

CITY OF NEWBERRY, SOUTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2021

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

November 22, 2021

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

State law requires Newberry City Council to provide for an independent annual audit of all financial records and transactions of the City of Newberry. State law further requires that such audits be made by a certified public accountant or public accountant or firm of such accountants who have no personal interest, direct or indirect, in the fiscal affairs of the City or any of its officers. The report of the audit must be made available for public inspection. Pursuant to these requirements, we hereby issue the comprehensive annual financial report of the City of Newberry (City) for the fiscal year ended June 30, 2021.

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 and Company, LLP, 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, 2021, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement presentation; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended June 30, 2021, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report. In accordance with Government Auditing Standards, the independent auditor issued 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

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

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

Profile of the Government

The City of Newberry is located in and is the county seat of Newberry County. The City of Newberry's municipal charter was issued in 1832. The City encompasses an area of approximately seven and a half square miles, while Newberry County encompasses an area of six hundred thirty square miles. The population of the City as registered by the 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, 2021, 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 2021-2022 budget preparation, all departments of the City of Newberry were required to submit requests for appropriations to the City Manager by mid-February of 2021. 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 on page XXX 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 customer sign-ups are going even better than originally expected and the City projects, very conservatively, that the entire payback on this investment should take approximately 8 years, but plans are in place that may accelerate this timeline.

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, near 100 acers currently developed, boasts scenic walking trails, baseball fields, all-purpose fields, covered shelters, a pickle ball court, an accessible playground and a baseball themed 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.

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 2021 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. This becomes even more critical in the time of a pandemic, so Council had great foresight in allowing for this change.

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 2021 information, the unassigned portion of the fund balance of the General Fund stood at 11.07% percent of the total audited General Fund expenditures, and the City Manager is submitting a plan of corrective action to City Council.

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 comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2020. This was the twenty eighth 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 comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

Sincerely,



Matt T. DeWitt
City Manager



Shannon D. Smith
Finance Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

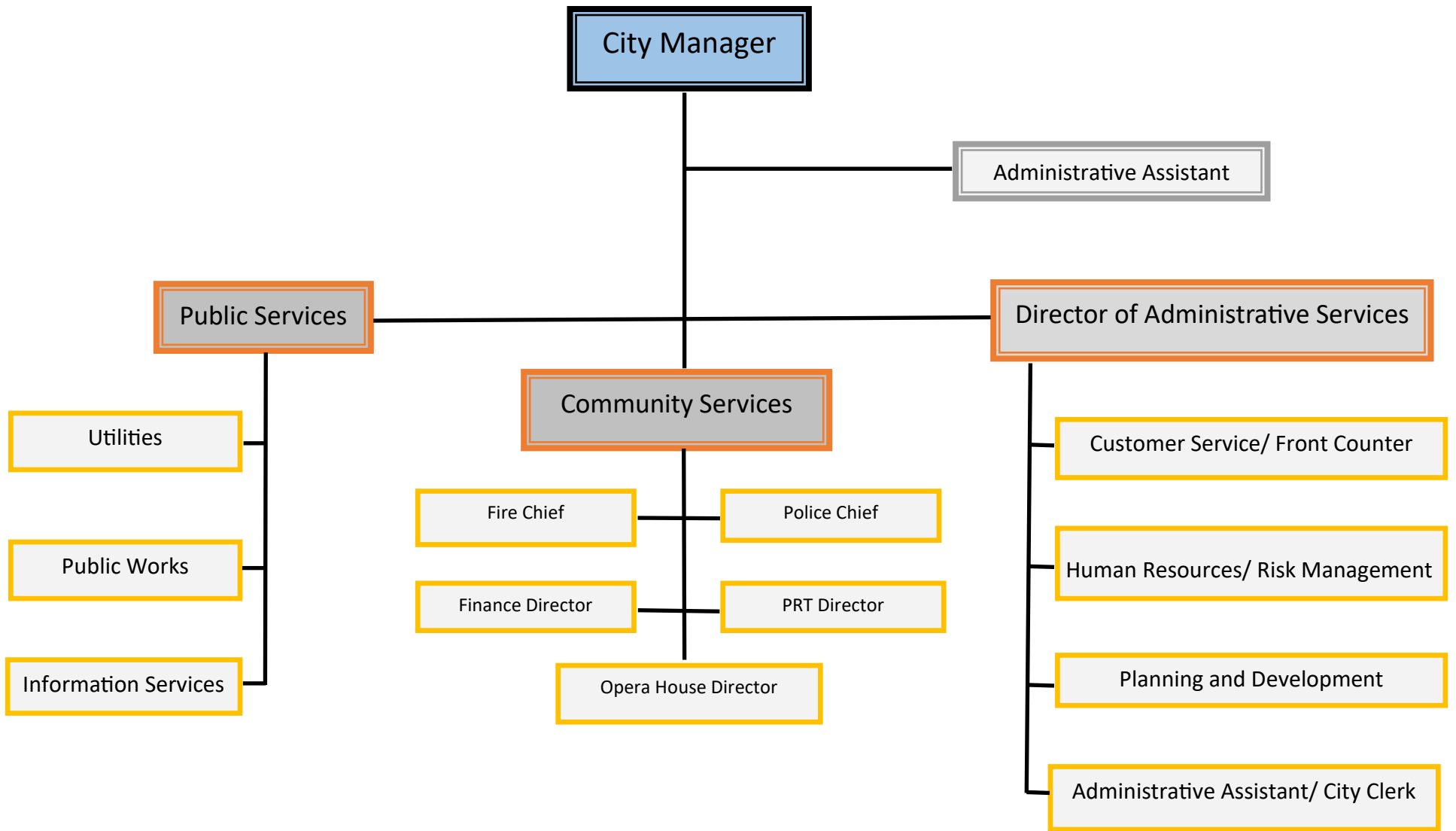
**City of Newberry
South Carolina**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

