totals	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 161,773</u>	<u>\$ 5,610</u>	<u>\$ 167,383</u>

CITY OF NEWBERRY, SOUTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022**

Year Ended June 30,	Revenue Bonds		Total
	Principal	Interest	
<u>Business-type Activities</u>			
2023	\$ 2,285,000	\$ 1,559,356	\$ 3,844,356
2024	2,395,000	1,452,156	3,847,156
2025	2,510,000	1,339,806	3,849,806
2026	2,625,000	1,222,156	3,847,156
2027	2,720,000	1,133,856	3,853,856
2028-2032	15,225,000	4,034,200	19,259,200
2033-2035	10,810,000	876,000	11,686,000
Totals	<u>\$ 38,570,000</u>	<u>\$ 11,617,530</u>	<u>\$ 50,187,530</u>

NOTE 4 – OTHER INFORMATION

Risk Management

Participation in Public Entity Risk Pools for Property and Casualty Insurance

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, and natural disasters. The City has joined together with other municipalities in the state to form the South Carolina Municipal Insurance and Risk Financing Fund (“SCMIRF”) and the South Carolina Municipal Insurance Trust (“SCMIT”), which are public entity risk pools currently operating as a common risk management and insurance program for general risk insurance and workers compensation, respectively.

The City pays an annual premium to SCMIRF for its general risk insurance. SCMIRF is self-sustaining through member premiums and reinsures through commercial companies. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage in the past three fiscal years.

The City pays an annual premium to SCMIT for its workers compensation insurance. The Trust uses reinsurance agreements to reduce its exposure to large workers’ compensation losses. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage in the past three fiscal years.

Retirement Plans

The City participates in the State of South Carolina’s retirement plans, which are administered by the South Carolina Public Employee Benefit Authority (“PEBA”). The South Carolina Public Employee Benefit Authority (PEBA), created July 1, 2012, is the state agency responsible for the administration

CITY OF NEWBERRY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2022

and management of the various Retirement Systems and retirement programs of the state of South Carolina, including the State Optional Retirement Program and the S.C. Deferred Compensation Program, as well as the state's employee insurance programs. As such, PEBA is responsible for administering the South Carolina Retirement Systems' five defined benefit pension plans. PEBA has an 11-member Board of Directors, appointed by the Governor and General Assembly leadership, which serves as custodian, co-trustee and co-fiduciary of the Systems and the assets of the retirement trust funds. The Retirement System Investment Commission (Commission as the governing body, RSIC as the agency), created by the General Assembly in 2005, has exclusive authority to invest and manage the retirement trust funds' assets. The Commission, an eight-member board, serves as co-trustee and co-fiduciary for the assets of the retirement trust funds. By law, the State Fiscal Accountability Authority (SFAA), which consists of five elected officials, also reviews certain PEBA Board decisions regarding the actuary of the Systems.

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Systems and additions to/deductions from the Systems fiduciary net position have been determined on the accrual basis of accounting as they are reported by the Systems in accordance with generally accepted accounting principles (GAAP). For this purpose, revenues are recognized when earned and expenses are recognized when incurred. Benefit and refund expenses are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

PEBA issues a Comprehensive Annual Financial Report (CAFR) containing financial statements and required supplementary information for the Systems' Pension Trust Funds. The CAFR is publicly available through the Retirement Benefits' link on PEBA's website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223. PEBA is considered a division of the primary government of the state of South Carolina and therefore, retirement trust fund financial information is also included in the comprehensive annual financial report of the state.

Plan Descriptions

The South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit pension plan, was established July 1, 1945, pursuant to the provisions of Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement and other benefits for teachers and employees of the state and its political subdivisions. SCRS covers employees of state agencies, public school districts, higher education institutions, other participating local subdivisions of government and individuals newly elected to the South Carolina General Assembly at or after the 2012 general election.

The South Carolina Police Officers Retirement System (PORS), a cost-sharing multiple-employer defined benefit pension plan, was established July 1, 1962, pursuant to the provisions of Section 9-11-20 of the South Carolina Code of Laws for the purpose of providing retirement and other benefits to

CITY OF NEWBERRY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2022

police officers and firefighters. PORS also covers peace officers, coroners, probate judges and magistrates.

Membership

Membership requirements are prescribed in Title 9 of the South Carolina Code of Laws. A brief summary of the requirements under each system is presented below.

- SCRS – Generally, all employees of covered employers are required to participate in and contribute to the system as a condition of employment. This plan covers general employees and teachers and individuals newly elected to the South Carolina General Assembly beginning with the November 2012 general election. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.
- PORS – To be eligible for PORS membership, an employee must be required by the terms of his employment, by election or appointment, to preserve public order, protect life and property, and detect crimes in the state; to prevent and control property destruction by fire; be a coroner in a full-time permanent position; or be a peace officer employed by the Department of Corrections, the Department of Juvenile Justice or the Department of Mental Health. Probate judges and coroners may elect membership in PORS. Magistrates are required to participate in PORS for service as a magistrate. PORS members, other than magistrates and probate judges, must also earn at least \$2,000 per year and devote at least 1,600 hours per year to this work, unless exempted by statute. An employee member of the system with an effective membership prior to July 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

Plan Benefits

Benefit terms are prescribed in Title 9 of the South Carolina Code of Laws. PEBA does not have the authority to establish or amend benefit terms without a legislative change in the code of laws. Key elements of the benefit calculation include the benefit multiplier, years of service, and average final compensation/current annual salary. A brief summary for the benefit terms for each system is presented below.

- SCRS – A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 65 or with 28 years credited service regardless of age. A member may elect early retirement with reduced pension benefits payable at age 55 with 25 years of service credit. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension upon satisfying

CITY OF NEWBERRY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2022

the Rule of 90 requirement that the total of the member's age and the member's creditable service equals at least 90 years. Both Class Two and Class three members are eligible to receive a reduced deferred annuity at age 60 if they satisfy the five- or eight-year earned service requirements, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program.

The annual retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of one percent or five hundred dollars every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase. Members who retire under the early retirement provisions at age 55 with 25 years of service are not eligible for the benefit adjustment until the July 1 after reaching age 60 or the second July 1 after the date they would have had 28 years of service credit had they not retired.

- **PORS** – A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 55 or with 25 years of service regardless of age. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension at age 55 or with 27 years of service regardless of age. Both Class Two and Class Three members are eligible to receive a deferred annuity at age 55 with five or eight years of earned service, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program. Accidental death benefits are also provided upon the death of an active member working for a covered employer whose death was a natural and proximate result of an injury incurred while in the performance of duty. The retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of one percent or five hundred dollars every July 1. Only those annuitants in receipt of a benefit on July of the preceding year are eligible to receive the increase.

The retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of one percent or five hundred dollars every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase.

Plan Contributions

Actuarial valuations are performed annually by an external consulting actuary to ensure applicable contribution rates satisfy the funding parameters specified in Title 9 of the South Carolina Code of Laws. Under these provisions, SCRS and PORS contribution requirements must be sufficient to maintain an amortization period for the financing of the unfunded actuarial accrued liability (UAAL) over a period that does not exceed the number of years scheduled in state statute. Legislation in 2017 increased, but also established a ceiling for SCRS and PORS employee contribution rates. Effective July 1, 2017, employee rates were increased to a capped rate of 9.00 percent for SCRS and 9.75 percent for PORS. The legislation also increased employer contribution rates beginning July 1, 2017 for both SCRS and PORS by

CITY OF NEWBERRY, SOUTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022**

two percentage points and further scheduled employer contribution rates to increase by a minimum of one percentage point each year in accordance with state statute. However, the General Assembly postponed the one percent increase in the SCRS & PORS employer contribution rates that was scheduled to go into effect beginning July 1, 2020.

If the scheduled contributions are not sufficient to meet the funding periods set in state statute, the board shall increase the employer contribution rates as necessary to meet the funding periods set for the applicable year. The maximum funding period of SCRS and PORS is scheduled to be reduced over a ten-year schedule from 30 years beginning fiscal year 2018 to 20 years by fiscal year 2028.

Additionally, the Board is prohibited from decreasing the SCRS and PORS contribution rates until the funded ratio is at least 85 percent. If the most recent annual actuarial valuation of the Systems for funding purposes shows a ratio of the actuarial values of system assets to the actuarial accrued liability of the system (the funded ratio) that is equal to or greater than 85 percent, then the Board, effective on the following July first, may decrease the then current contribution rates upon making a finding that the decrease will not result in a funded ratio of less than 85 percent. If contribution rates are decreased pursuant to this provision, and the most recent annual actuarial valuation of the system shows a funded ratio of less than 85 percent, then effective on the following July first, and annually thereafter as necessary, the Board shall increase the then current contribution rates until a subsequent annual actuarial valuation of the system shows a funded ratio that is equal to or greater than 85 percent.

Required employee contributions rates¹ for the following fiscal years are as follows:

	<u>Fiscal Year 2022¹</u>	<u>Fiscal Year 2021</u>
SCRS		
Employee Class Two	9.00%	9.00%
Employee Class Three	9.00%	9.00%
PORS		
Employee Class Two	9.75%	9.75%
Employee Class Three	9.75%	9.75%

Required employer contributions rates¹ for the following fiscal years are as follows:

	<u>Fiscal Year 2022¹</u>	<u>Fiscal Year 2021¹</u>
SCRS		
Employer Class Two	16.41%	15.41%
Employer Class Three	16.41%	15.41%
Employer Incidental Death Benefit	0.15%	0.15%

CITY OF NEWBERRY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2022

PORS

Employer Class Two	18.84%	17.84%
Employer Class Three	18.84%	17.84%
Employer Incidental Death Benefit	0.20%	0.20%
Employer Accidental Death Program	0.20%	0.20%

¹Calculated on earnable compensation as defined in Title 9 of the South Carolina Code of Laws.

Actuarial Assumptions and Methods

Actuarial valuations of the ongoing plan involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. An experience report on the Systems was most recently issued for the period ending June 30, 2019.

The June 30, 2021, total pension liability (TPL), net pension liability (NPL), and sensitivity information shown in this report were determined by our consulting actuary, Gabriel, Roeder, Smith and Company (GRS) and are based on an actuarial valuation performed as of July 1, 2020. The total pension liability was rolled-forward from the valuation date to the plans' fiscal year end, June 30, 2021, using generally accepted actuarial principles. There was no legislation enacted during the 2021 legislative session that had a material change in the benefit provisions for any of the systems. In FY 2021, the Board adopted updated demographic assumptions. Also, the General Assembly permitted the investment return assumption at July 1, 2021 to decrease from 7.25% to 7.00%, as provided by Section 9-16-335 in South Carolina State Code.

The following provides a summary of the actuarial assumptions and methods used to calculate the TPL as of June 30, 2021:

	SCRS	PORS
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Investment Rate of Return ¹	7.00%	7.00%
Projected Salary Increases	3.0% to 11% (varies by service) ¹	3.5% to 10.5% (varies by service) ¹
Benefit Adjustments	Lesser of 1% or \$500 annually	Lesser of 1% or \$500 annually
¹ Includes inflation at 2.25		

CITY OF NEWBERRY, SOUTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022**

The post-retiree mortality assumption is dependent upon the member's job category and gender. The base mortality assumptions, the 2020 Public Retirees of South Carolina mortality table ("2020 PRSC"), was developed using the Systems' mortality experience. These base rates are adjusted for future improvement in mortality using 80% of Scale UMP projected from the year 2020.

Assumptions used in the determination of the June 30, 2021, TPL are as follows:

Former Job Class	Males	Females
Educators	2020 PRSC Males multiplied by 95%	20120 PRSC Females multiplied by 94%
General Employees and Members of the General Assembly	2020 PRSC Males multiplied by 97%	2020 PRSC Females multiplied by 107%
Public Safety and Firefighters	2020 PRSC Males multiplied by 127%	2020 PRSC Females multiplied by 107%

Net Pension Liability

The NPL is calculated separately for each system and represents that particular system's TPL determined in accordance with GASB No. 67 less that System's fiduciary net position. NPL totals, as of the June 30, 2021 measurement date, for SCRS and PORS are as follows:

Plan	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Pension Liability (Asset)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
SCRS	\$55,131,579,936	\$33,490,305,970	\$21,641,273,393	60.7%
PORS	\$8,684,586,488	\$6,111,672,064	\$2,572,914,424	70.4%

The TPL is calculated by the Systems' actuary, and each plan's fiduciary net position is reported in the Systems' financial statements. The NPL is disclosed in accordance with the requirements of GASB 67 in the Systems' notes to the financial statements and required supplementary information. Liability calculations performed by the Systems' actuary for the purpose of satisfying the requirements of GASB Nos. 67 and 68 are not applicable for other purposes, such as determining the plans' funding requirements.

CITY OF NEWBERRY, SOUTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022**

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments is based upon the 30-year capital markets assumptions. The long-term expected rate of returns represent assumptions developed using an arithmetic building block approach, primarily based on consensus expectations and market based inputs. Expected returns are net of investment fees.

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2021 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the table on the following page. For actuarial purposes, the 7.00 percent assumed annual investment rate of return and used in the calculation of the TPL includes a 4.75 percent real rate of return and a 2.25 percent inflation component.

Allocation/ Exposure	Target Asset Allocation	Expected Arithmetic Real Rate of Return	Long-term Expected Portfolio Real Rate of Return
Public Equity	46.0%	6.87%	3.16
Bonds	26.0%	0.27%	0.07%
Private Equity	9.0%	9.68%	0.87%
Private Debt	7.0%	5.47%	0.39%
Real Assets	12.0%		
Real Estate	9.0%	6.01%	0.54%
Infrastructure	3.0%	5.08%	0.15%
Total Expected Real Return	100.0%		5.18%
Inflation for Actuarial Purposes			2.25%
			<u>7.43%</u>

Discount Rate

The discount rate used to measure TPL was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS and PORS will be made based on the actuarially determined rates based on provisions in the South Carolina Code of Laws. Based on those assumptions, the System's fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL.

CITY OF NEWBERRY, SOUTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022**

Sensitivity Analysis

The following table presents the proportionate share of the NPL of the plans calculated using the discount rate of 7.00 percent, as well as what the City's NPL would be if it were calculated using a discount rate that is 1.00 percent lower (6.00 percent) or 1.00 percent higher (8.00 percent) than the current rate.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate			
System	1.00% Decrease (6.00%)	Current Discount Rate (7.00%)	1.00% Increase (8.00%)
SCRS	\$12,841,927	\$9,804,304	\$7,278,725
PORS	\$5,432,180	\$3,744,089	\$2,361,266

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions

At June 30, 2022, the City reported a liability of \$8,450,025 for the governmental activities and \$5,098,098 for the business- type activities on the government wide financial statements for its proportionate share of the NPL. The NPL was measured as of June 30, 2021, and the TPL used to calculate the NPL was determined by an actuarial valuation as of that date. The City's proportion of the NPL was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

For the year ended June 30, 2022, the City recognized pension expense of approximately \$(171,641).