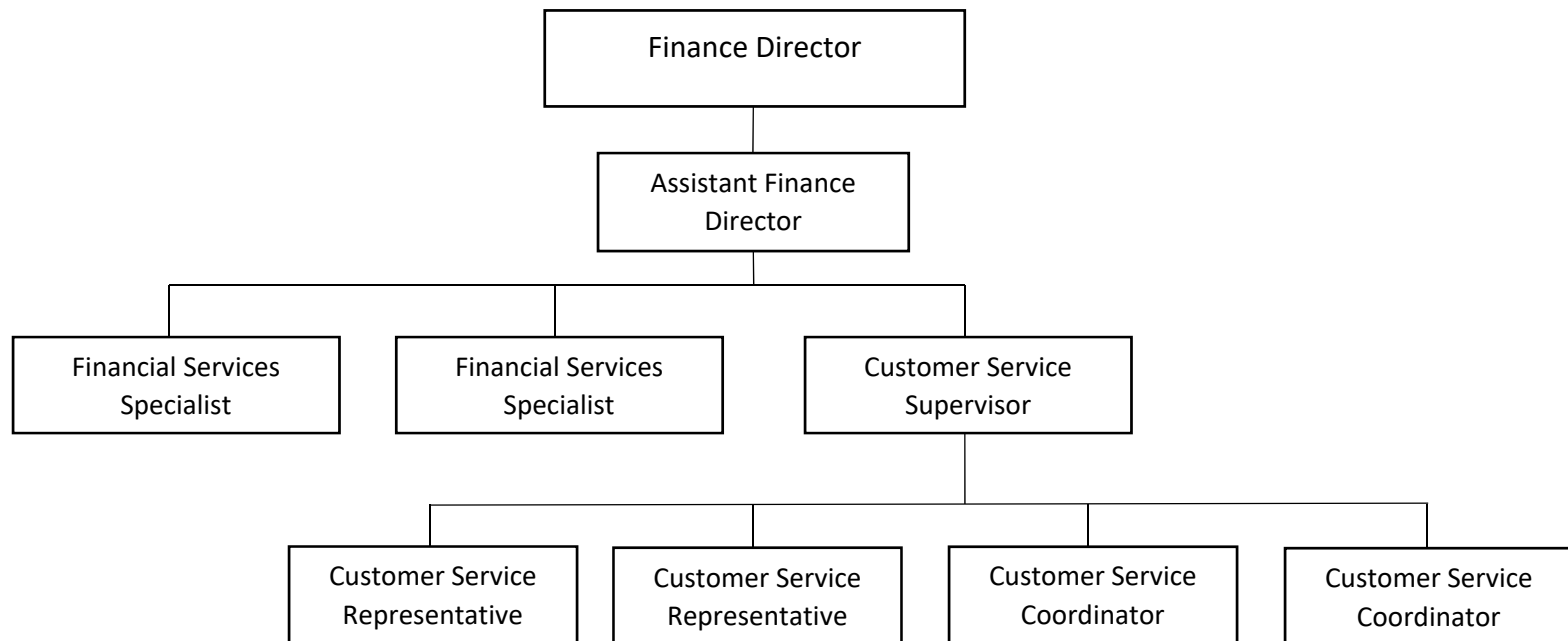
June 30, 2020

Christopher P. Morill

Executive Director/CEO



City of Newberry
Finance Department
Organizational Chart
June 30, 2021



**CITY OF NEWBERRY, SOUTH CAROLINA
LIST OF PRINCIPAL OFFICERS
JUNE 30, 2021**

MAYOR

G. Foster Senn, Jr.

CITY MANAGER

Matthew T. DeWitt

**COUNCIL MEMBER, DISTRICT 1
MAYOR PRO TEM**

R. Lemont Glasgow

CITY ATTORNEY

Robert C. Lake, III

COUNCIL MEMBER, DISTRICT 2

Edwin E. Wicker

CITY RECORDER

William F. Partridge

**COUNCIL MEMBER, DISTRICT 3,
Carlton L. Kinard**

**DIRECTOR OF HR AND RISK
MANAGEMENT**

Tamra Tootle

**COUNCIL MEMBER, DISTRICT 4
David T. Force**

CHIEF BUILDING INSPECTOR

Vacant

**COUNCIL MEMBER, DISTRICT 5
Jackie Holmes**

FINANCE DIRECTOR

Shannon D. Smith

FIRE CHIEF

Keith K. Minick

UTILITIES DIRECTOR

Timothy W. Baker

**COUNCIL MEMBER, DISTRICT 6
David E. Dubose**

POLICE CHIEF

Kevin R. Goodman

PUBLIC WORKS DIRECTOR

Norris M. Bartley

**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 City Council
City of Newberry
Newberry, South Carolina

Report on Financial Statements

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, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America. This includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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



To the Honorable Mayor and City Council
City of Newberry
November 22, 2021

Opinion

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, 2021, and the respective changes in 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.

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.

To the Honorable Mayor and City Council
City of Newberry
November 22, 2021

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 November 22, 2021 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 matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on 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
November 22, 2021

CITY OF NEWBERRY, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2021

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, 2021 ("2021") compared to the year ended June 30, 2020 ("2020"). 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 \$72,934,567. Unrestricted net position was approximately \$8,350,478. 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 \$4,412,833, which was a decrease of approximately \$829,265 from the prior year. Unrestricted net position of the City's business-type activities was approximately \$12,763,311, which was a decrease of approximately \$212,285 from the prior year.
- The City's unrestricted net position at June 30, 2021 includes the impact of approximately \$13,549,000 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 \$2,705,385 compared to the prior year's ending net position, as revenues of approximately \$44,282,426 exceeded expenses of approximately \$41,577,041.
- As of the close of the current year, the City's governmental funds reported combined ending fund balances of approximately \$5,239,788, a decrease of approximately \$824,963 from the prior year's ending fund balances.
- At the end of the current year, unassigned fund balance for the General Fund was approximately \$1,129,372, which was a decrease of approximately \$265,628 from the prior year. Unassigned fund balance at the end of the current year was approximately 11% of total General Fund expenditures for the year ended June 30, 2021.
- 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 2021, 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, 2021

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, 2021

OVERVIEW OF FINANCIAL STATEMENTS (CONTINUED)

Figure A-1 Major Features of the City's Government-Wide and Fund Financial Statements			
	Government-Wide Financial Statements	Fund 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, 2021

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, 2021 compared to June 30, 2020.

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Assets:						
Current and Other Assets	\$ 6,494,944	\$ 7,087,663	22,089,388	21,754,278	28,584,332	\$ 28,841,941
Capital Assets, Net	21,394,584	20,558,604	87,066,624	86,460,082	108,461,208	107,018,686
Total Assets	27,889,528	27,646,267	109,156,012	108,214,360	137,045,540	135,860,627
Deferred Outflows of Resources						
Deferred Pension Charges	1,996,088	1,393,214	1,044,758	768,538	3,040,846	2,161,752
Liabilities						
Other Liabilities	803,780	541,720	2,660,387	2,782,256	3,464,167	3,323,976
Net Pension Liabilities	10,075,156	9,058,290	5,867,058	5,421,980	15,942,214	14,480,270
Long-Term Liabilities	737,748	993,177	43,319,490	45,366,016	44,057,238	46,359,193
Total Liabilities	11,616,684	10,593,187	51,846,935	53,570,252	63,463,619	64,163,439
Deferred Inflows of Resources						
Deferred Pension Credits	496,589	549,962	150,765	38,950	647,354	588,912
Net Position						
Net Investment in Capital Assets	21,109,581	19,985,326	43,964,440	42,176,496	65,074,021	62,161,822
Restricted	1,075,595	1,494,574	1,475,319	221,604	2,550,914	1,716,178
Unrestricted	(4,412,833)	(3,583,568)	12,763,311	12,975,596	8,350,478	9,392,028
Total Net Position	\$ 17,772,343	\$ 17,896,332	\$ 58,203,070	\$ 55,373,696	\$ 75,975,413	\$ 73,270,028

The City's total assets increased approximately \$1,184,913 from the prior year, primarily due to an increase in capital assets (see below), partially offset by a decrease in current and other assets of approximately 257,609. This decrease was primarily due to a decrease in cash and investments as the City spent cash on a new recreation complex and a fiber optic network; also, unspent bond proceeds were spent on planned improvements to the utility system. Capital assets increased approximately \$1,442,522 from the prior year due to capital asset additions of approximately \$5,914,852 exceeding depreciation expense of approximately \$4,467,456. Total liabilities decreased approximately \$699,820 from the prior year primarily due to regularly scheduled principal payments on the City's debt and lease purchase obligations of approximately \$2,301,955, partially offset by an increase in the net pension liabilities of approximately \$1,461,944. 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 \$65,074,021 at June 30, 2021. 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 \$2,550,914 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 \$414,398 for parks and recreation improvements.

CITY OF NEWBERRY, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2021

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

The remaining portion of the City's net position approximately \$8,350,478 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 2021 compared to 2020.

	Governmental Activities		Business-Type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program Revenues:						
Charges for Services	\$ 1,866,847	\$ 1,737,737	34,655,427	34,919,904	36,522,274	\$ 36,657,641
Operating Grants and Contributions	275,711	238,104	-	-	275,711	238,104
Capital Grants and Contributions	348,561	824,174	378,696	305,855	727,257	1,130,029
General Revenues:						
Taxes	3,479,290	3,322,251	-	-	3,479,290	3,322,251
Other	3,267,580	2,943,331	10,314	54,572	3,277,894	2,997,904
Total Revenues	9,237,989	9,065,597	35,044,437	35,280,331	44,282,426	44,345,929
Expenses:						
General Government	1,500,490	1,044,017	-	-	1,500,490	1,044,017
Public Safety	5,370,982	4,770,475	-	-	5,370,982	4,770,475
Public Works	2,637,915	1,733,827	-	-	2,637,915	1,733,827
Parks, Recreation, & Tourism	1,650,703	2,248,531	-	-	1,650,703	2,248,531
Community Development	55,735	99,684	-	-	55,735	99,684
Interest and Other Charges	12,062	18,897	-	-	12,062	18,897
Utility System	-	-	30,349,154	31,721,913	30,349,154	31,678,314
Total Expenses	11,227,887	9,915,431	30,349,154	31,721,913	41,577,041	41,593,745
Change in Net Position Before Transfers	(1,989,898)	(849,834)	4,695,283	3,558,418	2,705,385	2,752,184
Transfers In (Out)	1,865,909	1,963,792	(1,865,909)	(1,963,792)	-	-
Change in Net Position	(123,989)	1,113,958	2,829,374	1,594,626	2,705,385	2,752,184
Net Position, Beginning of Year	17,896,332	16,782,374	53,373,696	50,238,047	73,270,028	70,517,844
Net Position, End of Year	\$ 17,772,343	17,896,332	56,203,070	53,373,696	75,975,413	\$ 73,270,028

Governmental Activities. Governmental activities decreased the City's net position by approximately \$123,989 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 slightly from the prior year (approximately \$172,392).
- Total governmental activities expenses increased by approximately \$1,312,456 from the prior year primarily due to higher operating costs.

Business-type Activities. Net position for business-type activities increased by approximately \$2,829,374 in the current year, as revenues of approximately \$35,044,437 exceeded expenses and transfers out of approximately \$32,215,063. 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, 2021

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 \$5,239,788, a decrease of approximately \$824,963 from the prior year fund balances.

Approximately \$1,129,372 (22%) 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 \$2,938,873. 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 \$1,129,372 represents 11% of total General Fund expenditures for the current year.

The fund balance for the General Fund decreased by approximately \$435,665, as expenditures of approximately \$10,198,525 exceeded revenues of approximately \$7,733,664, and transfers in of approximately \$2,029,196. The decrease in fund balance was primarily caused by capital outlay of approximately \$667,497 for the installation of a new fiber optic network. The General Fund will recoup a portion of the costs of this network through user fees collected by internet companies utilizing the City's network.

In addition, the fund balances of the other governmental funds decreased by approximately \$389,298 from the prior year fund balances. This decrease was primarily due to expenditures exceeding revenues in the Recreation Complex Fund as the City spent funds on capital outlay for the new recreation complex.

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 \$58,203,070, which was an increase of approximately \$2,829,070 from the prior year's net position. Details on changes in the Utility Fund were as follows:

- Total operating revenues decreased approximately \$264,477 from the prior year to approximately \$34,655,427, primarily due to lower water and sewer sales of approximately \$1,350,000, primarily due to a decrease in water purchased by the Saluda County Commission of Public Works (they built their own water plant last year and will be further reducing their purchases from the City in the future). 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 2021. Operating expenses decreased approximately \$1,536,184 from the prior year (primarily as a result of the credits received from PMPA) to approximately \$28,521,562. Operating income was approximately \$6,133,865, an increase of approximately \$1,271,707 from the prior year's operating income of approximately \$4,862,158, primarily due to the factors discussed earlier.
- Payments on the Series 2015 Revenue Bond totaled \$1,415,000, consisting of \$1,300,000 in interest. The 2009 State Revolving Fund Loan was refinanced in February of 2021. Principal payments, net of refinancing proceeds, totaled approximately \$650,000, with interest and fees totaling approximately \$400,000 for the year.
- Total net position was approximately \$58,203,070 at June 30, 2021, consisting of approximately \$43,964,440 representing the net investment in capital assets, approximately \$1,475,319 that was restricted (for future debt service and renewal and replacement), with the balance of approximately \$12,763,311 that was unrestricted. Unrestricted net position decreased approximately \$212,285 from the prior year.

CITY OF NEWBERRY, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2021

FINANCIAL ANALYSIS OF THE CITY'S FUNDS (CONTINUED)

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.

Actual revenues totaling approximately \$7,733,664 were approximately \$106,354 over budgeted revenues of approximately \$7,627,310. Taxes, fines and forfeitures, and intergovernmental revenues were approximately \$23,842, \$128,050 and \$237,533 less than budget, respectively, primarily due to the impact of the COVID-19 pandemic in the fourth quarter of 2021.

Actual expenditures totaling approximately \$10,204,525 were approximately \$179,228 higher than budgeted expenditures of approximately \$10,025,297. This was primarily due to the City Manager function coming in approximately \$665,692 over budget due to capital outlay of approximately \$667,497 for a fiber optic network. This variance is partially offset by lower than anticipated expenditures in the public safety and public works departments, and lower than expected employee benefit costs.

Also, transfers in from other funds of approximately \$2,029,196 were approximately \$1,037 higher than budgeted transfers in of approximately \$2,028,159.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City's capital assets as of June 30, 2021 and June 30, 2020, amounted to approximately \$108,461,208 and \$107,018,686 (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	
	2021	2020	2021	2020	2021	2020
Land	\$ 1,536,519	\$ 1,536,519	320,344	320,344	1,856,863	\$ 1,856,863
Construction in Progress	5,647,202	4,947,108	967,167	3,509,747	6,614,369	8,456,855
Buildings and Improvements	7,618,099	7,103,282	14,848,979	11,768,704	22,467,078	18,871,986
Infrastructure	391,916	440,074	-	-	391,916	440,074
Utility Systems	-	-	69,001,278	69,133,856	69,001,278	69,133,856
Equipment, Furniture, and Fixtures	5,408,597	5,398,682	1,114,799	1,183,168	6,523,396	6,581,850
Vehicles	792,251	1,132,939	814,057	544,263	1,606,308	1,677,202
Total	\$ 21,394,584	20,558,604	87,066,624	86,460,082	108,461,208	\$ 107,018,686

The total increase in the City's capital assets for the current year was approximately \$1,442,522. Major capital asset events during the current year included the following:

- Capital asset additions of approximately \$1,898,232 for governmental activities:
 - Approximately \$700,094 for architecture and engineering and construction on the new recreation complex and new fiber optic network.
 - Purchases of various machinery and equipment totaling approximately \$314,531.
 - Purchases of various vehicles totaling approximately \$80,617.
 - Building and improvement additions of approximately \$802,990.

CITY OF NEWBERRY, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2021

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Capital Assets (Continued)

- Capital asset additions of approximately \$4,016,620 for business-type activities:
 - Approximately \$3,189,236 related to utility system upgrades.
 - Purchase of various vehicles and other equipment totaling approximately \$820,519.
 - Additions to buildings and improvements of approximately \$6,865.
- Depreciation expense of approximately \$1,057,380 and \$3,410,078 for governmental activities and business-type activities, respectively.

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, 2021 and June 30, 2020, the City had total outstanding debt (consisting of revenue bonds, state revolving loans and lease purchases) of approximately \$41,040,003 and \$45,739,456, respectively. See the table below:

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Debt:						
Revenue Bonds & SRFL (including premium)	\$ -	-	40,755,000	45,166,178	40,755,000	\$ 45,166,178
Lease Purchases	285,003	573,278	-	-	285,003	573,278
Total Debt	<u>\$ 285,003</u>	<u>573,278</u>	<u>40,755,000</u>	<u>45,166,178</u>	<u>41,040,003</u>	<u>\$ 45,739,456</u>

The total decrease in the City's debt for the current year was approximately \$4,699,453. Major 2021 events for the City's governmental and business-type activities were as follows:

- The City's governmental activities total debt decreased by approximately \$288,275 due to regularly scheduled principal payments of \$288,275.
- The City's business type total debt decreased by approximately \$4,411,178 due to regularly scheduled principal payments, amortization of the bond premium, and refinancing of the 2009 SRF loan.

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, 2021, the City had no debt subject to the 8% debt limit of approximately \$2,497,099.

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 2021 BUDGET FOR THE CITY

At June 30, 2021, unemployment for Newberry County stood at 4.0% compared to 3.3% at June 30, 2020. In comparison, the state's unemployment rate at June 30, 2021 was 4.5% and the national rate was 5.9%. Fiscal year 2021 data from the City's Local Hospitality and Accommodations Fee Fund showed an increase when compared to fiscal year 2020 data. Hospitality and Accommodations gross sales increased 12.6%, from \$40.401 million for the year ended June 30, 2020 to \$45.509 million for the year ended June 30, 2021. This increase is attributable to the global pandemic.

The City began the budgetary process in January 2021, at which time the uncertain economic conditions forecast for fiscal year 2022 were considered. A general operating tax of 79.6 mills was approved by City Council.

CITY OF NEWBERRY, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2021

ECONOMIC FACTORS AND 2021 BUDGET FOR THE CITY (CONTINUED)

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, 2021, the unassigned fund balance of the General Fund was approximately \$1,129,372. The City has budgeted a use of fund balance for fiscal year 2022 of approximately \$80,279.

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.

The City's elected officials and staff considered many factors when setting the budget for the year ended June 30, 2022 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 2022 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 2022 of approximately \$10,670,526, which is an increase of \$1,065,419 from its FY 2021 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.

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF NEWBERRY, SOUTH CAROLINA

STATEMENT OF NET POSITION

JUNE 30, 2021

	PRIMARY GOVERNMENT		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Investments	\$ 9,746,039	\$ 9,333,006	\$ 19,079,045
Cash and Cash Investments, Restricted	606,309	1,475,319	2,081,628
Receivables, Net:			
Taxes	120,793	-	120,793
Accounts	-	4,073,842	4,073,842
Intergovernmental	140,974	-	140,974
Other	523,222	6,337	529,559
Internal Balances	(5,046,303)	5,046,303	-
Inventories and Prepaids	48,910	2,154,581	2,203,491
Notes Receivable	355,000	-	355,000
Capital Assets, Net:			
Non-Depreciable	7,183,721	1,287,511	8,471,232
Depreciable, Net	14,210,863	85,779,113	99,989,976
TOTAL ASSETS	27,889,528	109,156,012	137,045,540
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Pension Charges	1,996,088	1,044,758	3,040,846
LIABILITIES			
Accounts Payable	360,440	1,942,315	2,302,755
Intergovernmental Payables	21,014	-	21,014
Accrued Salaries and Payroll Liabilities	422,326	113,363	535,689
Accrued Interest Payable	-	473,423	473,423
Unearned Revenue	-	131,286	131,286
Non-Current Liabilities:			
Net Pension Liability - Due in More Than One Year	10,075,156	5,867,058	15,942,214
Long-term Obligations - Due Within One Year	372,240	2,529,008	2,901,248
Long-term Obligations - Due in More Than One Year	365,508	40,790,482	41,155,990
TOTAL LIABILITIES	11,616,684	51,846,935	63,463,619
DEFERRED INFLOWS OF RESOURCES			
Deferred Pension Credits	496,589	150,765	647,354
NET POSITION			
Net Investment in Capital Assets	21,109,581	43,964,440	65,074,021
Restricted for:			
Tourism Related Costs	486,828	-	486,828
Streetscape	1,425	-	1,425
Public Safety	30,892	-	30,892
Parks and Recreation Improvements	414,398	-	414,398
Nonexpendable - Permanent Fund (Japanese Gardens)	10,000	-	10,000
Expendable - Permanent Fund (Japanese Gardens)	132,052	-	132,052
Debt Service	-	1,343,788	1,343,788
Renewal and Replacement	-	131,531	131,531
Unrestricted	(4,412,833)	12,763,311	8,350,478
TOTAL NET POSITION	\$ 17,772,343	\$ 58,203,070	\$ 75,975,413