At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

SCRS	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 167,000	\$ 13,232
Changes of assumptions	536,641	-
Net difference between projected and actual investment earnings	-	1,424,165
Change in allocated proportion	317,655	164,403
Contributions after the measurement date	851,197	-
Total	<u>\$ 1,872,493</u>	<u>\$ 1,601,800</u>

CITY OF NEWBERRY, SOUTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022**

PORS	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 127,371	\$ 11,660
Changes of assumptions	267,046	-
Net difference between projected and actual investment earnings	-	839,408
Change in allocated proportion	108,627	168,779
Contributions after the measurement date	417,152	-
Total	<u>\$ 920,196</u>	<u>\$ 1,019,847</u>

The amount of \$851,197 and \$417,152 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date to the SCRS and PORS, respectively, will be recognized as a reduction of the NPL in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year	Amount		Total
	SCRS	PORS	
2023	\$ 48,872	\$ (145,347)	\$ (96,475)
2024	(35,395)	(38,863)	(74,258)
2025	(61,075)	(40,152)	(101,227)
2026	(532,906)	(292,441)	(825,347)
Total	<u>\$ (580,504)</u>	<u>\$ (516,803)</u>	<u>\$ (1,097,307)</u>

Health Insurance and Other Postemployment Benefits

The City provides a health insurance program through the State for its eligible employees. The City pays a monthly premium to the State for its health coverage (insured plan) with the insurer being responsible for claims.

In 2015, the GASB issued Statement No. 75 "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" ("GASB No. 75"). GASB No. 75 establishes standards for the measurement, recognition and display of Other Postemployment Benefits ("OPEB") expenditures and related liabilities, note disclosures, and, if applicable, required supplementary information in the financial reports of state and local governmental employers. The City adopted GASB No. 75 for the year ended June 30, 2018 and its implementation had no impact, as the City currently does not provide any significant OPEB benefits (i.e. retiree health benefits, etc.) to its retirees.

CITY OF NEWBERRY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2022

Litigation

The City is periodically the subject of litigation by a variety of plaintiffs. The City's management believes that such amounts claimed by these plaintiffs, net of the applicable insurance coverage, are immaterial.

Grants

The City receives financial assistance from various federal, state, and local governmental agencies in the form of grants. Disbursements of funds received under these programs generally require compliance with the terms and conditions specified in the grant agreements. The disbursements are also subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the City. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements included herein or on the overall financial position of the City at June 30, 2022.

Piedmont Municipal Power Agency

The City of Newberry is a member of the Piedmont Municipal Power Agency (PMPA) that was formed in 1979. PMPA is a public body corporate and politic of the State of South Carolina consisting of ten municipalities in South Carolina (each, a "Participant"), which purchase electric power from PMPA. PMPA owns a 25% undivided interest in Unit 2 of Duke Power's Catawba Nuclear Station in York County, South Carolina.

The City has entered into a long-term agreement to purchase electrical power from the PMPA. 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 the fiscal year ended June 30, 2022, the cost of power the City purchased from PMPA amounted to approximately \$17,300,000. Because of the nature of the agreement, the aggregate commitments over future years cannot be determined.

The City has agreed pursuant to the Catawba Nuclear Project Power Sales Agreement with PMPA, in exchange for a share of the power and energy from the Catawba Nuclear Station, to take or pay for a cost of its share of the Catawba project output whether or not the project is operable or operating. Such costs are all of PMPA's costs resulting from or attributable to the ownership, operation, maintenance, termination, retirement from service, decommissioning of, necessary repairs and additions, and amounts required to be deposited to debt service funds.

CITY OF NEWBERRY, SOUTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022**

In June 2019 four members initiated a lawsuit, against PMPA and four other members (cities of Rock Hill, Greer, Union and Clinton), alleging, among other things, civil conspiracy and breach of fiduciary duties by certain of the members and seeking, among other things, declarations by a court regarding interpretation of the Catawba Project Power Sales Agreements and Supplemental Power Sales Agreements. Essentially, the lawsuit alleges that the cities of Rock Hill and Greer have conspired with the cities of Clinton and Union, offering 10 years of concessions in rates at the expense of the other members.

Although the City of Newberry is not a party in the lawsuit, if PMPA were on the non-prevailing side of this litigation, PMPA could become subject to a monetary judgment and may be required to change its rate structure/methodology. The combination of an adverse monetary judgment and a new rate methodology based solely upon the Participant's shares are estimated by PMPA's consultants to result in rate increases for the City of Newberry. Such rate increases may have an adverse impact on the financial condition of the City. At this time, the City is not able to predict the outcome of these proceedings or the impact such proceedings may have on the cost of power for the City.

Concentration of Utility Revenue Risk

The City received approximately 31% of its total utility revenues during the year ended June 30, 2022 from one source, Kraft Heinz Foods Company.

NOTE 5 – PRIOR PERIOD ADJUSTEMENT

A prior period adjustment of \$292,500 is being made to the Proprietary Fund to reduce net position. The difference reduces utility accounts receivable that resulted during a change in billing software.

NOTE 6 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through the date of the auditor's report, which is the date the financial statements were available to be issued.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF NEWBERRY, SOUTH CAROLINA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
JUNE 30, 2022

	ORIGINAL BUDGET	REVISED BUDGET	ACTUAL	VARIANCE
REVENUES				
Taxes	\$ 2,360,000	\$ 2,360,000	\$ 2,505,355	\$ 145,355
Licenses, Permits, and Franchise Fees	2,168,145	2,168,145	2,419,309	251,164
Fines and Forfeitures	257,000	304,811	371,816	67,005
Charges for Services	1,131,500	1,131,500	1,111,824	(19,676)
Intergovernmental	5,782,198	7,055,461	4,103,013	(2,952,448)
Miscellaneous	337,500	337,500	386,920	49,420
Interest Revenue	3,000	3,000	4,658	1,658
TOTAL REVENUES	<u>12,039,343</u>	<u>13,360,417</u>	<u>10,902,895</u>	<u>(2,457,522)</u>
EXPENDITURES				
General Government				
City Council	122,259	122,259	142,923	(20,664)
City Manager	130,896	130,896	117,373	13,523
Human Resources	81,589	81,589	77,302	4,287
Finance	144,943	144,943	143,686	1,257
City Hall	46,452	46,452	38,752	7,700
Planning and Development	637,816	637,816	433,224	204,592
Public Safety				
Police Department	1,879,324	1,879,324	1,746,204	133,120
Justice and Law	273,830	273,830	399,762	(125,932)
Fire Department	1,298,689	1,298,689	1,248,631	50,058
Public Works				
Public Works Administration	260,873	260,873	216,550	44,323
Streets	827,140	827,140	453,437	373,703
Sanitation	725,309	725,309	682,335	42,974
Building Maintenance	156,549	156,549	154,411	2,138
Garage	128,135	128,135	135,823	(7,688)
Parks, Recreation, and Tourism	1,483,531	1,483,531	1,316,140	167,391
Non-Departmental				
General Insurance	188,727	188,727	180,888	7,839
Employee Benefits	2,327,421	2,327,421	2,058,365	269,056
Community Promotions and Projects	168,511	168,511	166,279	2,232
Lease Purchase Payments	182,041	182,041	180,192	1,849
TOTAL EXPENDITURES	<u>11,064,035</u>	<u>11,064,035</u>	<u>9,892,277</u>	<u>1,171,758</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>975,308</u>	<u>2,296,382</u>	<u>1,010,618</u>	<u>(1,285,764)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	2,203,159	2,203,159	2,206,880	3,721
TOTAL OTHER FINANCING SOURCES (USES)	<u>2,203,159</u>	<u>2,203,159</u>	<u>2,206,880</u>	<u>3,721</u>
NET CHANGE IN FUND BALANCE	3,178,467	4,499,541	3,217,498	(1,282,043)
FUND BALANCES, Beginning of Year	<u>2,938,873</u>	<u>2,938,873</u>	<u>2,938,873</u>	<u>-</u>
FUND BALANCES, End of Year	<u>\$ 6,117,340</u>	<u>\$ 7,438,414</u>	<u>\$ 6,156,371</u>	<u>\$ (1,282,043)</u>

CITY OF NEWBERRY, SOUTH CAROLINA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
RECREATION COMPLEX FUND
YEAR ENDED JUNE 30, 2022

	ORIGINAL BUDGET	REVISED BUDGET	ACTUAL	VARIANCE
REVENUES				
Donations Revenue	\$ 5,000	\$ 5,000	\$ 4,500	\$ (500)
Other Revenue	30,500	30,500	29,920	(580)
TOTAL REVENUES	<u>35,500</u>	<u>35,500</u>	<u>34,420</u>	<u>(1,080)</u>
EXPENDITURES				
Other:				
Operating Expenditures	204,329	204,329	141,425	62,904
Capital Expenditures	75,000	353,060	146,019	207,041
TOTAL EXPENDITURES	<u>279,329</u>	<u>557,389</u>	<u>287,444</u>	<u>269,945</u>
EXCESS (DEFICIENCY) OF				
REVENUES OVER (UNDER) EXPENDITURES	<u>(243,829)</u>	<u>(521,889)</u>	<u>(253,024)</u>	<u>268,865</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	214,000	214,000	214,000	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>214,000</u>	<u>214,000</u>	<u>214,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(29,829)	(307,889)	(39,024)	268,865
FUND BALANCES, Beginning of Year	<u>414,398</u>	<u>414,398</u>	<u>414,398</u>	<u>-</u>
FUND BALANCES, End of Year	<u>\$ 384,569</u>	<u>\$ 106,509</u>	<u>\$ 375,374</u>	<u>\$ (268,865)</u>

CITY OF NEWBERRY, SOUTH CAROLINA

**NOTES TO THE BUDGETARY COMPARISON SCHEDULES
YEAR ENDED JUNE 30, 2022**

NOTE 1 – BASIS OF ACCOUNTING

The budgetary comparison schedules have been presented on the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States of America.

NOTE 2 – BUDGETARY INFORMATION

The City follows the following procedures in establishing its annual budgets:

1. By mid-February of each year, all departments/agencies of the government submit requests for appropriation to the City Manager so that its budget may be prepared. The budget is prepared by fund, function and department, and includes information on the past year, the current year budget and requested appropriations for the next fiscal year.
2. In May of each year, the proposed budget is presented to the City Council for review. The City Council adopts an annual budget for the General Fund, most Special Revenue Funds, Enterprise Fund, and Japanese Gardens Fund prior to the beginning of the next fiscal year. Annual budget administration purposes, the Utility Gross Revenue Fund and any Utility Debt Service or Utility Capital Funds shall be considered a single enterprise fund.
3. 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. Changes that alter total expenditures of any fund must be changed by an affirmative vote of a majority of City Council. Budgeted expenditure appropriations lapse at yearend.
4. The budgets for the budgeted funds are legally adopted on a basis consistent with GAAP, with the exception of the Enterprise Fund, which follows the City's budgetary basis. The budgets at the end of the year for these funds represent the budgets adopted and amended by the City Council.

CITY OF NEWBERRY, SOUTH CAROLINA

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY
SOUTH CAROLINA RETIREMENT SYSTEM
LAST EIGHT FISCAL YEARS

	Year Ended June 30,							
	2022	2021	2020	2019	2018	2017	2016	2015
City's Proportion of the Net Pension Liability (Asset)	0.14552%	0.04416%	0.04564%	0.04345%	0.04331%	0.04183%	0.04107%	0.04152%
City's Proportionate Share of the Net Pension Liability	\$ 3,744,089	\$ 11,282,804	\$ 10,420,284	\$ 9,735,396	\$ 9,750,003	\$ 8,933,972	\$ 7,789,313	\$ 7,148,368
City's Covered Payroll	\$ 2,190,923	\$ 4,926,274	\$ 4,818,895	\$ 4,502,459	\$ 4,369,974	\$ 4,050,395	\$ 3,850,922	\$ 3,769,744
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	170.89%	229.03%	216.24%	216.22%	223.11%	220.57%	202.27%	189.62%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.40%	50.70%	54.40%	54.10%	53.34%	52.91%	56.99%	59.92%

Notes to Schedule:

The amounts presented for each fiscal year were determined as of June 30th of the measurement date of the pension liability.

The City implemented GASB Nos. 68/71 during the year ended June 30, 2015. Information before 2015 is not available.

The discount rate was lowered from 7.50% to 7.25% beginning with the year ended June 30, 2017 measurement date. It was again lowered to 7.00% beginning with the year ended June 30, 2021 measurement date.

CITY OF NEWBERRY, SOUTH CAROLINA

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE
SCHEDULE OF CONTRIBUTIONS
SOUTH CAROLINA RETIREMENT SYSTEM
LAST EIGHT FISCAL YEARS

	Year Ended June 30,							
	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	\$ 851,197	\$ 796,841	\$ 766,528	\$ 701,631	\$ 610,533	\$ 505,169	\$ 447,967	\$ 419,751
Contributions in Relation to the Contractually Required Contribution:								
Contributions from the City	809,882	755,526	725,213	660,316	569,218	505,169	447,967	491,751
Contributions from the State	41,315	41,315	41,315	41,315	41,315	-	-	-
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (72,000)</u>
City's Covered Payroll	\$ 5,140,079	\$ 5,121,085	\$ 4,926,274	\$ 4,818,895	\$ 4,502,459	\$ 4,369,974	\$ 4,050,395	\$ 3,850,922
Contributions as a Percentage of Covered Payroll	16.56%	15.56%	15.56%	14.56%	13.56%	11.56%	11.06%	10.90%

Notes to Schedule:

The City implemented GASB Nos. 68/71 during the year ended June 30, 2015. Information before 2015 is not available.

CITY OF NEWBERRY, SOUTH CAROLINA

**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY
POLICE OFFICERS RETIREMENT SYSTEM
LAST EIGHT FISCAL YEARS**

	Year Ended June 30,							
	2022	2021	2020	2019	2018	2017	2016	2015
City's Proportion of the Net Pension Liability (Asset)	0.04530%	0.14050%	0.14166%	0.16039%	0.16950%	0.16638%	0.16974%	0.17525%
City's Proportionate Share of the Net Pension Liability	\$ 9,804,034	\$ 4,659,410	\$ 4,059,986	\$ 4,544,664	\$ 4,643,638	\$ 4,220,136	\$ 3,699,499	\$ 3,355,092
City's Covered Payroll	\$ 5,121,085	\$ 2,188,103	\$ 2,054,864	\$ 2,220,013	\$ 2,282,656	\$ 2,121,035	\$ 2,102,812	\$ 2,107,620
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	191.44%	212.94%	197.58%	204.71%	203.43%	198.97%	175.93%	159.19%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	60.70%	58.80%	62.69%	61.73%	60.94%	60.44%	64.57%	67.55%

Notes to Schedule:

The amounts presented for each fiscal year were determined as of June 30th of the measurement date of the pension liability.

The City implemented GASB Nos. 68/71 during the year ended June 30, 2015. Information before 2015 is not available.

The discount rate was lowered from 7.50% to 7.25% beginning with the year ended June 30, 2017 measurement date. It was again lowered to 7.00% beginning with the year ended June 30, 2021 measurement date.

CITY OF NEWBERRY, SOUTH CAROLINA

**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE
SCHEDULE OF CONTRIBUTIONS
POLICE OFFICERS RETIREMENT FUND
LAST EIGHT FISCAL YEARS**

	Year Ended June 30,							
	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	\$ 421,534	\$ 399,110	\$ 387,148	\$ 354,258	\$ 360,530	\$ 325,050	\$ 291,439	\$ 281,987
Contributions in Relation to the Contractually Required Contribution:								
Contributions from the City	399,726	377,302	365,340	332,450	338,722	325,050	291,439	281,987
Contributions from the State	21,808	21,808	21,808	21,808	21,808	-	-	-
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll	\$ 2,190,923	\$ 2,188,103	\$ 2,122,519	\$ 2,054,864	\$ 2,220,013	\$ 2,282,656	\$ 2,121,035	\$ 2,102,812
Contributions as a Percentage of Covered Payroll	19.24%	18.24%	18.24%	17.24%	16.24%	14.24%	13.74%	13.41%

Notes to Schedule:

The City implemented GASB Nos. 68/71 during the year ended June 30, 2015. Information before 2015 is not available.

SUPPLEMENTARY INFORMATION

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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, SOUTH CAROLINA

SCHEDULE OF EXPENDITURES BY DEPARTMENT - REVISED BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2022

	REVISED BUDGET	ACTUAL	VARIANCE
General Government			
City Council			
Salaries	\$ 69,508	\$ 97,559	\$ (28,051)
Operating	52,751	45,364	7,387
Total City Council	122,259	142,923	(20,664)
City Manager			
Salaries	91,033	92,377	(1,344)
Operating	39,863	24,996	14,867
Total City Manager	130,896	117,373	13,523
Human Resources			
Salaries	64,951	62,174	2,777
Operating	16,638	15,128	1,510
Total Human Resources	81,589	77,302	4,287
Finance			
Salaries	63,067	54,205	8,862
Operating	81,876	89,481	(7,605)
Total Finance	144,943	143,686	1,257
City Hall			
Operating	38,452	38,752	(300)
Capital Outlay	8,000	-	8,000
Total City Hall	46,452	38,752	7,700
Planning and Development			
Salaries	62,920	70,563	(7,643)
Operating	574,896	362,661	212,235
Total Planning and Development	637,816	433,224	204,592
Total General Government	1,163,955	953,260	210,695
Public Safety			
Police Department			
Salaries	1,494,400	1,425,049	69,351
Operating	303,663	209,458	94,205
Capital Outlay	81,261	111,697	(30,436)
Total Police Department	1,879,324	1,746,204	133,120
Justice and Law			
Salaries	118,148	160,742	(42,594)
Operating	145,682	239,020	(93,338)
Capital Outlay	10,000	-	10,000
Total Justice and Law	273,830	399,762	(125,932)
Fire Department			
Salaries	953,564	930,539	23,025
Operating	295,125	264,895	30,230
Capital Outlay	50,000	53,197	(3,197)
Total Fire Department	1,298,689	1,248,631	50,058
Total Public Safety	3,451,843	3,394,597	57,246
Public Works			
Public Works Administration			
Salaries	141,701	129,297	12,404
Operating	119,172	87,253	31,919
Total Public Works Administration	260,873	216,550	44,323

(Continued)

CITY OF NEWBERRY, SOUTH CAROLINA

SCHEDULE OF EXPENDITURES BY DEPARTMENT - REVISED BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2022

	REVISED BUDGET	ACTUAL	VARIANCE
Public Works (Continued)			
Streets			
Salaries	\$ 350,418	\$ 304,599	\$ 45,819
Operating	151,722	148,838	2,884
Street paving	325,000	-	325,000
Total Streets	827,140	453,437	373,703
Sanitation			
Salaries	211,155	205,908	5,247
Operating	214,154	177,507	36,647
Capital Outlay	300,000	298,920	1,080
Total Sanitation	725,309	682,335	42,974
Facilities and Grounds			
Salaries	123,884	108,968	14,916
Operating	24,165	37,179	(13,014)
Capital Outlay	8,500	8,264	236
Total Building Maintenance	156,549	154,411	2,138
Garage			
Salaries	73,202	86,918	(13,716)
Operating	54,933	48,905	6,028
Total Garage	128,135	135,823	(7,688)
Total Public Works	2,098,006	1,642,556	455,450
Parks, Recreation, and Tourism			
Salaries	504,198	491,657	12,541
Operating	263,635	229,443	34,192
Capital Outlay	715,698	595,040	120,658
Total Parks, Recreation, and Tourism	1,483,531	1,316,140	167,391
Non-Departmental			
General Insurance			
Operating	188,727	180,888	7,839
Total General Insurance	188,727	180,888	7,839
Employee Benefits			
SC Retirement	302,381	309,755	(7,374)
SC Police Retirement	470,989	401,733	69,256
Social Security	326,956	312,919	14,037
City's Share of Employee Insurance	985,500	855,524	129,976
Workers' Compensation	161,595	108,179	53,416
Workers' Compensation Deductibles	23,000	27,043	(4,043)
Other	57,000	43,212	13,788
Total Employee Benefits	2,327,421	2,058,365	269,056
Community Promotions and Projects			
Operating	168,511	166,279	2,232
Total Community Promotions and Projects	168,511	166,279	2,232
Debt Service			
Lease Purchase Principal and Interest Payments	182,041	180,192	1,849
Total Debt Service	182,041	180,192	1,849
Total Non-Departmental, Including Debt Service	2,866,700	2,585,724	280,976
TOTAL GENERAL FUND EXPENDITURES	\$ 11,064,035	\$ 9,892,277	\$ 1,171,758

CITY OF NEWBERRY, SOUTH CAROLINA

COMBINING BALANCE SHEET
NON MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2022

	Non Major Special Revenue Funds	Non Major Permanent Fund	Total Non Major Governmental Funds
Assets			
Cash and Cash Equivalents	\$ 1,515,648	\$ -	\$ 1,515,648
Cash and Cash Equivalents, Restricted	50,069	30,887	80,956
Receivables, Net:			
Accounts	113,598	-	113,598
Notes	355,000	-	355,000
Due from Other Governments	59,187	-	59,187
Due from Other Funds	19,324	-	19,324
Total Assets	<u>\$ 2,112,826</u>	<u>\$ 30,887</u>	<u>\$ 2,143,713</u>
Liabilities, Deferred Inflows, and Fund Balances			
Liabilities			
Accounts Payable and Accrued Expenses	\$ 14,767	\$ 3,995	\$ 18,762
Interfund Payables	23,613	-	23,613
Total Liabilities	<u>38,380</u>	<u>3,995</u>	<u>42,375</u>
Deferred Inflows of Resources			
Unavailable Revenues	<u>357,795</u>	<u>-</u>	<u>357,795</u>
Fund Balances			
Nonspendable	-	10,000	10,000
Restricted			
Tourism Related Expenditures	650,628	-	650,628
Streetscape	4,245	-	4,245
Public Safety	50,340	-	50,340
Other	-	16,892	16,892
Committed			
Tourism Related Expenditures	205,239	-	205,239
Parks and Recreation	217,846	-	217,846
Public Safety	29,516	-	29,516
Cultural Arts	140,155	-	140,155
Special Events	140,243	-	140,243
Assigned			
Community Development	278,439	-	278,439
Total Fund Balances	<u>1,716,651</u>	<u>26,892</u>	<u>1,743,543</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 2,112,826</u>	<u>\$ 30,887</u>	<u>\$ 2,143,713</u>

CITY OF NEWBERRY, SOUTH CAROLINA

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022**

	Non Major Special Revenue Funds	Non Major Permanent Fund	Total Non Major Governmental Funds
REVENUES			
Taxes	\$ 1,238,365	\$ -	\$ 1,238,365
Intergovernmental	18,447	-	18,447
Fines, Forfeitures, and Penalties	99,875	-	99,875
Miscellaneous	171,989	1,700	173,689
TOTAL REVENUES	<u>1,528,676</u>	<u>1,700</u>	<u>1,530,376</u>
EXPENDITURES			
Current			
Public Safety	43,706	-	43,706
Community Development	32,287	-	32,287
Non-Departmental	830,526	211,860	1,042,386
TOTAL EXPENDITURES	<u>906,519</u>	<u>211,860</u>	<u>1,118,379</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>622,157</u>	<u>(210,860)</u>	<u>411,997</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	640,083	95,000	735,083
Transfers Out	(1,290,054)	-	(1,290,054)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(649,971)</u>	<u>95,000</u>	<u>(554,971)</u>
NET CHANGES IN FUND BALANCES	(27,814)	(115,160)	(142,974)
FUND BALANCES, Beginning of Year	<u>1,744,465</u>	<u>142,052</u>	<u>1,886,517</u>
FUND BALANCES, End of Year	<u><u>\$ 1,716,651</u></u>	<u><u>\$ 26,892</u></u>	<u><u>\$ 1,743,543</u></u>

CITY OF NEWBERRY, SOUTH CAROLINA

SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2022

	NANU Fund	Federal Equitable Sharing Fund	Tourism Fund	Special Events Fund	State Accommodations Tax Fund	Cultural Arts Fund	Community Housing/ Development Fund	Streetscape Fund
Assets								
Cash and Investments	\$ 2,210	\$ 8,150	\$ 195,818	\$ 142,383	\$ -	\$ 142,023	\$ 278,439	\$ 4,245
Cash and Investments, Restricted	-	-	-	-	50,069	-	-	-
Receivables, Net:								
Accounts	-	-	-	1,500	-	3,459	-	-
Notes	-	-	-	-	-	-	355,000	-
Intergovernmental	-	-	-	-	59,187	-	-	-
Due From Other Funds	-	-	17,756	-	-	-	-	-
Total Assets	<u>\$ 2,210</u>	<u>\$ 8,150</u>	<u>\$ 213,574</u>	<u>\$ 143,883</u>	<u>\$ 109,256</u>	<u>\$ 145,482</u>	<u>\$ 633,439</u>	<u>\$ 4,245</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances								
Liabilities								
Accounts Payable and Accrued Expenses	\$ 54	\$ -	\$ 5,540	\$ 3,640	\$ -	\$ 3,777	\$ -	\$ -
Due To Other Funds	-	-	-	-	20,715	1,550	-	-
Total Liabilities	<u>54</u>	<u>-</u>	<u>5,540</u>	<u>3,640</u>	<u>20,715</u>	<u>5,327</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources								
Unavailable Revenues	-	-	2,795	-	-	-	355,000	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>2,795</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>355,000</u>	<u>-</u>
Fund Balances								
Restricted								
Tourism Related Expenditures	-	-	-	-	88,541	-	-	-
Streetscape	-	-	-	-	-	-	-	4,245
Public Safety	-	-	-	-	-	-	-	-
Committed								
Tourism Related Expenditures	-	-	205,239	-	-	-	-	-
Parks and Recreation	-	-	-	-	-	-	-	-
Public Safety	2,156	8,150	-	-	-	-	-	-
Cultural Arts	-	-	-	-	-	140,155	-	-
Special Events	-	-	-	140,243	-	-	-	-
Assigned								
Community Development	-	-	-	-	-	-	278,439	-
Total Fund Balances	<u>2,156</u>	<u>8,150</u>	<u>205,239</u>	<u>140,243</u>	<u>88,541</u>	<u>140,155</u>	<u>278,439</u>	<u>4,245</u>
Total, Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 2,210</u>	<u>\$ 8,150</u>	<u>\$ 213,574</u>	<u>\$ 143,883</u>	<u>\$ 109,256</u>	<u>\$ 145,482</u>	<u>\$ 633,439</u>	<u>\$ 4,245</u>

CITY OF NEWBERRY, SOUTH CAROLINA

SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2022

Local Hospitality/ Accommodations Fee Fund	Volunteer Firemen Fund	Victim's Rights Fund	Seizure Fund	Oakland Tennis Fund	Total Special Revenue Funds
\$ 453,448	\$ 19,210	\$ 516	\$ 49,604	\$ 219,602	\$ 1,515,648
-	-	-	-	-	50,069
108,639	-	-	-	-	113,598
-	-	-	-	-	355,000
-	-	-	-	-	59,187
-	-	1,568	-	-	19,324
<u>\$ 562,087</u>	<u>\$ 19,210</u>	<u>\$ 2,084</u>	<u>\$ 49,604</u>	<u>\$ 219,602</u>	<u>\$ 2,112,826</u>
\$ -	\$ -	\$ -	\$ -	\$ 1,756	\$ 14,767
-	-	1,348	-	-	23,613
<u>-</u>	<u>-</u>	<u>1,348</u>	<u>-</u>	<u>1,756</u>	<u>38,380</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>357,795</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>357,795</u>
562,087	-	-	-	-	650,628
-	-	-	-	-	4,245
-	-	736	49,604	-	50,340
-	-	-	-	-	205,239
-	-	-	-	217,846	217,846
-	19,210	-	-	-	29,516
-	-	-	-	-	140,155
-	-	-	-	-	140,243
-	-	-	-	-	278,439
<u>562,087</u>	<u>19,210</u>	<u>736</u>	<u>49,604</u>	<u>217,846</u>	<u>1,716,651</u>
<u>\$ 562,087</u>	<u>\$ 19,210</u>	<u>\$ 2,084</u>	<u>\$ 49,604</u>	<u>\$ 219,602</u>	<u>\$ 2,112,826</u>

CITY OF NEWBERRY, SOUTH CAROLINA
SPECIAL REVENUE FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2022

	NANU Fund	Federal Equitable Sharing Fund	Tourism Fund	Special Events Fund	State Accommodations Tax Fund	Cultural Arts Fund	Community Housing/ Development Fund
REVENUES							
Taxes:							
Hospitality	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accommodations	-	-	-	-	158,402	-	-
Penalties	-	-	-	-	-	-	-
Intergovernmental:							
Public Safety	-	-	-	-	-	-	-
Local - Other	-	-	-	52,107	-	-	-
Drug Seizure	-	-	-	-	-	-	-
Donations	-	-	-	57,911	-	-	-
Other	-	-	44,844	-	-	43,234	-
TOTAL REVENUES	-	-	44,844	110,018	158,402	43,234	-
EXPENDITURES							
Public Safety	1,447	-	-	-	-	-	-
Community Development	-	-	-	-	-	-	-
Non-Departmental	-	-	206,546	173,165	62,229	329,969	25,437
TOTAL EXPENDITURES	1,447	-	206,546	173,165	62,229	329,969	25,437
EXCESS (DEFICIENCY) OF							
REVENUES OVER (UNDER) EXPENDITURES	(1,447)	-	(161,702)	(63,147)	96,173	(286,735)	(25,437)
OTHER FINANCING SOURCES (USES)							
Transfers In	2,718	-	165,021	100,000	-	326,344	-
Transfers Out	-	-	-	-	(72,492)	-	(275,000)
TOTAL OTHER FINANCING SOURCES (USES)	2,718	-	165,021	100,000	(72,492)	326,344	(275,000)
NET CHANGES IN FUND BALANCES	1,271	-	3,319	36,853	23,681	39,609	(300,437)
FUND BALANCES, Beginning of Year	885	8,150	201,920	103,390	64,860	100,546	578,876
FUND BALANCES, End of Year	\$ 2,156	\$ 8,150	\$ 205,239	\$ 140,243	\$ 88,541	\$ 140,155	\$ 278,439

CITY OF NEWBERRY, SOUTH CAROLINA
SPECIAL REVENUE FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2022

Streetscape Fund	Local Hospitality/ Accommodations Fee Fund	Volunteer Firemen Fund	Victim's Rights Fund	Seizure Fund	Oakland Tennis Fund	Total Special Revenue Funds
\$ -	\$ 915,701	\$ -	\$ -	\$ -	\$ -	\$ 915,701
-	162,704	-	-	-	-	321,106
-	1,558	-	-	-	-	1,558
-	-	18,447	-	-	-	18,447
-	-	-	25,582	-	806	-
-	-	-	-	21,380	-	21,380
-	-	-	-	-	26,000	83,911
-	-	-	-	-	-	88,078
-	1,079,963	18,447	25,582	21,380	26,806	1,528,676
	-	17,463	24,796	-	-	43,706
33,180	-	-	-	-	32,287	32,287
-	-	-	-	-	-	830,526
33,180	-	17,463	24,796	-	32,287	906,519
(33,180)	1,079,963	984	786	21,380	(5,481)	622,157
-	-	-	-	-	10,000	640,083
36,000	(939,844)	-	-	(2,718)	-	(1,290,054)
36,000	(939,844)	-	-	(2,718)	10,000	(649,971)
2,820	140,119	984	786	18,662	4,519	(27,814)
1,425	421,968	18,226	(50)	30,942	213,327	1,744,465
\$ 4,245	\$ 562,087	\$ 19,210	\$ 736	\$ 49,604	\$ 217,846	\$ 1,716,651