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

CITY OF NEWBERRY, SOUTH CAROLINA

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021

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	\$ 1,500,490	\$ 163,779	\$ 54,519	\$ -	\$ (1,282,192)	\$ -	\$ (1,282,192)
Public Safety	5,370,982	228,950	167,671	-	(4,974,361)	-	(4,974,361)
Public Works	2,637,915	1,310,584	18,873	348,561	(959,897)	-	(959,897)
Parks, Recreation, and Tourism	1,650,703	163,534	34,648	-	(1,452,521)	-	(1,452,521)
Community Development	55,735	-	-	-	(55,735)	-	(55,735)
Interest on Long-term Debt	12,062	-	-	-	(12,062)	-	(12,062)
Total Governmental Activities	11,227,887	1,866,847	275,711	348,561	(8,736,768)	-	(8,736,768)
Business-type Activities:							
Utility System	30,349,154	34,655,427	-	378,696	-	4,684,969	4,684,969
Total Business-type Activities	30,349,154	34,655,427	-	378,696	-	4,684,969	4,684,969
TOTAL - PRIMARY GOVERNMENT	\$ 41,577,041	\$ 36,522,274	\$ 275,711	\$ 727,257	(8,736,768)	4,684,969	(4,051,799)
General Revenues:							
Taxes:							
Property Taxes Levied for General Purposes					2,398,342	-	2,398,342
Hospitality and Accommodations Taxes					1,080,948	-	1,080,948
Business Licenses					1,754,889	-	1,754,889
Unrestricted Intergovernmental Revenue					1,472,024	-	1,472,024
Interest Revenue					2,832	10,314	13,146
Miscellaneous					37,835	-	37,835
Transfers					1,865,909	(1,865,909)	-
Total General Revenues and Transfers					8,612,779	(1,855,595)	6,757,184
CHANGE IN NET POSITION					(123,989)	2,829,374	2,705,385
NET POSITION, Beginning of Year					17,896,332	55,373,696	73,270,028
NET POSITION, End of Year					\$ 17,772,343	\$ 58,203,070	\$ 75,975,413

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, 2021

	GENERAL FUND	RECREATION COMPLEX FUND	NON MAJOR FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS				
Cash and Investments	\$ 8,133,052	\$ -	\$ 1,612,987	\$ 9,746,039
Cash and Investments, Restricted	-	425,830	180,479	606,309
Receivables, Net:				
Taxes	120,793	-	-	120,793
Intergovernmental	81,176	-	59,798	140,974
Other	435,691	-	87,531	523,222
Notes Receivables	-	-	355,000	355,000
Due from Other Funds	-	-	17,607	17,607
Inventories	41,763	-	7,147	48,910
TOTAL ASSETS	\$ 8,812,475	\$ 425,830	\$ 2,320,549	\$ 11,558,854
LIABILITIES				
Accounts Payable	\$ 302,356	\$ 11,432	\$ 46,652	\$ 360,440
Intergovernmental Payables	21,014	-	-	21,014
Accrued Salaries and Payroll Liabilities	422,326	-	-	422,326
Due to Other Funds	5,037,468	-	26,442	5,063,910
TOTAL LIABILITIES	5,783,164	11,432	73,094	5,867,690
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenues	90,438	-	360,938	451,376
FUND BALANCES				
Nonspendable				
Inventories	41,763	-	7,147	48,910
Japanese Gardens	-	-	10,000	10,000
Restricted				
Tourism Related Expenditures	-	-	486,828	486,828
Streetscape	-	-	1,425	1,425
Public Safety	-	-	30,892	30,892
Parks and Recreation Improvements	-	414,398	-	414,398
Japanese Gardens	-	-	132,052	132,052
Committed				
Tourism Related Expenditures	-	-	201,920	201,920
Parks and Recreation	-	-	213,327	213,327
Public Safety	-	-	27,261	27,261
Cultural Arts	-	-	100,546	100,546
Special Events	-	-	96,243	96,243
Assigned				
Community Development	-	-	578,876	578,876
Future Capital Outlay	1,687,459	-	-	1,687,459
Other	80,279	-	-	80,279
Unassigned	1,129,372	-	-	1,129,372
TOTAL FUND BALANCES	2,938,873	414,398	1,886,517	5,239,788
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 8,812,475	\$ 425,830	\$ 2,320,549	\$ 11,558,854

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, 2021

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS \$ 5,239,788

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 \$36,209,753 and the accumulated depreciation was \$14,815,169. 21,394,584

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. 451,376

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. (8,575,657)

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 year-end consisted of the following:

Compensated Absences	(452,745)
Lease Purchase Obligations	(285,003)

TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES \$ 17,772,343

CITY OF NEWBERRY, SOUTH CAROLINA

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2021**

	GENERAL FUND	RECREATION COMPLEX FUND	NON MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES				
Taxes	\$ 2,428,158	\$ -	\$ 1,080,948	\$ 3,509,106
Licenses, Permits, and Fees	2,121,957	-	-	2,121,957
Fines, Forfeitures and Penalties	228,950	-	23,437	252,387
Charges for Services	1,283,659	15,826	-	1,299,485
Intergovernmental	1,615,873	-	288,929	1,904,802
Miscellaneous	52,235	-	129,875	182,110
Interest Revenue	2,832	-	-	2,832
TOTAL REVENUES	7,733,664	15,826	1,523,189	9,272,679
EXPENDITURES				
Current:				
General Government	774,260	-	-	774,260
Public Safety	3,196,872	-	40,647	3,237,519
Public Works	1,749,306	-	-	1,749,306
Parks, Recreation, and Tourism	705,074	145,233	-	850,307
Community Development	-	-	55,735	55,735
Non-Departmental	2,357,105	-	740,750	3,097,855
Capital Outlay	1,163,361	734,871	-	1,898,232
Debt Service:				
Principal	240,952	-	47,323	288,275
Interest	11,595	-	467	12,062
TOTAL EXPENDITURES	10,198,525	880,104	884,922	11,963,551
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,464,861)	(864,278)	638,267	(2,690,872)
OTHER FINANCING SOURCES (USES)				
Transfers In	2,029,196	475,000	-	2,504,196
Transfers Out	-	-	(638,287)	(638,287)
TOTAL OTHER FINANCING SOURCES (USES)	2,029,196	475,000	(638,287)	1,865,909
NET CHANGES IN FUND BALANCES	(435,665)	(389,278)	(20)	(824,963)
FUND BALANCES, Beginning of Year	3,374,538	803,676	1,886,537	6,064,751
FUND BALANCES, End of Year	\$ 2,938,873	\$ 414,398	\$ 1,886,517	\$ 5,239,788

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, 2021**

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	\$ (824,963)
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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.	(29,816)
--	----------

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.	(360,619)
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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.	288,275
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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.	(32,846)
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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 \$1,898,232 exceeded depreciation expense of \$1,057,378 in the current period.	840,854
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The net effect of miscellaneous transactions involving capital assets (sales, trade-ins, etc.) is to increase (decrease) net position.	(4,874)
--	---------

TOTAL CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<div style="border-top: 1px solid black; border-bottom: 3px double black; display: inline-block; width: 100%;">\$ (123,989)</div>
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**CITY OF NEWBERRY
PROPRIETARY FUND
STATEMENT OF NET POSITION
JUNE 30, 2021**

ASSETS

CURRENT ASSETS

	Utility Fund
Cash and Investments	\$ 9,333,006
Receivables (net of allowances for uncollectibles)	
Accounts	4,073,842
Other	6,337
Due from Other Funds	5,046,303
Inventory	2,154,581
Restricted Assets	
Cash and Investments	1,475,319

TOTAL CURRENT ASSETS

22,089,388

NONCURRENT ASSETS

Capital Assets, Net	
Non-Depreciable	1,287,511
Buildings and Fixtures	85,779,113

TOTAL NON CURRENT ASSETS

87,066,624

TOTAL ASSETS

109,156,012

DEFERRED OUTFLOWS OF RESOURCES

Deferred Outflows of Resources Related to Pensions	1,044,758
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TOTAL DEFERRED OUTFLOWS OF RESOURCES

1,044,758

(Continued)

**CITY OF NEWBERRY
PROPRIETARY FUND
STATEMENT OF NET POSITION (CONTINUED)
JUNE 30, 2021**

LIABILITIES

CURRENT LIABILITIES

	Utility Fund
Accounts payable	\$ 1,942,315
Accrued salaries payable	113,363
Compensated absences payable	141,249
Accrued interest payable	473,423
Unearned revenue	131,286
Revenue bonds payable	2,387,759

TOTAL CURRENT LIABILITIES

5,189,395

NONCURRENT LIABILITIES

Revenue bonds payable	40,714,425
Compensated absences payable	76,057
Net pension liability	5,867,058

TOTAL NONCURRENT LIABILITIES

46,657,540

TOTAL LIABILITIES

51,846,935

DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources related to pensions	150,765
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TOTAL DEFERRED INFLOWS OF RESOURCES

150,765

NET POSITION

Net investment in capital assets	43,964,440
Restricted for	
Debt service	1,343,788
Maintenance	131,531
Unrestricted	12,763,311