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, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Drug Seizure	\$ 1,425	\$ 2,000	\$ -	\$ (2,000)
TOTAL REVENUES	<u>1,425</u>	<u>2,000</u>	<u>-</u>	<u>(2,000)</u>
EXPENDITURES				
Other:				
Operating Expenditures	1,425	1,425	1,447	(22)
TOTAL EXPENDITURES	<u>1,425</u>	<u>1,425</u>	<u>1,447</u>	<u>(22)</u>
Other Financing Sources (Uses)				
Transfers In				
Other special revenue funds	-	-	2,178	2,178
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>2,178</u>	<u>2,178</u>
NET CHANGE IN FUND BALANCE	-	575	1,271	696
FUND BALANCES, Beginning of Year	<u>885</u>	<u>885</u>	<u>885</u>	<u>-</u>
FUND BALANCES, End of Year	<u>\$ 885</u>	<u>\$ 1,460</u>	<u>\$ 2,156</u>	<u>\$ 696</u>

CITY OF NEWBERRY

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
TOURISM FUND

YEAR ENDED JUNE 30, 2022

	Original	Final	Actual Amounts	Variance with Final Budget
REVENUES				
Rental and other	\$ 69,500	\$ 69,500	\$ 44,844	\$ (24,656)
TOTAL REVENUES	<u>69,500</u>	<u>69,500</u>	<u>44,844</u>	<u>(24,656)</u>
EXPENDITURES				
Other:				
Operating Expenditures	251,515	281,515	206,546	74,969
TOTAL EXPENDITURES	<u>251,515</u>	<u>281,515</u>	<u>206,546</u>	<u>74,969</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(182,015)</u>	<u>(212,015)</u>	<u>(161,702)</u>	<u>50,313</u>
OTHER FINANCING SOURCES (USES)				
Transfers In				
Other Special Revenue Funds	125,000	125,000	165,021	40,021
TOTAL OTHER FINANCING SOURCES (USES)	<u>125,000</u>	<u>125,000</u>	<u>165,021</u>	<u>40,621</u>
NET CHANGE IN FUND BALANCE	<u>(57,015)</u>	<u>(87,015)</u>	<u>3,319</u>	<u>90,334</u>
FUND BALANCES, Beginning of Year	<u>201,920</u>	<u>201,920</u>	<u>201,920</u>	<u>-</u>
FUND BALANCES, End of Year	<u>\$ 144,905</u>	<u>\$ 114,905</u>	<u>\$ 205,239</u>	<u>\$ 90,334</u>

CITY OF NEWBERRY, SOUTH CAROLINA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
SPECIAL EVENTS FUND**

YEAR ENDED JUNE 30, 2022

	Original	Final	Actual Amounts	Variance with Final Budget
REVENUES				
Local - Other	\$ 33,350	\$ 33,350	\$ 52,107	\$ 18,757
Donations	40,800	40,800	57,911	17,111
TOTAL REVENUES	74,150	74,150	110,018	35,868
EXPENDITURES				
Other:				
Operating Expenditures	174,150	174,150	173,165	985
TOTAL EXPENDITURES	174,150	174,150	173,165	985
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(100,000)	(100,000)	(63,147)	36,853
OTHER FINANCING SOURCES (USES)				
Transfers In				
Other Special Revenue Funds	100,000	100,000	100,000	-
TOTAL OTHER FINANCING SOURCES (USES)	100,000	100,000	100,000	-
NET CHANGE IN FUND BALANCE	-	-	36,853	36,853
FUND BALANCES, Beginning of Year	103,390	103,390	103,390	-
FUND BALANCES, End of Year	\$ 103,390	\$ 103,390	\$ 140,243	\$ 36,853

CITY OF NEWBERRY, SOUTH CAROLINA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
STATE ACCOMMODATIONS TAX FUND**

YEAR ENDED JUNE 30, 2022

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES				
Intergovernmental				
Accommodations Tax	\$ 125,000	\$ 125,000	\$ 158,402	\$ 33,402
TOTAL REVENUES	<u>125,000</u>	<u>125,000</u>	<u>158,402</u>	<u>33,402</u>
EXPENDITURES				
Operating Expenditures	95,000	95,000	62,229	32,771
TOTAL EXPENDITURES	<u>95,000</u>	<u>95,000</u>	<u>62,229</u>	<u>32,771</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>30,000</u>	<u>30,000</u>	<u>96,173</u>	<u>66,173</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out				
General Fund	(30,000)	(30,000)	(32,471)	(2,471)
Other Special Revenue Funds	-	-	(40,021)	(40,021)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(30,000)</u>	<u>(30,000)</u>	<u>(72,492)</u>	<u>(42,492)</u>
NET CHANGE IN FUND BALANCE	-	-	23,681	23,681
FUND BALANCES, Beginning of Year	<u>64,860</u>	<u>64,860</u>	<u>64,860</u>	<u>-</u>
FUND BALANCES, End of Year	<u>\$ 64,860</u>	<u>\$ 64,860</u>	<u>\$ 88,541</u>	<u>\$ 23,681</u>

CITY OF NEWBERRY, SOUTH CAROLINA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
CULTURAL ARTS FUND**

YEAR ENDED JUNE 30, 2022

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES				
Newberry Opera House				
Reimbursement	\$ 50,000	\$ 50,000	\$ 43,234	\$ (6,766)
TOTAL REVENUES	<u>50,000</u>	<u>50,000</u>	<u>43,234</u>	<u>(6,766)</u>
EXPENDITURES				
Other:				
Operating Expenditures	397,095	397,095	329,969	67,126
TOTAL EXPENDITURES	<u>397,095</u>	<u>397,095</u>	<u>329,969</u>	<u>67,126</u>
EXCESS (DEFICIENCY) OF				
 REVENUES OVER (UNDER) EXPENDITURES	<u>(347,095)</u>	<u>(347,095)</u>	<u>(286,735)</u>	<u>60,360</u>
OTHER FINANCING SOURCES (USES)				
Transfers In				
Other Special Revenue Funds	326,344	326,344	326,344	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>326,344</u>	<u>326,344</u>	<u>326,344</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>(20,751)</u>	<u>(20,751)</u>	<u>39,609</u>	<u>60,360</u>
FUND BALANCES, Beginning of Year	<u>100,546</u>	<u>100,546</u>	<u>100,546</u>	<u>-</u>
FUND BALANCES, End of Year	<u>\$ 79,795</u>	<u>\$ 79,795</u>	<u>\$ 140,155</u>	<u>\$ 60,360</u>

CITY OF NEWBERRY, SOUTH CAROLINA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
COMMUNITY HOUSING/DEVELOPMENT FUND**

YEAR ENDED JUNE 30, 2022

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES				
Intergovernmental				
Community Development	\$ 350,000	\$ 350,000	\$ -	\$ (350,000)
Donations	-	-	-	-
Interest Income	300	300	-	(300)
TOTAL REVENUES	<u>350,300</u>	<u>350,300</u>	<u>-</u>	<u>(350,300)</u>
EXPENDITURES				
Other:				
Operating Expenditures	25,454	25,454	25,437	17
TOTAL EXPENDITURES	<u>25,454</u>	<u>25,454</u>	<u>25,437</u>	<u>17</u>
EXCESS (DEFICIENCY) OF				
REVENUES OVER (UNDER) EXPENDITURES	<u>324,846</u>	<u>324,846</u>	<u>(25,437)</u>	<u>(350,283)</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out				
General Fund	(175,000)	(175,000)	(175,000)	-
Other Special Revenue Funds	(100,000)	(100,000)	(100,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(275,000)</u>	<u>(275,000)</u>	<u>(275,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	49,846	49,846	(300,437)	(350,283)
FUND BALANCES, Beginning of Year	<u>578,876</u>	<u>578,876</u>	<u>578,876</u>	<u>-</u>
FUND BALANCES, End of Year	<u>\$ 628,722</u>	<u>\$ 628,722</u>	<u>\$ 278,439</u>	<u>\$ (350,283)</u>

CITY OF NEWBERRY, SOUTH CAROLINA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
STREETSCAPE FUND

YEAR ENDED JUNE 30, 2022

	Original	Final	Actual Amounts	Variance with Final Budget
REVENUES				
Other Revenue	\$ -	\$ -	\$ -	\$ -
TOTAL REVENUES	-	-	-	-
EXPENDITURES				
Operating Expenditures	36,000	36,000	33,180	2,820
TOTAL EXPENDITURES	36,000	36,000	33,180	2,820
Other Financing Sources (Uses)				
Transfers in/out				
Other funds	36,000	36,000	36,000	-
Total Other Financing Sources (Uses)	36,000	36,000	36,000	-
NET CHANGE IN FUND BALANCE	-	-	2,820	2,820
FUND BALANCES, Beginning of Year	1,425	1,425	1,425	-
FUND BALANCES, End of Year	\$ 1,425	\$ 1,425	\$ 4,245	\$ 2,820

CITY OF NEWBERRY, SOUTH CAROLINA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
LOCAL HOSPITALITY/ACCOMMODATIONS FEE FUND**

YEAR ENDED JUNE 30, 2022

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES				
Fees				
Hospitality	\$ 800,000	\$ 835,000	\$ 915,701	\$ 80,701
Accommodations	80,000	135,000	162,704	27,704
Penalties	2,500	2,500	1,558	(942)
TOTAL REVENUES	<u>882,500</u>	<u>972,500</u>	<u>1,079,963</u>	<u>107,463</u>
EXPENDITURES				
Operating	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF				
REVENUES OVER EXPENDITURES	<u>882,500</u>	<u>972,500</u>	<u>1,079,963</u>	<u>107,463</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out				
Permanent Fund	(5,000)	(95,000)	(95,000)	-
General Fund	(133,500)	(133,500)	(133,500)	-
Recreation Complex Fund	(150,000)	(150,000)	(150,000)	-
Other Special Revenue Funds	(561,344)	(561,344)	(561,344)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>849,844</u>	<u>(939,844)</u>	<u>(939,844)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	32,655	32,656	140,119	107,463
FUND BALANCES, Beginning of Year	<u>421,968</u>	<u>421,968</u>	<u>421,968</u>	<u>-</u>
FUND BALANCES, End of Year	<u>\$ 454,623</u>	<u>\$ 454,624</u>	<u>\$ 562,087</u>	<u>\$ 107,463</u>

CITY OF NEWBERRY, SOUTH CAROLINA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
VICTIM'S RIGHTS FUND**

YEAR ENDED JUNE 30, 2022

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES				
Court Fines and Assessments	\$ 15,000	\$ 15,000	\$ 25,582	\$ 10,582
TOTAL REVENUES	<u>15,000</u>	<u>15,000</u>	<u>25,582</u>	<u>10,582</u>
EXPENDITURES				
Other:				
Operating Expenditures	70,737	70,737	24,796	45,941
TOTAL EXPENDITURES	<u>70,737</u>	<u>70,737</u>	<u>24,796</u>	<u>45,941</u>
NET CHANGE IN FUND BALANCE	(55,737)	(55,737)	786	56,523
FUND BALANCES, Beginning of Year	<u>(50)</u>	<u>(50)</u>	<u>(50)</u>	<u>-</u>
FUND BALANCES, End of Year	<u>\$ (55,787)</u>	<u>\$ (55,787)</u>	<u>\$ 736</u>	<u>\$ 56,523</u>

CITY OF NEWBERRY, SOUTH CAROLINA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
OAKLAND TENNIS FUND

YEAR ENDED JUNE 30, 2022

	Original	Final	Actual Amounts	Variance with Final Budget
REVENUES				
Local - Other	\$ 3,775	\$ 3,775	\$ 806	\$ (2,969)
Donations	26,000	26,000	26,000	-
Interest Income	25	25	-	(25)
TOTAL REVENUES	<u>29,800</u>	<u>29,800</u>	<u>26,806</u>	<u>(2,994)</u>
EXPENDITURES				
Other:				
Operating Expenditures	102,721	102,721	32,287	70,434
TOTAL EXPENDITURES	<u>102,721</u>	<u>102,721</u>	<u>32,287</u>	<u>70,434</u>
EXCESS (DEFICIENCY) OF				
REVENUES OVER (UNDER) EXPENDITURES	<u>(72,921)</u>	<u>(72,921)</u>	<u>(5,481)</u>	<u>67,440</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	10,000	10,000	10,000	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>(62,921)</u>	<u>(62,921)</u>	<u>4,519</u>	<u>67,440</u>
FUND BALANCES, Beginning of Year	<u>213,327</u>	<u>213,327</u>	<u>213,327</u>	<u>-</u>
FUND BALANCES, End of Year	<u>\$ 150,406</u>	<u>\$ 150,406</u>	<u>\$ 217,846</u>	<u>\$ 67,440</u>

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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
BALANCE SHEET
JAPANESE GARDENS PERMANENT FUND

JUNE 30, 2022

	<u>2022</u>
ASSETS	
Cash and Investments, Restricted	\$ 30,887
TOTAL ASSETS	<u><u>\$ 30,887</u></u>
LIABILITIES AND FUND BALANCES	
LIABILITIES	
Accounts Payable	\$ 3,995
FUND BALANCES	
Nonspendable for Japanese Gardens	10,000
Restricted for Japanese Gardens	16,892
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 30,887</u></u>

CITY OF NEWBERRY

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
JAPANESE GARDENS PERMANENT FUND

YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Miscellaneous	\$ 5,000	\$ 5,000	\$ 1,700	\$ 3,300
TOTAL REVENUES	<u>5,000</u>	<u>5,000</u>	<u>1,700</u>	<u>3,300</u>
EXPENDITURES				
Maintenance of Japanese Gardens	5,000	245,000	211,860	33,140
TOTAL EXPENDITURES	<u>5,000</u>	<u>245,000</u>	<u>211,860</u>	<u>33,140</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>(240,000)</u>	<u>(210,160)</u>	<u>29,840</u>
OTHER FINANCING SOURCES (USES)				
Transfers In				
Special Revenue Funds	5,000	95,000	95,000	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>5,000</u>	<u>95,000</u>	<u>95,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	5,000	(145,000)	(115,160)	29,840
FUND BALANCES, Beginning of Year	<u>142,052</u>	<u>142,052</u>	<u>142,052</u>	<u>-</u>
FUND BALANCES, End of Year	<u>\$ 147,052</u>	<u>\$ (2,948)</u>	<u>\$ 26,892</u>	<u>\$ 29,840</u>

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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
SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Operating Revenues				
Connection and Reconnection Fees	\$ 95,000	\$ 95,000	\$ 101,240	\$ 6,240
Water Receipts	4,547,345	4,547,345	4,591,139	43,794
Electric Receipts	27,928,878	27,928,878	23,660,204	(4,268,674)
Sewer Receipts	5,086,706	5,086,706	5,233,211	146,505
Sales and Use Tax	525,000	525,000	413,062	(111,938)
Utility Penalty	300,000	300,000	285,137	(14,863)
Water Taps	10,000	10,000	13,347	3,347
Sewer Taps	2,000	2,000	4,220	2,220
Newberry Housing Authority	1,086	1,086	1,086	-
Fire Flow Access Fees	23,000	23,000	22,584	(416)
Fiber Optic Revenue	18,000	18,000	18,902	902
Other Revenue	23,000	23,000	11,877	(11,123)
CATV - Pole Rental	89,100	89,100	65,450	(23,650)
Total Operating Revenues	38,649,115	38,649,115	34,421,459	(4,227,656)
Operating Expenses				
City Hall	35,194	35,194	49,584	(14,390)
Finance	619,770	619,770	616,535	3,235
Utility Administration	666,004	666,004	609,763	56,241
Warehouse	127,022	127,022	79,370	47,652
Information Services	225,547	225,547	275,491	(49,944)
Electric Distribution	1,354,703	1,354,703	1,305,737	48,966
Water and Sewer Maintenance	1,181,023	1,181,023	1,338,838	(157,815)
Water Production	1,324,344	1,324,344	1,401,674	(77,330)
Waste Treatment	1,068,317	1,068,317	1,552,269	(483,952)
General Insurance	154,559	154,559	147,740	6,819
Facilities and Grounds	156,549	156,549	158,815	(2,266)
Garage	73,202	73,202	39,546	33,656
Employee Fringe Benefits	1,360,174	1,360,174	1,505,124	(144,950)
Nondepartmental	20,289,564	20,289,564	18,109,380	2,180,184
Depreciation	3,634,765	3,634,765	3,634,765	-
Total Operating Expenses	32,270,737	32,270,737	30,824,631	1,446,106
Operating Income (Loss)	6,378,378	6,378,378	3,596,828	(2,781,550)

(Continued)

CITY OF NEWBERRY

ENTERPRISE FUND
SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Nonoperating Income				
(Expenses)				
Interest Revenue	\$ 11,000	\$ 11,000	\$ 17,619	\$ 6,619
Federal and State Grants	624,250	624,250	-	(624,250)
Interest Expense, Bank				
Fees and Other	-	-	(1,197,258)	(1,197,258)
Total Nonoperating Income				
(Expenses)	635,250	635,250	(1,179,639)	(1,814,889)
Income (Loss) Before Transfers	7,013,628	7,013,628	2,417,189	(4,596,439)
Transfer from (to)				
General Fund	(1,865,909)	(1,865,909)	(1,865,909)	-
Change in Net Position	5,147,719	5,147,719	551,280	(4,596,439)
Net Position, beginning	58,203,070	58,203,070	58,203,070	-
Prior period adjustment	-	-	(292,500)	(292,500)
Net Position, ending	\$ 63,350,789	\$ 63,350,789	\$ 58,461,850	\$ (4,888,939)

CITY OF NEWBERRY
ENTERPRISE FUND
SCHEDULE OF EXPENSES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
City Hall				
Operating	\$ 35,194	\$ 35,194	\$ 49,584	\$ (14,390)
	35,194	35,194	49,584	(14,390)
Finance				
Salaries and other pay	281,806	281,806	275,065	6,741
Operating	337,964	337,964	341,470	(3,506)
	619,770	619,770	616,535	3,235
Utility Administration				
Salaries and other pay	534,182	534,182	482,899	51,283
Operating	131,822	131,822	126,864	4,958
	666,004	666,004	609,763	56,241
Warehouse				
Salaries and other pay	70,904	70,904	67,086	3,818
Operating	56,118	56,118	12,284	43,834
	127,022	127,022	79,370	47,652
Information Services				
Salaries and other pay	110,830	110,830	111,686	(856)
Operating	114,717	114,717	163,805	(49,088)
	225,547	225,547	275,491	(49,944)
Electric Distribution				
Salaries and other pay	617,272	617,272	569,351	47,921
Operating	737,431	737,431	736,386	1,045
	1,354,703	1,354,703	1,305,737	48,966
Water and Sewer Maintenance				
Salaries and other pay	559,508	559,508	526,353	33,155
Operating	621,515	621,515	812,485	(190,970)
	1,181,023	1,181,023	1,338,838	(157,815)
Water Production				
Salaries and other pay	396,435	396,435	348,823	47,612
Operating	927,909	927,909	1,052,851	(124,942)
	1,324,344	1,324,344	1,401,674	(77,330)
Waste Treatment				
Salaries and other pay	231,959	231,959	233,547	(1,588)
Operating	836,358	836,358	1,318,722	(482,364)
	1,068,317	1,068,317	1,552,269	(483,952)

(Continued)

CITY OF NEWBERRY
ENTERPRISE FUND
SCHEDULE OF EXPENSES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
General Insurance				
Operating	\$ 154,559	\$ 154,559	\$ 147,740	\$ 6,819
	154,559	154,559	147,740	6,819
Facilities and Grounds				
Salaries and other pay	123,884	123,884	134,442	(10,558)
Operating	32,665	32,665	24,373	8,292
	156,549	156,549	158,815	(2,266)
Garage				
Salaries and other pay	73,202	73,202	39,546	33,656
	73,202	73,202	39,546	33,656
Employee Fringe and Benefits				
SC retirement	496,797	496,797	433,462	63,335
Social security	229,499	229,499	208,895	20,604
City's share of employee insurance	491,000	491,000	755,486	(264,486)
Workers' compensation	88,878	88,878	77,905	10,973
Workers' compensation deductibles	17,000	17,000	1,290	15,710
Unemployment claims	500	500	-	500
Employer/employee relations	25,000	25,000	20,037	4,963
Physical examinations	1,500	1,500	980	520
Wellness program	10,000	10,000	3,210	6,790
Compensated absences adjustment	-	-	3,859	(3,859)
	1,360,174	1,360,174	1,505,124	(144,950)
Nondepartmental				
Sales and use tax	550,000	550,000	740,754	(190,754)
Purchase of electricity	19,504,464	19,504,464	17,306,750	2,197,714
SCE&G water contract	24,000	24,000	11,457	12,543
Streetlight charges	10,100	10,100	8,889	1,211
Refunds	6,000	6,000	6,072	(72)
Bad debt expense	180,000	180,000	28,923	151,077
Community enhancement	5,000	5,000	1,210	3,790
Web site maintenance	10,000	10,000	5,325	4,675
	20,289,564	20,289,564	18,109,380	2,180,184
Depreciation	3,634,765	3,634,765	3,634,765	-
Grand Totals	<u>\$ 32,270,737</u>	<u>\$ 32,270,737</u>	<u>\$ 30,824,631</u>	<u>\$ 1,446,106</u>

CITY OF NEWBERRY, SOUTH CAROLINA

UNIFORM SCHEDULE OF FINES, ASSESSMENTS, AND SURCHARGES (PER ACT 96)
YEAR ENDED JUNE 30, 2022

FOR THE STATE TREASURER'S OFFICE:

COUNTY / MUNICIPAL FUNDS COLLECTED BY CLERK OF COURT	<u>General Sessions</u>	<u>Magistrate Court</u>	<u>Municipal Court</u>	<u>Total</u>
Court Fines and Assessments:				
Court fines and assessments collected			\$ 226,181	\$ 226,181
Court fines and assessments remitted to State Treasurer			(206,420)	(206,420)
Total Court Fines and Assessments retained			19,761	19,761
Surcharges and Assessments retained for victim services:				
Surcharges collected and retained			5,821	5,821
Assessments retained			19,761	19,761
Total Surcharges and Assessments retained for victim services			\$ 25,582	\$ 25,582

FOR THE DEPARTMENT OF CRIME VICTIM COMPENSATION (DCVC):

VICTIM SERVICE FUNDS COLLECTED	<u>Municipal</u>	<u>County</u>	<u>Total</u>
Carryforward from Previous Year – Beginning Balance	\$ (50)		\$ (50)
<u>Victim Service Revenue:</u>			
Victim Service Fines Retained by City/County Treasurer			
Victim Service Assessments Retained by City/County Treasurer	19,761		19,761
Victim Service Surcharges Retained by City/County Treasurer	5,821		5,821
Interest Earned			
Grant Funds Received			
Grant from:			
General Funds Transferred to Victim Service Fund			
Contribution Received from Victim Service Contracts:			
(1) Town of			
(2) Town of			
(3) City of			
Total Funds Allocated to Victim Service Fund + Beginning Balance (A)	25,532		25,532
<u>Expenditures for Victim Service Program:</u>	<u>Municipal</u>	<u>County</u>	<u>Total</u>
Salaries and Benefits	24,000		24,000
Operating Expenditures	796		796
Victim Service Contract(s):			
(1) Entity's Name			
(2) Entity's Name			
Victim Service Donation(s):			
(1) Domestic Violence Shelter:			
(2) Rape Crisis Center:			
(3) Other local direct crime victims service agency:			
Transferred to General Fund			
Total Expenditures from Victim Service Fund/Program (B)	24,796		24,796
Total Victim Service Funds Retained by Municipal/County Treasurer (A-B)			
Less: Prior Year Fund Deficit Repayment			
Carryforward Funds – End of Year	\$ 736		\$ 736

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.

Contents	<u>Page</u>
Financial Trends	102-122
These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	
Revenue Capacity	123-126
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	127-133
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 Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	2013	2014	2015(*)	2016	2017	2018	2019	2020	2021	2022
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Governmental activities										
Invested in capital assets, net of related debt	7,465,441	7,920,688	7,787,439	8,034,933	9,369,795	10,263,672	14,981,151	19,985,326	21,109,581	21,006,835
Restricted	10,000	10,000	10,000	10,000	10,000	4,824,694	2,063,901	1,494,574	1,075,595	1,155,190
Unrestricted	8,862,948	8,711,468	2,713,939	3,123,417	2,497,220	1,134,548	(262,678)	(3,583,568)	(4,412,833)	(1,250,684)
Total governmental activities net position	16,338,389	16,642,156	10,511,378	11,168,350	11,877,015	16,222,914	16,782,374	17,896,332	17,772,343	20,911,341
Business-type activities										
Invested in capital assets, net of related debt	26,164,248	24,384,749	25,789,683	30,352,537	32,518,374	36,484,723	39,597,749	42,176,496	43,964,440	46,392,020
Restricted	2,013,851	1,417,922	1,406,590	1,001,647	906,988	538,473	527,951	221,604	1,475,319	1,596,841
Unrestricted	12,458,839	16,948,721	15,020,836	12,895,178	14,706,456	13,214,851	13,609,770	12,975,596	12,763,311	10,472,989
Total business-type activities net position	40,636,938	42,751,392	42,217,109	44,249,362	48,131,818	50,238,047	53,735,470	55,373,696	58,203,070	58,461,850
Primary government										
Invested in capital assets, net of related debt	33,629,689	32,305,437	33,577,122	38,387,470	41,888,169	46,748,395	54,578,900	62,161,822	65,074,021	67,398,855
Restricted	2,023,851	1,427,922	1,416,590	1,011,647	916,988	5,363,167	2,591,852	1,716,178	2,550,914	2,752,031
Unrestricted	21,321,787	25,660,189	17,734,775	16,018,595	17,203,676	14,349,399	13,347,092	9,392,028	8,350,478	9,222,305
Total primary government net position	56,975,327	59,393,548	52,728,487	55,417,712	60,008,833	66,460,961	70,517,844	73,270,028	75,975,413	79,373,191

* Implementation of GASB No. 68/71 in 2015 resulted in a significant reduction in unrestricted net position.

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Expenses										
Governmental activities:										
General government	1,642,800	910,194	1,337,007	1,398,601	1,367,851	1,124,666	1,253,699	1,044,017	1,500,490	4,626,393
Public safety	4,228,150	4,289,783	4,334,446	4,668,707	4,693,817	4,247,398	4,861,195	4,770,475	5,370,982	3,506,247
Public works	1,611,683	1,662,670	1,567,672	1,718,116	2,341,691	2,439,920	2,090,022	1,733,827	2,637,915	1,728,407
Recreation	723,463	616,972	753,929	848,809	951,086	940,300	1,922,643	2,248,531	1,650,703	1,282,079
Community development	516,702	1,146,252	442,955	746,775	426,670	1,137,311	110,505	99,684	55,735	32,287
Community promotions	101,851	486,636	597,233	487,751	580,045	-	-	-	-	-
Interest on long-term debt	56,824	38,812	37,427	39,291	33,159	27,923	26,402	18,897	12,062	56,962
Total governmental activities expenses	8,881,473	9,151,319	9,070,669	9,908,050	10,394,319	9,917,518	10,264,466	9,915,431	11,227,887	11,232,375
Business-type activities: Utility system	27,053,021	27,287,433	30,508,087	33,263,055	33,957,901	34,015,447	32,648,578	31,678,313	30,349,154	32,021,889
Total primary government expenses	35,934,494	36,438,752	39,578,756	43,171,105	44,352,220	43,932,965	42,913,044	41,593,744	41,577,041	43,254,264
Program Revenues										
Governmental activities:										
Charges for services:										
General government	1,575,674	1,514,666	1,574,727	1,660,200	1,701,086	1,895,761	176,707	164,432	163,779	231,262
Public safety	610,677	681,044	537,168	553,945	451,471	410,249	381,020	269,740	228,950	934,700
Public works	617,555	623,084	767,747	791,651	803,964	944,662	985,594	1,047,691	1,310,584	880,562
Parks, Recreation, & Tourism	39,149	40,860	70,178	101,145	99,276	233,348	237,186	217,631	163,534	29,920
Community promotion and projects	16,804	16,030	22,204	18,118		47,577	54,682	38,243	-	-
Operating grants and contributions	400,786	309,957	655,922	837,886	2,292,761	326,406	219,310	238,104	275,711	2,538,755
Capital grants and contributions	1,964	66,697	91,217	227,443	18,300	4,145,105	765,424	824,174	348,561	556,201
Total governmental activities program revenues	3,262,609	3,252,338	3,719,163	4,190,388	5,366,858	8,003,108	2,819,923	2,800,015	2,491,119	5,171,400
Business-type activities: Utility system										
Charges for services	28,066,615	30,733,794	34,651,670	36,180,215	36,956,770	37,850,492	36,877,552	34,919,904	34,655,427	34,421,459
Operating grants and contributions	-	-	-	103,106	1,726,585	-	-	-	-	-
Capital grants and contributions	180,163	388,119	308,411	409,593	884,223	-	-	305,855	378,696	-
Total business-type activities program revenues	28,246,778	31,121,913	34,960,081	36,692,914	39,567,578	37,850,492	36,877,552	35,225,759	35,034,123	34,421,459
Total primary government program revenues	31,509,387	34,374,251	38,679,244	40,883,302	44,934,436	45,853,600	39,697,475	38,025,774	37,525,242	39,592,859