TOTAL NET POSITION

\$ 58,203,070

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

**CITY OF NEWBERRY
 PROPRIETARY FUND
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
 NET POSITION
 YEAR ENDED JUNE 30, 2021**

	Utility Fund
OPERATING REVENUES	
Charges for sales and services	\$ 34,602,841
Miscellaneous	52,586
TOTAL OPERATING REVENUES	34,655,427
OPERATING EXPENSES	
Costs of sales and services	23,876,044
Administration	1,235,440
Depreciation	3,410,078
TOTAL OPERATING EXPENSES	28,521,562
OPERATING INCOME	6,133,865
NONOPERATING REVENUES (EXPENSES)	
Interest revenue	10,314
Interest expense, bank fees and other	(1,827,592)
TOTAL NONOPERATING REVENUES (EXPENSES)	(1,817,278)
INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	4,316,587
CONTRIBUTIONS AND TRANSFERS	
Capital contributions and grants	378,696
Transfers in (out)	(1,865,909)
TOTAL CONTRIBUTIONS AND TRANSFERS	(1,487,213)
CHANGE IN NET POSITION	2,829,374
NET POSITION, beginning	55,373,696
NET POSITION, ending	\$ 58,203,070

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

**CITY OF NEWBERRY
PROPRIETARY FUND
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2021**

	Utility Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 34,230,812
Purchase of electricity	52,586
Payments for goods and services	(21,689,833)
Payments to employees	(4,055,322)
NET CASH PROVIDED BY OPERATING ACTIVITIES	8,538,243
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 RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets	(4,016,620)
Capital grants and contributions	378,696
Principal payments on bonds and notes payable	(13,492,845)
Bond proceeds	11,428,851
Interest and other fees paid	(1,701,188)
NET CASH (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	(7,403,106)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	10,314
NET CASH PROVIDED BY INVESTING ACTIVITIES	10,314
NET (DECREASE) RESTRICTED AND UNRESTRICTED IN CASH AND CASH EQUIVALENTS	(720,458)
RESTRICTED AND UNRESTRICTED CASH AND CASH EQUIVALENTS, beginning	11,528,783
RESTRICTED AND UNRESTRICTED CASH AND CASH EQUIVALENTS, ending	\$ 10,808,325
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	\$ 6,133,865
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation expense	3,410,078
Change in accounts representing operating activities:	
Receivables, net	(372,029)
Inventories	(37,639)
Deferred outflows related to pensions	(276,220)
Accounts payable	(281,864)
Accrued expenses and due to other funds	(726,127)
Unearned revenue	131,286
Net pension liability	445,078
Deferred inflows related to pensions	111,815
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 8,538,243

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, 2021

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

CITY OF NEWBERRY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021

conditions described above for being fiscally independent if excluding it would cause the City's financial statements to be misleading.

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 \$841,000 from the Authority for the year ended June 30, 2021 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 \$355,000 towards the operations of the NOH during the year ended June 30, 2021, 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.

CITY OF NEWBERRY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021

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 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.

CITY OF NEWBERRY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021

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 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.

CITY OF NEWBERRY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021

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:

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.

CITY OF NEWBERRY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021

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.

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

CITY OF NEWBERRY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

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.
- (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.

CITY OF NEWBERRY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021

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.

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:

CITY OF NEWBERRY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021

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

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*

CITY OF NEWBERRY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021

resources, represents a consumption of net position 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.

In addition to liabilities, the Statement of Net Position 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 position 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 Position 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.

CITY OF NEWBERRY, SOUTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

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 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.

CITY OF NEWBERRY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

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 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.

CITY OF NEWBERRY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

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 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

CITY OF NEWBERRY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021

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.
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, 2021, none of the City's bank balances of approximately \$13,630,000 (with a carrying value of approximately \$13,104,000) were exposed to custodial credit risk.

Investments

As of June 30, 2021, the City had the following investments:

CITY OF NEWBERRY, SOUTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

Investment Type	Fair Value Level (1)	Credit Rating ^	Fair Value	Weighted Average Maturity
South Carolina Local Government Investment Pool	N/A	Unrated	\$ 6,712,359	< 1 Year
U.S. Treasury Money Market Mutual Funds	Level 1	AAAm, Aaa-mf	1,343,788	< 1 Year
Total			<u>\$ 8,056,147</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.

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, 2021, 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, 2021.

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:

CITY OF NEWBERRY, SOUTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

Description	Amount
Carrying Amount of Deposits	\$ 13,104,526
Fair Value of Investments	8,056,147
Total Deposits and Investments	\$ 21,160,673
Statement of Net Position	
Cash and Investments	\$ 19,079,045
Cash and Investments, Restricted	2,081,628
Total Cash and Cash Equivalents	\$ 21,160,673

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.

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.

CITY OF NEWBERRY, SOUTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

The City's fiscal year 2021 real and business personal property taxes (which was for tax year 2019) were levied in October 2019 based on a millage rate of 80.7 mills (83.8 mills in the prior year). The City's assessed value of real and personal property (including vehicles) was approximately \$29,822,000 for tax year 2019. Any amounts received by Newberry County but not yet remitted to the City at year end 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, 2021 consisted of the following:

Description	Governmental Activities	Business-type Activities	Totals
Property Taxes	\$ 182,327	\$ -	\$ 182,327
Utility Accounts	-	3,495,632	3,495,632
Utility Unbilled Accounts	-	1,769,666	1,769,666
Intergovernmental	140,974	-	140,974
Interest and Other	523,222	6,337	529,559
Gross Receivables	846,523	5,271,635	6,118,158
Less: Allowance for Uncollectibles	(61,534)	(1,191,456)	(1,252,990)
Net Receivables	<u>\$ 784,989</u>	<u>\$ 4,080,179</u>	<u>\$ 4,865,168</u>

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.

CITY OF NEWBERRY, SOUTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

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, 2021, the City reported the following unearned and unavailable revenues:

Description	Fund	Unavailable	Unearned
Property Taxes	General	\$ 90,438	\$ -
Notes Receivable	Community Housing/Development	355,000	-
Other	Tourism	5,938	-
Total Governmental Funds		<u>\$ 451,376</u>	<u>\$ -</u>
	Proprietary	\$ -	\$ 131,286
Total Governmental Funds		<u>\$ -</u>	<u>\$ 131,286</u>

Interfund Receivables and Payables

Interfund balances at June 30, 2021 consisted of the following individual fund receivables and payables (all of which are expected to be repaid within one year except as noted below):

Fund	Receivables	Payables
<u>Major Governmental Fund</u>		
General Fund	\$ -	\$ 5,037,468
<u>Major Proprietary Fund</u>		
Utility Fund	5,046,303	-
<u>Other Non Major Governmental Funds</u>		
Other Governmental Funds	17,607	26,442
Totals	<u>\$ 5,063,910</u>	<u>\$ 5,063,910</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 approximately \$5,647,000 for the installation of a fiber

CITY OF NEWBERRY, SOUTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

optic network paid for with Proprietary Fund cash. This network was in governmental activities construction in progress at June 30, 2021. 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, 2021 consisted of the following:

Fund	Transfers In	Transfers Out
<u>Major Governmental Funds</u>		
General Fund	\$ 2,029,196	\$ -
Recreation Complex	475,000	-
<u>Major Proprietary Fund</u>		
Utility Fund	-	1,865,909
<u>Other Non Major Governmental Funds</u>		
Other Governmental Funds	479,200	1,217,487
Japanese Gardens	100,000	-
	<u>\$ 3,083,396</u>	<u>\$ 3,083,396</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 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, 2021 in accordance with its transfer policy.

CITY OF NEWBERRY, SOUTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

Capital asset activity for the City's governmental activities for the year ended June 30, 2021, was as follows:

Governmental Activities:	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, Non-Depreciable:				
Land	\$ 1,536,519	\$ -	\$ -	\$ 1,536,519
Construction In Progress	4,947,108	700,094	-	5,647,202
Total Capital Assets, Non-Depreciable	<u>6,483,627</u>	<u>700,094</u>	<u>-</u>	<u>7,183,721</u>
Capital Assets, Depreciable:				
Buildings and Improvements	11,654,792	802,990	-	12,457,782
Equipment, Furniture, and Fixtures	7,354,256	314,531	8,345	7,660,442
Infrastructure	1,949,935	-	-	1,949,935
Vehicles	7,108,007	80,617	230,751	6,957,873
Total Capital Assets, Depreciable	<u>28,066,990</u>	<u>1,198,138</u>	<u>239,096</u>	<u>29,026,032</u>
Less: Accumulated Depreciation for:				
Buildings and Improvements	4,551,510	288,173	-	4,839,683
Equipment, Furniture, and Fixtures	1,955,574	304,616	8,345	2,251,845
Infrastructure	1,509,861	48,158	-	1,558,019
Vehicles	5,975,068	416,431	225,877	6,165,622
Total Accumulated Depreciation	<u>13,992,013</u>	<u>1,057,378</u>	<u>234,222</u>	<u>14,815,169</u>
Total Capital Assets, Depreciable, Net	<u>14,074,977</u>	<u>140,760</u>	<u>4,874</u>	<u>14,210,863</u>
Governmental Activities Capital Assets, Net	<u>\$ 20,558,604</u>	<u>\$ 840,854</u>	<u>\$ 4,874</u>	<u>\$ 21,394,584</u>

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

Functions/Programs	Capital Asset Additions	Depreciation Expense
General Government	\$ 675,447	\$ 184,181
Public Safety	366,494	270,899
Public Works	49,123	291,322
Parks, Recreation, and Tourism	807,168	310,978
Total - Governmental Activities	<u>\$ 1,898,232</u>	<u>\$ 1,057,380</u>

CITY OF NEWBERRY, SOUTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

Capital asset activity for the City's business-type activities for the year ended June 30, 2021, was as follows:

Business-type Activities	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital Assets, Non-Depreciable:					
Land	\$ 320,344	\$ -	\$ -	\$ -	\$ 320,344
Construction In Progress	3,509,747	1,289,759	-	(3,832,339)	967,167
Total Capital Assets, Non-Depreciable	<u>3,830,091</u>	<u>1,289,759</u>	<u>-</u>	<u>(3,832,339)</u>	<u>1,287,511</u>
Capital Assets, Depreciable:					
Buildings and Improvements	18,875,814	6,865	-	3,235,102	22,117,781
Utility System	117,222,541	1,899,477	-	597,237	119,719,255
Equipment, Furniture, and Fixtures	3,335,535	220,516	-	-	3,556,051
Vehicles	3,548,430	600,003	240,130	-	3,908,303
Total Capital Assets, Depreciable	<u>142,982,320</u>	<u>2,726,861</u>	<u>240,130</u>	<u>3,832,339</u>	<u>149,301,390</u>
Less: Accumulated Depreciation for:					
Buildings and Improvements	7,107,110	161,692	-	-	7,268,802
Utility System	48,088,685	2,629,292	-	-	50,717,977
Equipment, Furniture, and Fixtures	2,152,367	288,885	-	-	2,441,252
Vehicles	3,004,167	330,209	240,130	-	3,094,246
Total Accumulated Depreciation	<u>60,352,329</u>	<u>3,410,078</u>	<u>240,130</u>	<u>-</u>	<u>63,522,277</u>
Total Capital Assets, Depreciable, Net	<u>82,629,991</u>	<u>(683,217)</u>	<u>-</u>	<u>3,832,339</u>	<u>85,779,113</u>
Business-type Activities Capital Assets, Net	<u>\$ 86,460,082</u>	<u>\$ 606,542</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 87,066,624</u>

At June 30, 2021, the City had outstanding business-type activity construction/purchase commitments of approximately \$55,457.

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, 2021. 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.

CITY OF NEWBERRY, SOUTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

Details on the City's outstanding debt as of June 30, 2021 are as follows:

	Balance at June 30, 2021
<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.	\$ 31,465,000
\$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.	9,290,000
<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.	169,939
\$275,000 lease purchase agreement was entered into in September 2018 ("LP - 09/18"), with 11 quarterly payments (including interest) of \$26,226 beginning February 1, 2019 through August 1, 2021 which includes interest of 2.99%. The proceeds from this lease purchase obligations were used to purchase a residential side loader.	26,031
\$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 obligations were used to purchase a rear load packer truck.	89,033

CITY OF NEWBERRY, SOUTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

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, 2021.

Presented below is a summary of changes in long-term obligations for the City's governmental activities for the year ended June 30, 2021:

Long-term Obligations	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Debt from Direct Borrowings/Placements:					
LP - 11/05	\$ 47,323	\$ -	\$ 47,323	\$ -	\$ -
LP - 12/14	215,286	-	45,347	169,939	46,736
LP - 11/16	-	-	-	-	-
LP - 11/17	44,016	-	44,016	-	-
LP - 09/18	128,238	-	102,207	26,031	26,031
LP - 04/20	138,415	-	49,382	89,033	50,463
Total Debt	<u>573,278</u>	<u>-</u>	<u>288,275</u>	<u>285,003</u>	<u>123,230</u>
Compensated Absences	419,899	32,846	-	452,745	249,010
Total Governmental Activities	<u>\$ 993,177</u>	<u>\$ 32,846</u>	<u>\$ 288,275</u>	<u>\$ 737,748</u>	<u>\$ 372,240</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, 2021:

CITY OF NEWBERRY, SOUTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

Long-term Obligations	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type Activities:					
Debt:					
Series 2015 RB	\$ 32,880,000	\$ -	\$ 1,415,000	\$ 31,465,000	\$ 1,455,000
Series 2021A RB	-	9,290,000	-	9,290,000	730,000
Series 2021B RB	-	335,000	335,000	-	-
Series 2009 SRFL - Direct Borrowing/Placement	11,701,995	-	11,701,995	-	-
Premium on Series 2015 RB	584,183	-	38,946	545,237	38,946
Premium on Series 2021A RB	-	1,801,947	-	1,801,947	163,813
Total Net Debt	<u>45,166,178</u>	<u>11,426,947</u>	<u>13,490,941</u>	<u>43,102,184</u>	<u>2,387,759</u>
Compensated Absences	199,838	17,468	-	217,306	141,249
Total Business-type Activities	<u>\$ 45,366,016</u>	<u>\$ 11,444,415</u>	<u>\$ 13,490,941</u>	<u>\$ 43,319,490</u>	<u>\$ 2,529,008</u>

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

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, 2021, the City had no general obligation bonded debt. The City's 8% legal debt limit (on assessed values of approximately \$29,822,000) was approximately \$2,386,000 which was the unused legal debt margin at June 30, 2021.

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

CITY OF NEWBERRY, SOUTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

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, 2021.

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, 2021:

Year Ended June 30,	Lease Purchases from									
	Debt		Direct Borrowings/Placements		Total					
	Principal	Interest	Principal	Interest						
<u>Governmental Activities:</u>										
2021	\$	-	\$	-	\$	-				
2022		-		-	123,230	6,339	129,569			
2023		-		-	86,739	3,608	90,347			
2024		-		-	49,645	1,713	51,358			
2025		-		-	25,389	289	25,678			
Totals	\$	-	\$	-	\$	285,003	\$	11,949	\$	296,952

Year Ended June 30,	Revenue Bonds		Total
	Principal	Interest	
<u>Business-type Activities</u>			
2022	\$ 2,185,000	\$ 1,668,194	\$ 3,853,194
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
2027-2031	14,660,000	4,601,056	19,261,056
2032-2035	14,095,000	1,435,000	15,530,000
Totals	<u>\$ 40,755,000</u>	<u>\$ 13,277,724</u>	<u>\$ 54,032,724</u>

CITY OF NEWBERRY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021

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 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.

CITY OF NEWBERRY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021

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.

The 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 the 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. The 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 Description

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 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

CITY OF NEWBERRY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021

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; or to serve as 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 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.

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. A brief summary of 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 the Rule of 90 requirement that the total of the member's age and the member's credible service equals at least 90 years. Both Class Two and Three members are eligible to receive a reduced deferred annuity at age 60 if they satisfy the five- or eight-year earned service requirement, 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

CITY OF NEWBERRY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021

25 years of service are not eligible for the benefit adjustment until the second 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 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 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 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 and 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.

CITY OF NEWBERRY, SOUTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

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 value 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 1, 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 1, 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 employer contributions rates (1) for the following fiscal years are as follows:

	<u>Fiscal Year 2021</u>	<u>Fiscal Year 2020</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 rates (1) for the following fiscal years are as follows:

	<u>Fiscal Year 2021</u>	<u>Fiscal Year 2020</u>
SCRS		
Employee Class Two	15.41%	15.41%
Employee Class Three	15.41%	15.41%
Employer Incidental Death Benefit	0.15%	0.15%
PORS		
Employee Class Two	17.84%	17.84%
Employee Class Three	17.84%	17.84%
Employer Incidental Death Benefit	0.20%	0.20%
Employer Accidental Death Program	0.20%	0.20%

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

CITY OF NEWBERRY, SOUTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

Actuarial Assumptions and Methods

Actuarial valuations of the 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 for first use in the July 1, 2021 actuarial valuation.

The June 30, 2019, 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, 2019. The total pension liability was rolled-forward from the valuation date to the plans' fiscal year end, June 30, 2020, using generally accepted actuarial principles.

The following table provides a summary of the actuarial assumptions and methods used to calculate TPL as of June 30, 2020:

	SCRS	PORS
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Investment Rate of Return	7.25%	7.25%
Projected Salary Increases	3.0% to 12.5% (varies by service)	3.5% to 9.5% (varies by service)
Includes Inflation at	2.25%	2.25%
Benefit Adjustments	Lesser of 1% or \$500 annually	Lesser of 1% or \$500 annually

The post-retiree mortality assumption is dependent upon the member's job category and gender. The base mortality assumptions, the 2016 Public Retirees of South Carolina Mortality table ("2016 PRSC"), was developed using the Systems' mortality experience. These base rates are adjusted for future improvement in mortality using published Scale AA projected from the year 2016. Assumptions used in the determination of the June 30, 2020, TPL are as follows:

CITY OF NEWBERRY, SOUTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

Former Job Class	Males	Females
Educators	2016 PRSC Males multiplied by 92%	2016 PRSC Females multiplied by 98%
General Employees and Members of the General Assembly	2016 PRSC Males multiplied by 100%	2016 PRSC Females multiplied by 111%
Public Safety and Firefighters	2016 PRSC Males multiplied by 125%	2016 PRSC Females multiplied by 111%

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, 2020 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	\$51,844,187,763	\$26,292,418,682	\$25,551,769,081	50.7%
PORS	\$8,046,386,629	\$4,730,174,642	\$3,316,211,987	58.8%

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.