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Net (expense)/revenue										
Governmental activities	(5,618,864)	(5,898,981)	(5,351,506)	(5,717,662)	(5,027,461)	(1,914,410)	(7,444,543)	(7,115,416)	(8,736,768)	(6,060,975)
Business-type activities	1,193,757	3,834,480	4,451,994	3,429,859	5,609,677	3,835,045	4,228,974	3,547,446	4,684,969	2,399,570
Total primary government net expense	(4,425,107)	(2,064,501)	(899,512)	(2,287,803)	582,216	1,920,635	(3,215,569)	(3,567,970)	(4,051,799)	(3,661,405)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes	2,680,811	2,387,834	2,724,278	2,470,966	2,304,664	2,276,051	2,327,476	2,329,463	2,398,342	2,543,128
Local hospitality and accommodation fee	680,581	728,087	815,540	865,734	902,536	1,069,577	1,046,678	992,788	1,080,948	1,238,365
Business Licenses	-	-	-	-	-	-	1,783,139	1,702,436	1,754,889	1,956,300
Intergovernmental revenue	1,112,994	1,037,343	907,857	910,716	426,883	967,743	891,516	1,145,453	1,472,024	1,026,504
Interest revenue	5,363	3,455	5,167	11,674	16,222	22,878	45,439	27,748	2,832	4,658
Gain on Sale of Capital Assets	-	-	-	41,446	22,157	39,018	-	55	-	-
Miscellaneous	220,623	180,120	188,934	208,189	197,755	19,133	43,846	67,639	37,835	565,109
Transfers	1,817,362	1,865,909	1,865,909	1,865,909	1,865,909	1,865,909	1,865,909	1,963,792	1,865,909	1,865,909
Total governmental activities	6,517,734	6,202,748	6,507,685	6,374,634	5,736,126	6,260,309	8,004,003	8,229,374	8,612,779	9,199,973
Business-type activities:										
Intergovernmental revenue	219,299	143,720	-	-	-	-	-	-	-	-
Interest revenue	3,144	2,163	2,613	468,303	138,688	137,093	134,358	54,572	10,314	17,619
Miscellaneous	-	-	-	-	-	-	-	-	-	-
Transfers	(1,817,362)	(1,865,909)	(1,865,909)	(1,865,909)	(1,865,909)	(1,865,909)	(1,865,909)	(1,963,792)	(1,865,909)	(1,865,909)
Total business-type activities	(1,594,919)	(1,720,026)	(1,863,296)	(1,397,606)	(1,727,221)	(1,728,816)	(1,731,551)	(1,909,220)	(1,855,595)	(1,848,290)
Total primary government	4,922,815	4,482,722	4,644,389	4,977,028	4,008,905	4,531,493	6,272,452	6,320,154	6,757,184	7,351,683
Change in Net Position										
Government activities	898,870	303,767	1,156,179	656,972	708,665	4,345,899	559,460	1,113,958	(123,989)	3,138,998
Business-type activities	(401,162)	2,114,454	2,588,698	2,032,253	3,882,456	2,106,229	2,497,423	1,638,226	2,829,374	551,280
Total primary government	497,708	2,418,221	3,744,877	2,689,225	4,591,121	6,452,128	3,056,883	2,752,184	2,705,385	3,690,278

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

Fiscal Year	Property Tax \$
2013	2,680,811
2014	2,387,834
2015	2,724,278
2016	2,470,966
2017	2,304,664
2018	2,267,341
2019	2,316,758
2020	2,313,047
2021	2,428,158
2022	2,505,355

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
General fund										
Nonspendable	48,087	51,013	38,392	32,731	27,874	38,027	37,184	24,237	41,763	77,683
Reserved	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	250,000	-	-
Unreserved	-	-	-	-	-	-	-	-	-	-
Unrestricted:										
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	905,292	789,534	1,625,510	1,488,869	1,127,368	1,160,717	2,285,197	1,705,307	1,767,738	1,970,355
Unassigned	5,161,918	6,150,934	6,230,024	5,825,811	6,264,798	6,872,805	4,373,821	1,394,994	1,129,372	4,108,333
Total General Fund	6,115,297	6,991,481	7,893,926	7,347,411	7,420,040	8,071,549	6,696,202	3,374,538	2,938,873	6,156,371
Recreation Complex										
Restricted	-	-	-	-	-	4,387,422	1,609,536	803,676	414,398	375,374
Total Recreation Complex	-	-	-	-	-	4,387,422	1,609,536	803,676	414,398	375,374
All other governmental funds										
Nonspendable	355,000	355,000	355,000	355,000	-	-	10,000	10,000	17,147	10,000
Reserved	-	-	-	-	-	-	-	-	-	-
Restricted	1,767,069	1,139,044	1,098,123	946,494	934,878	437,272	444,365	430,898	651,197	722,105
Unreserved, reported in:										
Special revenue funds	-	-	-	-	-	-	-	-	-	-
Debt service fund	-	-	-	-	-	-	-	-	-	-
Permanent fund	-	-	-	-	-	-	-	-	-	-
Unrestricted:										
Committed	484,917	183,929	206,377	1,108,052	769,393	670,377	784,706	759,059	639,297	732,999
Assigned	5,370	5,809	11,380	739,396	1,078,721	452,826	731,898	686,580	578,876	278,439
Unassigned	-	(16,593)	448,977	-	-	-	-	-	-	-
Total all other governmental funds	2,612,356	1,667,189	2,119,857	3,148,942	2,782,992	1,560,475	1,970,969	1,886,537	1,886,517	1,743,543
Total all governmental funds	8,727,653	8,658,670	10,013,783	10,496,353	10,203,032	14,019,446	10,276,707	6,064,751	5,239,788	8,275,288

(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)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenues										
Taxes	2,670,447	2,441,841	2,725,212	2,475,067	3,207,772	3,336,918	3,363,436	3,305,836	3,509,106	3,743,720
Licenses, permits and franchise fees	1,575,674	1,514,666	1,574,727	1,660,200	1,701,086	1,895,760	1,959,845	1,866,867	2,121,957	2,419,309
Fines and forfeitures	595,795	660,628	516,168	532,858	429,333	416,323	387,958	274,312	252,387	471,691
Charges for service	1,354,089	1,408,061	1,675,669	1,776,648	903,240	1,059,456	1,120,054	1,180,149	1,299,485	1,141,744
Intergovernmental	1,530,626	1,434,413	1,675,996	1,997,132	2,741,782	5,229,052	1,743,130	1,667,582	1,904,802	4,121,460
Miscellaneous	225,986	183,575	194,101	304,168	258,288	436,261	388,171	754,435	184,942	569,767
Total revenues	7,952,617	7,643,184	8,361,873	8,746,073	9,241,501	12,373,770	8,962,594	9,049,181	9,272,679	12,467,691
Expenditures										
General government	682,621	660,535	743,851	778,396	733,820	697,594	734,414	750,918	774,260	953,260
Public safety	3,291,882	3,367,887	3,789,881	3,637,765	3,473,593	3,295,673	3,104,791	3,089,337	3,237,519	3,273,409
Public works	1,414,559	1,432,832	1,405,544	1,468,908	1,874,829	1,583,281	1,160,214	1,132,662	1,749,306	1,335,372
Recreation	973,617	513,382	612,242	724,731	695,927	645,824	700,641	764,796	850,307	862,525
Community development	640,010	1,146,252	477,955	914,556	1,937,706	1,137,311	110,505	99,684	55,735	32,287
Nondepartmental	1,915,338	2,012,871	2,214,638	2,258,017	2,494,128	2,882,582	3,038,610	3,034,529	3,097,855	3,447,918
Capital Outlay	-	-	-	-	-	55,500	5,589,296	6,103,468	1,898,232	1,213,137
Debt Service										
Principal	622,854	632,785	369,192	307,748	325,093	356,178	381,369	381,785	288,275	123,230
Interest	60,147	42,196	37,427	39,291	33,159	27,923	26,402	18,897	12,062	56,962
Other charges	-	-	-	-	-	-	-	-	-	-
Total expenditures, including capital	9,601,028	9,808,740	9,650,730	10,129,412	11,568,255	10,681,866	14,846,242	15,376,076	11,963,551	11,298,100
Total capital expenditures only	898,467	992,767	1,068,909	774,247	2,034,185	1,694,356	5,540,974	6,113,841	1,898,232	1,213,137
Excess of revenues over (under) expenditures	(1,648,411)	(2,165,556)	(1,288,857)	(1,383,339)	(2,326,754)	1,691,904	(5,883,648)	(6,326,895)	(2,690,872)	1,169,591
Other financing sources (uses)										
Transfers in	1,842,362	2,276,008	2,030,006	2,499,520	2,032,456	4,162,496	3,220,048	3,278,976	2,504,196	3,155,963
Transfers out	(25,000)	(410,099)	(164,097)	(633,611)	(166,547)	(2,296,587)	(1,354,139)	(1,315,184)	(638,287)	(1,290,054)
Issuance of debt/construction loan/costs	135,206	230,664	778,061	-	167,524	258,601	275,000	151,147	-	-
Repayment of debt/construction loan/costs	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	1,952,568	2,096,573	2,643,970	1,865,909	2,033,433	2,124,510	2,140,909	2,114,939	1,865,909	1,865,909
Net change in fund balances	304,157	(68,983)	1,355,113	482,570	(293,321)	3,816,414	(3,742,739)	(4,211,956)	(824,963)	3,035,500
Debt service as a percentage of noncapital expenditures	7.8%	7.7%	4.7%	3.7%	3.8%	4.3%	4.4%	4.3%	3.0%	1.8%

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 \$
2013	20,506,598	73.1%	3,161,450	11.3%	3,301,286	11.8%	1,097,281	3.9%	28,066,615
2014	22,717,889	73.9%	3,418,488	11.1%	3,490,743	11.4%	1,106,674	3.6%	30,733,794
2015	25,016,672	72.2%	4,381,736	12.6%	4,097,619	11.8%	1,155,643	3.3%	34,651,670
2016	25,609,993	70.8%	4,956,538	13.7%	4,496,826	12.4%	1,116,858	3.1%	36,180,215
2017	25,868,884	70.0%	5,137,111	13.9%	4,783,059	12.9%	1,167,716	3.2%	36,956,770
2018	25,929,776	68.5%	5,624,427	14.9%	5,151,668	13.6%	1,144,621	3.0%	37,850,492
2019	24,918,111	67.6%	5,375,207	14.6%	5,459,473	14.8%	1,124,761	3.0%	36,877,552
2020	24,514,618	70.2%	4,350,534	12.5%	5,128,632	14.7%	926,120	2.7%	34,919,904
2021	23,770,041	68.6%	4,573,893	13.2%	5,291,815	15.3%	1,019,678	2.9%	34,655,427
2022	23,660,204	68.7%	4,591,139	13.3%	5,233,211	15.2%	936,905	2.7%	34,421,459

(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 (1) \$	Total Property Tax \$
2013	2,255,709	425,102	2,680,811
2014	2,387,834	-	2,387,834
2015	2,724,278	-	2,724,278
2016	2,470,966	-	2,470,966
2017	2,304,664	-	2,304,664
2018	2,267,341	-	2,267,341
2019	2,316,758	-	2,316,758
2020	2,313,047	-	2,313,047
2021	2,428,158	-	2,428,158
2022	2,505,355	-	2,505,355

(1) 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 2009-2013).

City of Newberry, South Carolina
Utility Customer Trends - By Service and Category
Last Ten Years (2)

	<u>June 2013</u>	<u>June 2014</u>	<u>June 2015</u>	<u>June 2016</u>	<u>June 2017</u>	<u>June 2018</u>	<u>June 2019</u>	<u>June 2020</u>	<u>June 2021</u>	<u>June 2022</u>
Electric Customers:										
Residential	4,066	4,091	4,080	4,087	4,079	4,010	4,095	4,058	4,113	4,434
Commercial	868	891	872	873	880	887	896	894	824	866
Industrial	12	12	13	13	13	14	15	15	14	13
Total	4,946	4,994	4,965	4,973	4,972	4,911	5,006	4,967	4,951	5,313
Water Customers:										
Residential	4,113	4,148	4,126	4,143	4,133	4,124	4,020	3,860	3,819	4,277
Commercial	755	751	754	786	751	741	778	795	762	745
Industrial	28	28	27	26	26	29	27	27	27	27
Total	4,896	4,927	4,907	4,955	4,910	4,894	4,825	4,682	4,608	5,049
Sewer Customers:										
Residential	3,575	3,607	3,591	3,597	3,587	3,573	3,488	3,323	3,441	3,566
Commercial	580	577	581	589	578	576	571	594	531	546
Industrial	21	21	22	21	21	22	22	22	20	22
Total	4,176	4,205	4,194	4,207	4,186	4,171	4,081	3,939	3,992	4,134
Total Number Utility Customers (1)	5,899	5,933	5,910	5,929	5,917	5,854	5,750	5,700	5,714	5,714

(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.

(2) This table differs from the Presentation and Original Statement in the Series 2015, Combined Utility Revenue Bond. This table represents more information than was presented in the Original Statement.

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
2013	201,221,934	1.54%	206,061,293	-4.15%	102,109,788	-1.46%
2014	208,077,428	3.41%	215,930,242	4.79%	103,502,712	1.36%
2015	211,831,140	1.80%	210,210,002	-2.65%	109,898,702	6.18%
2016	211,675,426	-0.07%	225,270,884	7.16%	113,433,901	3.22%
2017	213,161,698	0.70%	229,138,478	1.72%	113,665,618	0.20%
2018	206,782,301	-2.99%	237,309,488	3.57%	113,463,665	-0.18%
2019	210,670,252	1.88%	223,594,008	-5.78%	114,919,724	1.28%
2020	203,007,486	-3.64%	167,884,301	-24.92%	113,908,697	-0.88%
2021	185,204,588	-8.77%	140,406,879	-16.37%	96,228,589	-15.52%
2022	185,213,633	0.00%	142,751,745	1.67%	89,868,607	-6.61%

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

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

Fiscal Year	Electric \$	Percent Increase %	Water \$	Percent Increase %	Sewer \$	Percent Increase %	TOTAL \$	Percent Increase %
2013	116.30	4.73	19.29	0.00	29.30	0.00	164.89	3.29
2014	124.37	6.94	19.29	0.00	29.30	0.00	172.96	4.89
2015	138.56	11.41	23.59	22.29	38.00	29.69	200.15	15.72
2016	138.56	0.00	26.70	13.18	43.66	14.89	208.92	4.38
2017	138.56	0.00	29.08	8.91	48.47	11.02	216.11	3.44
2018	138.56	0.00	31.46	8.18	53.29	9.94	223.31	3.33
2019	138.56	0.00	31.70	0.76	53.77	0.90	224.03	0.32
2020	138.56	0.00	31.95	0.79	54.26	0.91	224.77	0.33
2021	138.56	0.00	32.20	0.78	54.75	0.90	225.51	0.33
2022 (2)	138.56	0.00	33.02	2.55	55.42	1.22	227.00	0.66

(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, 2022. An overall increase of 2% on water minimum charges and 2% on sewer minimum charges became effective on the July 1, 2021 billing (fiscal year 2022). Additionally, please note that an overall rate increase of 2% on water and 2% on sewer charges became effective on the July 1, 2022 billing (fiscal year 2023).