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments is based upon 20-year capital market assumptions. The long-term expected rates of return 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.

CITY OF NEWBERRY, SOUTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

The expected returns, along with the expected inflation rate, form the basis for the revised target asset allocation adopted at the beginning of the 2020 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 below. For actuarial purposes, the 7.25 percent assumed annual investment rate of return used in the calculation of the TPL includes a 5.00 percent real rate of return and a 2.25 percent inflation component.

Asset Class	Target Asset Allocation	Expected Arithmetic Real Rate of Return	Long-term Expected Portfolio Real Rate of Return
Global Equity	51.0%		
Global Public Equity	35.0%	7.81%	2.73%
Private Equity	9.0%	8.91%	0.80%
Equity Options Strategies	7.0%	5.09%	0.36%
Real Assets	12.0%		
Real Estate (Private)	8.0%	5.55%	0.44%
Real Estate (REITs)	1.0%	7.78%	0.08%
Infrastructure (Private)	2.0%	4.88%	0.10%
Infrastructure (Public)	1.0%	7.05%	0.07%
Opportunistic	8.0%		
Global Tactical Asset Allocation	7.0%	3.56%	0.25%
Other Opportunistic Strategies	1.0%	4.41%	0.04%
Credit	15.0%		
High Yield Bonds/Bank Loans	4.0%	4.21%	0.17%
Emerging Markets Debt	4.0%	3.44%	0.14%
Private Debt	7.0%	5.79%	0.40%
Rate Sensitivity	14.0%		
Core Fixed Income	13.0%	1.60%	0.21%
Cash and Short Duration (Net)	1.0%	0.56%	0.01%
Total Expected Real Return	100.0%		5.80%
Inflation for Actuarial Purposes			2.25%
			<u>8.05%</u>

Discount Rate

The discount rate used to measure the TPL was 7.25%. 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, each System's fiduciary net position was projected to be available to make all 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, 2021**

Sensitivity Rate

The following table presents the proportionate share of the NPL of the plans calculated using the discount rate of 7.25 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 (6.25 percent) or 1.00 percent higher (8.25 percent) than the current rate.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate			
System	1.00% Decrease (6.25%)	Current Discount Rate (7.25%)	1.00% Increase (8.25%)
SCRS	\$13,983,652	\$11,282,804	\$9,027,563
PORS	6,168,274	4,659,410	3,447,889

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

At June 30, 2021, the City reported a liability of \$10,075,156 for the governmental activities and \$5,867,058 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, 2020, 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, 2021, the City recognized pension expense of approximately \$198,000.

At June 30, 2021, 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	\$ 130,189	\$ 42,665
Changes of assumptions	13,823	-
Net difference between projected and actual investment earnings	829,945	-
Change in allocated proportion	246,033	247,267
Contributions after the measurement date	789,159	-
Total	<u>\$ 2,009,149</u>	<u>\$ 289,932</u>

CITY OF NEWBERRY, SOUTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

PORS	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 99,022	\$ 20,510
Changes of assumptions	56,860	-
Net difference between projected and actual investment earnings	477,113	-
Change in allocated proportion	8,344	336,912
Contributions after the measurement date	390,358	-
Total	<u>\$ 1,031,697</u>	<u>\$ 357,422</u>

The amount of \$789,159 and \$390,358 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, 2021. 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		
	SCRS	PORS	Total
2022	\$ 212,738	\$ 24,164	\$ 236,902
2023	295,245	15,712	310,957
2024	210,290	122,121	332,411
2025	211,785	121,920	333,705
Total	<u>\$ 930,058</u>	<u>\$ 283,917</u>	<u>\$ 1,213,975</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, 2021

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, 2021.

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, 2021, the cost of power the City purchased from PMPA amounted to approximately \$15,911,000. 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, 2021**

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, 2021 from one source, Kraft Heinz Foods Company.

NOTE 5 – 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.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF NEWBERRY, SOUTH CAROLINA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGETS AND ACTUAL
GENERAL FUND
JUNE 30, 2021

	ORIGINAL BUDGET	REVISED BUDGET	ACTUAL	VARIANCE
REVENUES				
Taxes	\$ 2,452,000	\$ 2,452,000	\$ 2,428,158	\$ (23,842)
Licenses, Permits, and Franchise Fees	1,773,904	1,773,904	2,121,957	348,053
Fines and Forfeitures	357,000	357,000	228,950	(128,050)
Charges for Services	1,131,500	1,131,500	1,283,659	152,159
Intergovernmental	1,853,406	1,853,406	1,615,873	(237,533)
Miscellaneous	47,500	47,500	52,235	4,735
Interest Revenue	12,000	12,000	2,832	(9,168)
TOTAL REVENUES	7,627,310	7,627,310	7,733,664	106,354
EXPENDITURES				
General Government				
City Council	98,579	98,579	113,898	(15,319)
City Manager	103,858	103,858	769,550	(665,692)
Human Resources	106,347	106,347	123,338	(16,991)
Finance	143,125	143,125	145,931	(2,806)
City Hall	29,885	29,885	37,873	(7,988)
Planning and Development	712,715	712,715	259,117	453,598
Public Safety				
Police Department	1,726,197	1,726,197	1,729,228	(3,031)
Justice and Law	300,115	300,115	294,993	5,122
Fire Department	1,554,975	1,554,975	1,539,145	15,830
Public Works				
Public Works Administration	180,767	180,767	167,003	13,764
Streets	843,550	843,550	955,756	(112,206)
Sanitation	400,052	400,052	396,449	3,603
Building Maintenance	199,894	199,894	173,005	26,889
Garage	113,698	113,698	106,216	7,482
Parks, Recreation, and Tourism	814,102	814,102	777,371	36,731
Non-Departmental				
General Insurance	173,608	173,608	151,797	21,811
Employee Benefits	2,109,402	2,109,402	2,035,303	74,099
Community Promotions and Projects	161,875	161,875	170,005	(8,130)
Lease Purchase Payments	252,553	252,553	252,547	6
TOTAL EXPENDITURES	10,025,297	10,025,297	10,198,525	(173,228)
EXCESS (DEFICIENCY) OF				
REVENUES OVER (UNDER) EXPENDITURES	(2,397,987)	(2,397,987)	(2,464,861)	(66,874)
OTHER FINANCING SOURCES (USES)				
Transfers In	2,028,159	2,028,159	2,029,196	1,037
TOTAL OTHER FINANCING SOURCES (USES)	2,028,159	2,028,159	2,029,196	1,037
NET CHANGE IN FUND BALANCE	(369,828)	(369,828)	(435,665)	(65,837)
FUND BALANCES, Beginning of Year	3,374,538	3,374,538	3,374,538	-
FUND BALANCES, End of Year	\$ 3,004,710	\$ 3,004,710	\$ 2,938,873	\$ (65,837)

CITY OF NEWBERRY, SOUTH CAROLINA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGETS AND ACTUAL
RECREATION COMPLEX FUND
YEAR ENDED JUNE 30, 2021

	ORIGINAL BUDGET	REVISED BUDGET	ACTUAL	VARIANCE
REVENUES				
Interest Income	\$ 1,000	\$ 1,000	\$ -	\$ (1,000)
Donations Revenue	5,000	5,000	2,439	(2,561)
Other Revenue	10,000	10,000	13,387	3,387
TOTAL REVENUES	<u>16,000</u>	<u>16,000</u>	<u>15,826</u>	<u>(174)</u>
EXPENDITURES				
Other:				
Operating Expenditures	192,884	192,884	145,233	47,651
Capital Expenditures	770,200	770,200	734,871	35,329
TOTAL EXPENDITURES	<u>963,084</u>	<u>963,084</u>	<u>880,104</u>	<u>82,980</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(947,084)</u>	<u>(947,084)</u>	<u>(864,278)</u>	<u>82,806</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	475,000	475,000	475,000	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>475,000</u>	<u>475,000</u>	<u>475,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>(472,084)</u>	<u>(472,084)</u>	<u>(389,278)</u>	<u>82,806</u>
FUND BALANCES, Beginning of Year	<u>803,676</u>	<u>803,676</u>	<u>803,676</u>	<u>-</u>
FUND BALANCES, End of Year	<u>\$ 331,592</u>	<u>\$ 331,592</u>	<u>\$ 414,398</u>	<u>\$ 82,806</u>

Note: The notes to the budgetary comparison schedules are an integral part of this schedule.