City of Newberry
Principal Utility Customers by Total Billed (1)
June 30, 2022

Customer	Fiscal Year 2022			Fiscal Year 2013		
	Total Billed	Rank	Percentage of Total Operating Revenue (2)	Total Billed	Rank	Percentage of Total Operating Revenue (3)
	\$			\$		
Kraft Heinz Foods Company	9,369,727	1	27.22%	7,985,942	1	28.45%
Newberry College	1,060,032	2	3.08%	930,909	2	3.32%
Newberry County Memorial Hospital	711,032	3	2.07%	646,309	5	2.30%
Valmont Composite Structures	707,865	4	2.06%	-		
Newberry Housing Authority-Grant Homes	593,924	5	1.71%	431,253	8	1.54%
ISE	589,634	6	1.71%	689,469	4	2.46%
Samsung	452,740	7	1.32%	-		0.00%
Wal-Mart	396,506	8	1.15%	-		0.00%
Artisan Kitchens LLC	383,383	9	1.11%	-		0.00%
Newberry County Water & Sewer	332,112	10	0.96%	223,303	10	0.80%
Saluda Commission of Public Works	-		0.00%	865,647	3	3.08%
Shakespeare	-		0.00%	525,179	6	1.87%
Packaging Corp. of America, Inc.	-		0.00%	453,588	7	1.62%
Newberry High School	-		0.00%	282,283	9	1.01%
Total	14,596,955		42.41%	13,033,882		46.44%

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

(2) Total audited operating revenue for fiscal year 2022 is \$ 34,421,459

(3) Total audited operating revenue for fiscal year 2013 is \$ 28,066,615

City of Newberry
Utility Enterprise System Units Sold By Source-Water System
Last Five Fiscal Years

Fiscal Year	Total Annual Flow	Average Flow	Peak Daily Flow	Peak Monthly Flow
2018	271,606,556	754,460	943,598	24,505,278
2019	243,790,381	667,136	1,103,699	24,881,686
2020	201,529,093	552,330	944,403	22,288,233
2021	191,333,619	462,355	1,035,782	17,235,692
2022	177,261,214	485,600	848,491	15,925,034

City of Newberry
Utility Enterprise System Units Sold By Source-Electric System
Last Five Fiscal Years

Fiscal Year	Total kWh	Peak Demand MW
2018	206,782,301	43.2
2019	210,670,252	42.0
2020	203,007,486	43.1
2021	185,204,588	41
2022	185,213,633	40.2

City of Newberry
Utility Enterprise System Units Sold By Source-Sewer System
Last Five Fiscal Years

Fiscal Year	Total Annual Flow	Average Flow	Peak Daily Flow	Peak Monthly Flow
2018	123,470,588	338,235	721,925	11,374,331
2019	144,042,135	394,357	1,021,319	16,637,881
2020	136,224,582	372,379	858,289	13,476,336
2021	136,855,177	377,175	911,497	13,897,058
2022	123,186,640	337,656	696,524	11,685,829

City of Newberry
Principal Water Customers by Total Billed
June 30, 2022

<u>Customer Name</u>	<u>Annual Consumption in Cubic Feet</u>	<u>Annual Billing</u>	<u>Percentage of Water Revenues</u>
10 Newberry SC Preservation	164,510	\$17,107	0.37%
9 Newberry County Mem Hosp	912,170	\$28,031	0.61%
8 ISE	2,023,775	\$48,641	1.06%
7 Kiswire	3,822,622	\$67,613	1.47%
6 Newberry Housing Authority	1,631,662	\$68,709	1.50%
5 Newberry College - Wrestling	1,732,638	\$113,882	2.48%
4 Samsung	5,973,461	\$157,667	3.43%
3 Newberry County Water & Sewer Authority	16,225,960	\$264,394	5.76%
2 Saluda Commission of Public Works	21,858,560	\$300,670	6.55%
1 Kraft Heinz Foods Company	49,436,020	\$1,139,433	24.82%
	<hr/> 103,781,378	<hr/> \$2,206,147	<hr/> 48.05%

***Total water dollars sold from July 2021 to June 2022 is:

\$4,591,139

City of Newberry
Principal Sewer Customers by Total Billed
June 30, 2022

<u>Customer Name</u>	<u>Annual Flows in Cubic Feet</u>	<u>Annual Billing</u>	<u>Percentage of Sewer Revenues</u>
10 J F Hawkins Nursing	477,110	\$27,052	0.52%
9 West Fraser	233,130	\$28,697	0.55%
8 Newberry Preservation	164,510	\$30,246	0.58%
7 Newberry County Memorial Hospital	912,170	\$47,991	0.92%
6 Newberry County Water and Sewer	910,769	\$67,718	1.29%
5 Newberry Housing Authority	1,631,662	\$100,790	1.93%
4 Newberry College - Wrestling	1,239,237	\$114,899	2.20%
3 ISE	2,370,767	\$122,968	2.35%
2 Samsung	5,932,220	\$294,990	5.64%
1 Kraft Heinz Foods Company	38,484,077	\$1,255,862	24.00%
	52,355,652	\$2,091,213	39.96%

***Total sewer dollars sold from July 2021 to June 2022 is:

\$5,233,211

City of Newberry
Principal Electric Customers by Total Billed
June 30, 2022

<u>Customer Name</u>	<u>KWH</u>	<u>Annual Billing</u>	<u>Percentage of Electric Revenues</u>
10 City of Newberry Saluda Water pl	1,687,200	\$233,130	0.99%
9 Newberry Housing	2,257,248	\$363,681	1.54%
8 City of Newberry Waste Water	3,434,600	\$367,138	1.55%
7 Artisan	2,669,000	\$377,176	1.59%
6 Wal-Mart	3,205,920	\$385,455	1.63%
5 ISE	3,049,085	\$399,715	1.69%
4 Newberry County Mem Hospital	5,150,437	\$608,233	2.57%
3 Valmont	5,831,554	\$678,672	2.87%
2 Newberry college - Wrestling	5,906,260	\$822,895	3.48%
1 Kraft Heinz Foods Company	67,752,000	\$6,972,672	29.47%
	100,943,304	\$11,208,765	47.37%

***Total Electric dollars sold from July 2021 to June 2022 is:

\$23,660,204

**City of Newberry
Water Customer Count
Last Ten Fiscal Years**

Fiscal Year	Number of Customers	Increase/ Decrease	Percentage of Change (%)
2013	4,896	25	0.51%
2014	4,927	31	0.63%
2015	4,907	(20)	-0.41%
2016	4,955	48	0.97%
2017	4,910	(45)	-0.92%
2018	4,894	(16)	-0.33%
2019	4,825	(69)	-1.43%
2020	4,682	(143)	-3.05%
2021	4,608	(74)	-1.61%
2022	5,049	441	8.73%

**City of Newberry
Sewer Customer Count
Last Ten Fiscal Years**

Fiscal Year	Number of Customers	Increase/ Decrease	Percentage of Change (%)
2013	4,176	16	0.38%
2014	4,205	29	0.69%
2015	4,194	(11)	-0.26%
2016	4,207	13	0.31%
2017	4,186	(21)	-0.50%
2018	4,171	(15)	-0.36%
2019	4,081	(90)	-2.21%
2020	3,939	(142)	-3.60%
2021	3,992	53	1.33%
2022	4,134	142	3.43%

**City of Newberry
Electric Customer Count
Last Ten Fiscal Years**

Fiscal Year	Number of Customers	Increase/ Decrease	Percentage of Change (%)
2013	4,946	21	0.42%
2014	4,994	48	0.96%
2015	4,965	(29)	-0.58%
2016	4,973	8	0.16%
2017	4,972	(1)	-0.02%
2018	4,911	(61)	-1.24%
2019	5,006	95	1.90%
2020	4,967	(39)	-0.79%
2021	4,951	(16)	-0.32%
2022	5,313	362	6.81%

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 \$				
2013	2012	7,823,720	11,542,680	19,366,400	2,175,000	3,886,280	6,061,280	25,427,680	86.40	466,206,521	5.45%
2014	2013	7,907,890	12,883,190	20,791,080	2,418,910	3,461,320	5,880,230	26,671,310	86.40	490,978,910	5.43%
2015 (1)	2014	8,232,970	13,047,860	21,280,830	2,729,080	3,635,140	6,364,220	27,645,050	83.80	508,784,120	5.43%
2016	2015	8,245,950	13,628,170	21,874,120	2,988,620	3,163,490	6,152,110	28,026,230	83.80	525,189,400	5.34%
2017	2016	8,193,300	13,764,020	21,957,320	2,809,640	3,320,140	6,129,780	28,087,100	83.80	517,955,150	5.42%
2018	2017	7,955,310	12,931,000	20,886,310	2,676,270	3,251,430	5,927,700	26,814,010	83.80	495,267,630	5.41%
2019	2018	8,221,550	13,789,530	22,011,080	2,581,930	3,481,460	6,063,390	28,074,470	83.80	516,886,950	5.43%
2020 (1)	2019	8,627,910	14,334,280	22,962,190	2,677,090	4,183,090	6,860,180	29,822,370	80.70	539,442,904	5.53%
2021	2020	8,656,230	14,343,170	22,999,400	2,863,190	5,351,150	8,214,340	31,213,740	80.70	559,492,747	5.58%
2022	2021	8,823,320	15,239,210	24,062,530	2,970,210	7,217,630	10,187,840	34,250,370	80.70	603,230,979	5.68%

(1) Reassessment.

(2) Source: Newberry County Auditor. Prior to 2014 \$971,640 in assessed value (\$17,699,083 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. \$217,030 in assessed value was legally required to be allocated to the FILOT (Oakland Mill Dev.) and is not included in the above figures prior to 2017.

(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.

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

(5) Source: Newberry County Auditor.

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

		Overlapping Rates										
		City of Newberry			Newberry County (1)			Newberry County School District (1)				Total Direct & Overlapping Rates
Fiscal Year	Tax Year	Operating Millage	Debt Service Millage	Total City Millage	Operating Millage	Debt Service Millage	Total County Millage	Operating Millage	Debt Service Millage	Total School Millage	Other (1)	
2013	2012	85.3	1.1	86.4	128.6	7.3	135.9	186.8	53.0	239.8	6.3	468.4
2014	2013	85.3	1.1	86.4	128.7	8.8	137.5	186.8	53.0	239.8	6.7	470.4
2015 (2)	2014	82.7	1.1	83.8	125.5	9.1	134.6	186.8	53.0	239.8	6.6	464.8
2016	2015	82.7	1.1	83.8	125.0	10.5	135.5	186.8	53.0	239.8	6.7	465.8
2017	2016	82.7	1.1	83.8	125.0	9.3	134.3	186.8	53.0	239.8	6.9	464.8
2018	2017	82.7	1.1	83.8	125.5	9.7	135.2	186.8	53.0	239.8	7.0	465.8
2019	2018	82.7	1.1	83.8	125.5	9.7	135.2	186.8	53.0	239.8	7.0	465.8
2020 (2)	2019	79.6	1.1	80.7	122.0	7.1	129.1	180.0	53.0	233.0	6.9	449.7
2021	2020	79.6	1.1	80.7	119.4	7.7	127.1	180.0	53.0	233.0	6.9	447.7
2022	2021	79.6	1.1	80.7	119.4	7.7	127.1	180.0	53.0	233.0	6.9	447.7

(1) Source: Newberry County Auditor.

(2) Reassessment.

**City of Newberry
Principal Property Taxpayers (1)
June 30, 2022**

Taxpayer	Fiscal Year 2022 (Tax Year 2021)			Fiscal Year 2013 (Tax Year 2012)		
	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.	452,000	1	1.32%	395,320	1	1.55%
Oakland Mill Development Group	433,810	2	1.27%			
Wal-Mart Real Est.	394,420	3	1.15%	320,490	4	1.26%
Newberry Real Estate Inv. Inc.	370,820	4	1.08%			
Lowe's Home Centers	369,660	5	1.08%	346,410	2	1.36%
RW Winpop SC LLC	298,330	6	0.87%			
WC Fiber LLC	283,950	7	0.83%			
Duke Energy Carolinas	282,870	8	0.83%			
Newberry Developments LLC	259,760	9	0.76%	232,390	5	0.91%
Egg Equipment Specialists LLC	240,910	10	0.70%			
Loves Travel Stops				208,450	7	0.82%
AT&T Mobility				194,110	8	0.76%
Newberry Atrium				228,530	6	0.90%
Duke Energy Corp.				181,090	9	0.71%
Bellsouth Tele. Inc.				330,940	3	1.30%
West/Hobby LLC				162,310	10	0.64%
Total	3,386,530		9.89%	2,600,040		10.23%

(1) Source: Newberry County Auditor.

(2) Total assessed valuation for tax year 2021 is \$34,250,370 .

(3) Total assessed valuation for tax year 2012 is \$25,427,680 .

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

Fiscal Year	Tax Year	Total Tax Levy for Fiscal Year (2) \$	Collected within the Fiscal Year of the Levy		Collections/ Adjustments in Subsequent Years \$	Total Collections to Date	
			Amount \$	Percentage of Levy		Amount \$	Percentage of Levy
2013	2012	2,152,240	2,059,507	95.7%	10,253	2,069,760	96.2%
2014	2013	2,257,248	2,152,957	95.4%	21,811	2,174,768	96.4%
2015	2014	2,275,458	2,225,023	97.8%	46,734	2,271,757	99.8%
2016	2015	2,363,599	2,315,551	98.0%	36,927	2,352,478	99.5%
2017	2016	2,314,788	2,279,158	98.5%	7,244	2,286,402	98.8%
2018	2017	2,210,028	2,115,433	95.7%	1,733	2,117,166	95.8%
2019	2018	2,193,934	2,129,504	97.1%	39,091	2,168,595	98.9%
2020	2019	2,380,220	2,260,883	95.0%	49,479	2,310,362	97.1%
2021	2020	2,444,137	2,333,469	95.5%	94,689	2,428,158	99.4%
2022	2021	2,746,113	2,433,333	88.6%	40,154	2,473,487	90.1%

(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 \$			
2013	-	281,196	1,185,235	17,748,361	-	19,214,792	8.7%	1874
2014	-	-	1,064,310	17,003,385	-	18,067,695	10.6%	1762
2015	-	-	1,473,179	55,823,089	-	57,296,268	32.0%	5575
2016	-	-	1,165,431	53,993,200	-	55,158,631	28.7%	5339
2017	-	-	1,007,862	51,875,774	-	52,883,636	30.7%	5146
2018	-	-	910,285	49,699,978	-	50,610,263	27.3%	4784
2019	-	-	803,916	47,470,291	-	48,274,207	25.4%	4670
2020	-	-	573,278	45,166,178	-	45,739,456	23.9%	4485
2021	-	-	285,004	40,755,000	-	41,040,004	20.3%	4072
2022	-	-	161,773	40,714,425	-	40,876,198	18.2%	3898

(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 2009-2013).

(3) Composed of Combined Public Utility (CPU) debt as follows: 2007 CPU Bond for fiscal years 2008-2015, 2003 CPU Bond for fiscal years 2004-2012, 2009 State Revolving Loan which was refinanced as the Refunding Revenue Bonds Series 2021 A and B in February 2021 for fiscal years 2010-2021, and 2015 Bond for fiscal years 2015-2021.

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

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

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

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

City of Newberry
Schedule of Direct and Overlapping Governmental Activities Debt
As of June 30, 2022

Direct Debt

City of Newberry:	
General Obligation Debt	\$ -
Special Assessment Debt	-
Capital Lease Obligations	161,773
Total Direct Debt	<u>161,773</u>

Overlapping Debt

Newberry County, South Carolina Overlapping Debt:	
General Obligation Debt (1)	3,546,645
Estimated % of debt applicable to the City of Newberry (2)	<u>20.38%</u>
Total Overlapping Debt	722,806
 Total Direct and Overlapping Debt	 <u><u>\$ 884,579</u></u>

(1) Source: Newberry County Treasurer

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

2013A County General Obligation Bond	\$ 1,190,000
2018C County General Obligation Bond	500,845
2020A County General Obligation Bond	1,301,700
2020B County General Obligation Bond	554,100
	<u>\$ 3,546,645</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 \$168,017,770. City of Newberry assessed valuation from the table within this statistical section labeled "Assessed Value and Estimated Actual Value of Taxable Property" is \$34,250,370.

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**

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Debt Limit - 8 percent of total assessed value	\$ 2,111,946	\$ 2,133,705	\$ 2,211,604	\$ 2,242,098	\$ 2,246,968	\$ 2,145,121	\$ 2,245,958	\$ 2,385,790	\$ 2,497,099	\$ 2,740,030
Total net debt applicable to limit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Legal debt margin	\$ 2,111,946	\$ 2,133,705	\$ 2,211,604	\$ 2,242,098	\$ 2,246,968	\$ 2,145,121	\$ 2,245,958	\$ 2,385,790	\$ 2,497,099	\$ 2,740,030
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 2022

Assessed Value - general	\$ 34,250,370
Assessed Value - tax increment financing district	\$ -
Total assessed value	<u>\$ 34,250,370</u>
Debt limit (8% of total assessed value)	\$ 2,740,030
Debt applicable to limit: Total general obligation bonds	<u>\$ -</u>
Legal debt margin	<u><u>\$ 2,740,030</u></u>

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

Fiscal Year	TIF Revenue \$	Contribution (to)/from City Local Hospitality/ Accommodations Fund (2) \$	Debt Issuance Expenditures \$	Amount Available for Debt Service \$	Debt Service Requirements			Coverage (3)
					Principal \$	Interest \$	Total \$	
2013	459,433	(25,000)	-	434,433	276,210	15,137	291,347	1.49
2014	148	(410,099)	-	(409,951)	281,196	5,076	286,272	-1.43
2015	-	-	-	-	-	-	-	0.00
2016	-	-	-	-	-	-	-	0.00
2017	-	-	-	-	-	-	-	0.00
2018	-	-	-	-	-	-	-	0.00
2019	-	-	-	-	-	-	-	0.00
2020	-	-	-	-	-	-	-	0.00
2021	-	-	-	-	-	-	-	0.00
2022	-	-	-	-	-	-	-	0.00

(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, with partial repayment from the TIF debt service fund to the Local Hospitality/Accommodations Fund shown in fiscal years 2009-2014. The TIF account was closed in fiscal year 2014.

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

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

Fiscal Year	System Operating Revenues (1) \$	System Operating Expenses (2) \$	Amount Available for Debt Service \$	Audited Debt Service			Coverage (3)
				Principal \$	Interest \$	Total \$	
2013	28,069,759	23,510,242	4,559,517	1,294,044	530,972	1,825,016	2.50
2014	30,735,957	24,006,961	6,728,996	744,976	178,292	923,268	7.29
2015	34,654,283	26,341,528	8,312,755	964,209	369,283	1,333,492	6.23
2016	36,648,518	28,013,464	8,635,054	1,790,943	1,623,215	3,414,158	2.53
2017	37,095,458	28,679,385	8,416,073	2,078,480	1,815,403	3,893,883	2.16
2018	37,987,585	29,008,364	8,979,221	2,136,850	1,750,327	3,887,177	2.31
2019	37,011,910	27,846,952	9,164,958	2,190,741	1,703,141	3,893,882	2.35
2020	34,974,476	26,769,860	8,204,616	2,265,167	1,631,515	3,896,682	2.11
2021	34,665,741	25,111,484	9,554,257	1,415,000	1,827,592	3,242,592	2.95
2022	34,421,459	27,189,866	7,231,593	2,185,000	1,668,194	3,853,194	1.88

(1) Including interest earnings and excluding non-operating income.

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

(3) Debt Service Requirements for 2007 Bond (FY2008-2015),
2009 South Carolina Water Pollution Control Revolving Fund (SRF) Loan (FY 2012-2021), 2015 Bond (FY 2015-2022),
and 2021 Bond (FY 2021-2022).

Coverage stated is by fiscal year. Bond indentures require coverage of 120% of annual principal and interest.

City of Newberry
Aggregate PMPA Debt Service Table
June 30, 2022

<u>Bond Year</u>					
<u>Ending</u>	<u>Principal</u>	<u>Interest (1)</u>	<u>Total Debt Service</u>	<u>City's Portion (2)</u>	
1/1/2022	\$54,223,879	\$37,395,658	\$91,619,537	\$8,346,540	
1/1/2023	\$54,120,446	\$37,495,322	\$91,615,768	\$8,346,196	
1/1/2024	\$55,051,074	\$33,838,087	\$88,889,162	\$8,097,803	
1/1/2025	\$69,785,000	\$19,101,474	\$88,886,474	\$8,097,558	
1/1/2026	\$27,959,498	\$63,935,302	\$91,894,800	\$8,371,616	
1/1/2027	\$37,967,129	\$53,926,628	\$91,893,756	\$8,371,521	
1/1/2028	\$38,338,350	\$53,559,656	\$91,898,006	\$8,371,908	
1/1/2029	\$38,891,710	\$53,006,297	\$91,898,006	\$8,371,908	
1/1/2030	\$39,496,961	\$52,397,545	\$91,894,506	\$8,371,590	
1/1/2031	\$40,235,272	\$51,660,484	\$91,895,756	\$8,371,703	
1/1/2032	\$44,883,044	\$47,013,211	\$91,896,255	\$8,371,749	
1/1/2033	\$77,105,000	\$14,792,307	\$91,897,307	\$8,371,845	
1/1/2034	\$84,522,680	\$7,372,218	\$91,894,898	\$8,371,625	

(1) Interest on variable rate debt has been assumed and all tax subsidies on Build America Bonds have been netted out.

(2) City's portion of debt service is allocated on the basis of base billing demand. This amount may be more or less than the City's proportionate share of the Catawba Project due to power purchased by the City of PMPA's wholesale purchase rate which includes power purchased under the Catawba Sales Agreement and the Supplement Agreement.

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

Fiscal Year	(1) Population	(2) Personal Income \$	(3) Per Capita Personal Income \$	(4) Median Household Income \$	(5) Median Age	(6) Education Level In Years of Formal Schooling	(7) School Enrollment	(8) Unemployment Rate %
2013	10,255	221,969,475	21,645	37,491	34.2	12.9	5,717	8.1
2014	10,256	169,654,752	16,542	30,318	34.0	12.9	5,616	5.2
2015	10,277	179,087,002	17,426	33,016	34.2	13.1	5,888	6.6
2016	10,331	191,980,973	18,583	29,034	34.4	13.1	5,889	5.1
2017	10,277	172,519,999	16,787	33,680	39.9	13.1	5,907	3.8
2018	10,580	185,403,920	17,524	35,043	35.0	13.1	6,006	3.4
2019	10,337	189,756,309	18,357	35,645	31.5	13.1	6,000	3.2
2020	10,199	191,394,434	18,766	36,952	34.0	13.1	6,000	3.3
2021	10,079	202,497,189	20,091	31,831	41.2	13.1	6,000	4.0
2022	10,487	224,935,663	21,449	38,613	33.8	13.1	5,497	3.3

(1) Estimates by South Carolina Budget and Control Board for fiscal years 2013-2016.

Fiscal Years 2017-2022 from www.census.gov.

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

(3) Fiscal years 2013-2016 estimates from Central Midlands Council of Governments.

Fiscal Year 2017-2022 from www.census.gov.

(4) Fiscal years 2013-2016 estimates from Central Midlands Council of Governments.

Fiscal Year 2017-2022 from www.census.gov.

(5) Fiscal year 2013-2022 estimates from Central Midlands Council of Governments.

(6) Sources: Estimates by Newberry County School District for fiscal years 2013-2022.

(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**

EMPLOYER	2022			2013		
	EMPLOYEES	RANK	PERCENTAGE OF TOTAL COUNTY EMPLOYMENT (2)	EMPLOYEES	RANK	PERCENTAGE OF TOTAL COUNTY EMPLOYMENT (2)
Kraft Heinz Foods (*)	2686	1	11.99%	2800	1	17.08%
Newberry County School District (**)	924	2	4.12%	860	2	5.25%
Samsung (*)	650	3	2.90%			
Newberry County Memorial Hospital (**)	447	4	1.99%	507	3	3.09%
Georgia Pacific (*)	295	5	1.32%	369	5	2.25%
Newberry College	237	6	1.06%	320	6	1.95%
Valmont Composite Structures (*)	200	7	0.89%			
Wal-Mart	187	8	0.83%	250	7	1.53%
County of Newberry	180	9	0.80%	205	8	1.25%
White Oak Manor (*)	174	10	0.78%			
Springfield Place/JF Hawkins				161	10	0.98%
Komatsu America (*)				200	9	1.22%
Shakespeare Electronics and Fiberglass (*)						
Caterpillar, Inc. (*)				375	4	2.29%
	<u>5980</u>		<u>26.68%</u>	<u>6047</u>		<u>36.89%</u>

(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 158 employees. Current year's data derived from Newberry County Chamber of Commerce records. Data for earlier year derived primarily from previous CAFRs.

(2) Percentage calculated using total Newberry County employment from the 2020 Census - 22,410 .

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

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

FUNCTION	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Government										
City Council	7	7	7.33	7.33	7.33	7.33	7.33	7.33	7.33	7.33
City Administration (2)	4	4	3.67	3.67	2.17	3.67	3.17	3.67	2.67	2.67
Finance	2	2	2	2	2	2	2	2	2	2
Planning and Development	2	2	1.66	2	2	2	2	2	1	1
Public Safety										
Police										
Officers	32	32	32	30	30	32	30	30	30	28
Civilians	3	3	3	3	3	3	3	3	3	3
Justice and Law Civilians	3.8	3.8	3.8	3.8	3	3	3	3	3	3
Fire (3)										
Firefighters and Officers	19	20	20	20	20	20	20	20	20	20
Civilians	1	1	1	1	1	1	1	1	1	1
Public Works										
Public Works Administration	2	2	2	2	2	3	2	3	3	3
Streets	9	10	10.5	10.5	11	11	11	11	11.5	10.5
Sanitation	5	5	5	5	5	4	4	5	5	7
Building Maintenance	1	1	1	1	6.5	6.5	3	6.5	3	3
Garage	3	3	3	3	3	3	3	3	3	3
Recreation (4)	14	12	12	12	10.5	10.5	11	14	15.5	15.5
Utility System										
Administration/Finance/Warehouse/ Information Services/Risk management	13	14	14	13	18	13.5	17.5	17.5	17	15
Electric	9	9	9.34	9	9	9	9	9	10	10
Water/Sewer Maintenance	11	9	9	8	11	11	10	11	12	12
Water Plant	8	9	9	8	7	7.5	7.5	7.5	8	8
Wastetreatment Plant	6	4	4.5	5	5	5.5	5.5	5	5	5
Newberry Opera House	0	0	0	0	4	4	4	4	4	4
Total	154.8	152.8	153.8	149.3	162.5	162.5	159	168.5	167	164

- (1) Source: City of Newberry Human Resources Director
(2) City Administration comprised of 1 FTE City Manager, 1 Human Resource and .67 Clerk.
(3) In addition to City staff, there were 20 Volunteer Firefighter positions in fiscal year 2022.
(4) Recreation includes FCC staff.
(5) Recreation complex has 15 seasonal employees

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

FUNCTION	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Government (2)										
Finance										
Businesses with licenses (for last completed calendar year)	1,132	1,090	1,082	1,074	1,085	1,092	1,183	1,053	1,237	933
Planning and Development										
New construction values per building permits	\$ 5,408,294	\$ 658,393	\$ 1,730,680	\$ 1,710,341	\$ 5,955,559	\$ 7,832,024	\$ 7,714,905	\$ 4,762,814.00	\$ 4,286,661.00	\$ 16,482,580.00
Public Safety										
Police										
Incidences	11,215	11,988	11,294	10,712	10,463	9,837	11,355	10,607	9,340	8,623
Arrests and traffic violations	5,210	5,973	4,770	4,556	4,161	4,195	3,717	2,731	3,067	2,779
Parking violations	78	108	76	232	96	190	49	109	35	42
Fire										
Volunteer personnel	14	12	16	15	16	20	22	25	21	17
Calls answered	852	803	446	465	383	507	486	455	477	405
Inspections	525	507	26	363	461	266	367	183	255	143
Public Works (3)										
Streets										
Streets resurfaced (miles)	1.09	0.20	-	-	2.5	0.75	-	-	-	0.35
Sanitation										
Refuse collected in tons per year	7,119	7,197	7,566	7,342	7,918	7,976	8,020	8,276	8,031	7,946
Recreation										
# Participants residing within City limits	946	867	635	561	532	617	854	879	307	399
# Participants residing outside City limits	347	296	277	344	384	330	295	320	132	152
# Participants total	1,293	1,163	912	905	916	947	1,149	1,199	439	551
Utility System										
Electric										
Maximum monthly non-coincident purchased demand (kW)	31,606	41,851	43,100	43,300	41,761	41,621	41,683	43,973	40,891	40,195
Water										
Average production (gallons per day)	4,300,980	5,500,000	5,750,000	5,717,657	5,464,778	5,505,258	4,990,181	4,131,715	3,458,414	3,632,543
Sewer										
Average treatment (gallons per day)	2,650,000	2,820,000	2,900,000	3,000,000	2,520,000	2,530,000	2,950,000	2,785,588	2,821,266	2,525,670

(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.

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

FUNCTION (2)	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Public Safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	40	40	44	41	41	39	39	39	39	39
Fire										
Stations	2	2	2	2	2	2	2	2	2	2
Fire trucks	7	7	7	7	7	7	7	8	8	8
Public Works (3)										
Streets										
Streets within City (miles)	87	87	87	87	87	87	87	87	87	87
Sanitation										
Packer trucks	5	5	5	6	6	6	6	6	6	7
Recreation										
Parks	15	15	15	15	16	16	16	16	16	16
Parks acreage	100	100	100	100	315	200	215	215	215	228
Utility System										
Electric										
Miles of primary conductor	260	260	262	262	275	275	280	280	281	281
Miles of secondary conductor	93	93	93	93	103	130	135	135	137	137
Water										
Miles of water main lines	127	127	127	127	127	128	128	128	142	142
Fire hydrants	500	598	594	600	610	625	633	633	640	640
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	124	124	124	124	124	124	125	125	127	127
Maximum daily treatment capacity (gallons)	3,220,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000

(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.

COMPLIANCE SECTION

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

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

We have audited, 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, 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 (the "City"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 15, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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



To the Honorable Mayor and Members of City Council
City of Newberry
December 15, 2022

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from 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 financial statements. 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Very truly yours,

McKinley, Cooper & Co., LLC

Greenville, South Carolina
December 15, 2022

CITY OF NEWBERRY, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2022

There are no current year audit findings.

CITY OF NEWBERRY, SOUTH CAROLINA

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2022**

2021-001: SIGNIFICANT DEFICIENCY IN BOND ISSUANCE

Condition:

During the 2021 audit, we noted significant miscalculations in recording the retiring of the 2009 SRFL debt with the issue of Series 2021 Revenue Bonds.

Current Status:

The City has addressed its controls related to debt issuance to ensure that all significant items are recorded.

2021-002: SIGNIFICANT DEFICIENCY IN RECORDING AND TRACKING CAPITAL ASSET ACTIVITY

Condition:

During the year ended June 30, 2021 ("2021") audit, we noted the following items in the recording and tracking of capital asset activity:

- The City uses Logics for their capital asset software; it appears to be very inefficient and outdated and as a result, the process for maintaining and reporting capital assets has to be completed manually, which takes a significant amount of time. This manual process also makes proper recording adjustments, corrections, and detailed tracking of projects cumbersome and difficult and can result in errors and mistakes.
- The information in Logics and the capital asset rollforward schedule (from an Excel spreadsheet) the City uses are generally not in sync with the General Ledger.

Current Status:

The City has worked toward improving the processing of capital asset activities. The City has put in place a plan to convert their capital asset software into a more easily adjustable format.

2021-003: SIGNIFICANT DEFICIENCY IN BEGINNING BALANCES

Condition:

During the 2021 audit, we noted beginning year fund balances/net position were incorrect and were not carried over from prior year audited financials in the utility fund. These amounts were recorded properly during the audit.

Current Status:

The City has addressed its controls to ensure that all significant items are properly recorded.