CITY OF NEWBERRY, SOUTH CAROLINA

**NOTES TO THE BUDGETARY COMPARISON SCHEDULES
YEAR ENDED JUNE 30, 2021**

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 year-end.
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 SEVEN FISCAL YEARS**

	Year ended June 30,						
	2021	2020	2019	2018	2017	2016	2015
City's Proportion of the Net Pension Liability (Asset)	0.04416%	0.04564%	0.04345%	0.04331%	0.04183%	0.04107%	0.04152%
City's Proportionate Share of the Net Pension Liability	\$ 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	\$ 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	229.03%	216.24%	21.22%	223.11%	220.57%	202.27%	189.62%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	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 preceding year.

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.

CITY OF NEWBERRY, SOUTH CAROLINA

**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE
SCHEDULE OF COTNRIBUTIONS
SOUTH CAROLINA RETIREMENT SYSTEM
LAST SEVEN FISCAL YEARS**

	Year ended June 30,						
	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	\$ 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	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	-	-	-
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (72,000)</u>
City's Covered Payroll	\$ 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	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 RESTIREMENT SYSTEM
LAST SEVEN FISCAL YEARS**

	Year ended June 30,						
	2021	2020	2019	2018	2017	2016	2015
City's Proportion of the Net Pension Liability (Asset)	0.14050%	0.14166%	0.16039%	0.16950%	0.16638%	0.16974%	0.17525%
City's Proportionate Share of the Net Pension Liability	\$ 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	\$ 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	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	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 preceding year.

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.

CITY OF NEWBERRY, SOUTH CAROLINA

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

	Year ended June 30,						
	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	\$ 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	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	-	-	-
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll	\$ 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	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.

CITY OF NEWBERRY, SOUTH CAROLINA

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2021**

Method and Assumptions Used in Calculations of Actuarially Determined Contributions: The actuarially determined contribution rates in the schedule of contributions are calculated as of June 30, 2020, one year prior to the end of the fiscal year in which contributions are reported. The actuarial methods and assumptions used to determine the contractually required contributions for the year ended June 30, 2021 reported in that schedule can be found in Note 4 of the basic financial statements.

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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, 2021

	REVISED BUDGET	ACTUAL	VARIANCE
General Government			
City Council			
Salaries	\$ 65,783	\$ 87,473	\$ (21,690)
Operating	32,796	26,425	6,371
Total City Council	98,579	113,898	(15,319)
City Manager			
Salaries	79,004	81,700	(2,696)
Operating	24,854	20,353	4,501
Capital Outlay	-	667,497	(667,497)
Total City Manager	103,858	769,550	(665,692)
Human Resources			
Salaries	96,658	113,900	(17,242)
Operating	9,689	9,438	251
Total Human Resources	106,347	123,338	(16,991)
Finance			
Salaries	60,737	61,919	(1,182)
Operating	82,388	84,012	(1,624)
Total Finance	143,125	145,931	(2,806)
City Hall			
Operating	29,885	29,923	(38)
Capital Outlay	-	7,950	(7,950)
Total City Hall	29,885	37,873	(7,988)
Planning and Development			
Salaries	133,883	125,610	8,273
Operating	578,832	133,507	445,325
Total Planning and Development	712,715	259,117	453,598
Total General Government	1,194,509	1,449,707	(255,198)
Public Safety			
Police Department			
Salaries	1,393,681	1,410,095	(16,414)
Operating	332,516	319,133	13,383
Total Police Department	1,726,197	1,729,228	(3,031)
Justice and Law			
Salaries	114,933	142,575	(27,642)
Operating	185,182	152,418	32,764
Total Justice and Law	300,115	294,993	5,122
Fire Department			
Salaries	931,571	900,779	30,792
Operating	288,404	271,872	16,532
Capital Outlay	335,000	366,494	(31,494)
Total Fire Department	1,554,975	1,539,145	15,830
Total Public Safety	3,581,287	3,563,366	17,921
Public Works			
Public Works Administration			
Salaries	124,143	124,124	19
Operating	56,624	42,879	13,745
Total Public Works Administration	180,767	167,003	13,764

CITY OF NEWBERRY, SOUTH CAROLINA

SCHEDULE OF EXPENDITURES BY DEPARTMENT - REVISED BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2021

	REVISED BUDGET	ACTUAL	VARIANCE
Public Works (Continued)			
Streets			
Salaries	\$ 341,272	\$ 308,027	\$ 33,245
Operating	124,278	121,408	2,870
Street paving	378,000	526,321	(148,321)
Total Streets	843,550	955,756	(112,206)
Sanitation			
Salaries	205,235	196,872	8,363
Operating	194,817	199,577	(4,760)
Total Sanitation	400,052	396,449	3,603
Facilities and Grounds			
Salaries	126,805	97,988	28,817
Operating	23,990	25,894	(1,904)
Capital Outlay	49,099	49,123	(24)
Total Building Maintenance	199,894	173,005	26,889
Garage			
Salaries	70,013	64,831	5,182
Operating	43,685	41,385	2,300
Total Garage	113,698	106,216	7,482
Total Public Works	1,737,961	1,798,429	(60,468)
Parks, Recreation, and Tourism			
Salaries	486,687	477,366	9,321
Operating	277,415	227,708	49,707
Capital Outlay	50,000	72,297	(22,297)
Total Recreation Department	776,422	767,128	9,294
Total Parks, Recreation, and Tourism	814,102	777,371	36,731
Non-Departmental			
General Insurance			
Operating	173,608	151,797	21,811
Total General Insurance	173,608	151,797	21,811
Employee Benefits			
SC Retirement	307,593	292,474	15,119
SC Police Retirement	447,378	377,917	69,461
Social Security	319,976	310,120	9,856
City's Share of Employee Insurance	788,900	865,099	(76,199)
Workers' Compensation	161,595	104,571	57,024
Workers' Compensation Deductibles	23,000	26,618	(3,618)
Other	60,960	58,504	2,456
Total Employee Benefits	2,109,402	2,035,303	74,099
Community Promotions and Projects			
Operating	161,875	170,005	(8,130)
Total Community Promotions and Projects	161,875	170,005	(8,130)
Debt Service			
Lease Purchase Principal and Interest Payments	252,553	252,547	6
Total Debt Service	252,553	252,547	6
Total Non-Departmental, Including Debt Service	2,697,438	2,609,652	87,786
TOTAL GENERAL FUND EXPENDITURES	\$ 10,025,297	\$ 10,198,525	\$ (173,228)

CITY OF NEWBERRY, SOUTH CAROLINA

COMBINING BALANCE SHEET
NON MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2021

	Non Major Special Revenue Funds	Non Major Permanent Fund	Total Non Major Governmental Funds
Assets			
Cash and Cash Equivalents	\$ 1,612,987	\$ -	\$ 1,612,987
Cash and Cash Equivalents, Restricted	24,841	155,638	180,479
Receivables, Net:			
Accounts	87,531	-	87,531
Notes	355,000	-	355,000
Due from Other Governments	59,798	-	59,798
Due from Other Funds	17,607	-	17,607
Prepays	7,147	-	7,147
Total Assets	\$ 2,164,911	\$ 155,638	\$ 2,320,549
Liabilities, Deferred Inflows, and Fund Balances			
Liabilities			
Accounts Payable and Accrued Expenses	\$ 33,066	\$ 13,586	\$ 46,652
Interfund Payables	26,442	-	26,442
Total Liabilities	59,508	13,586	73,094
Deferred Inflows of Resources			
Unavailable Revenues	360,938	-	360,938
Fund Balances:			
Nonspendable	7,147	10,000	17,147
Restricted			
Tourism Related Expenditures	486,828	-	486,828
Streetscape	1,425	-	1,425
Public Safety	30,892	-	30,892
Other	-	132,052	132,052
Committed			
Tourism Related Expenditures	201,920	-	201,920
Parks and Recreation	213,327	-	213,327
Public Safety	27,261	-	27,261
Cultural Arts	100,546	-	100,546
Special Events	96,243	-	96,243
Assigned			
Community Development	578,876	-	578,876
Total Fund Balances	1,744,465	142,052	1,886,517
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 2,164,911	\$ 155,638	\$ 2,320,549

CITY OF NEWBERRY, SOUTH CAROLINA

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2021

	Non Major Special Revenue Funds	Non Major Permanent Fund	Total Non Major Governmental Funds
REVENUES			
Taxes	\$ 1,080,948	\$ -	\$ 1,080,948
Intergovernmental	288,929	-	288,929
Fines, Forfeitures, and Penalties	23,437	-	23,437
Miscellaneous	129,875	-	129,875
TOTAL REVENUES	1,523,189	-	1,523,189
EXPENDITURES			
Current:			
Public Safety	40,647	-	40,647
Community Development	55,735	-	55,735
Non-Departmental	699,868	40,882	740,750
Debt Service:			
Principal	47,323	-	47,323
Interest	467	-	467
TOTAL EXPENDITURES	844,040	40,882	884,922
EXCESS (DEFICIENCY) OF			
REVENUES OVER (UNDER) EXPENDITURES	679,149	(40,882)	638,267
OTHER FINANCING SOURCES (USES)			
Transfers In	479,200	100,000	579,200
Transfers Out	(1,217,487)	-	(1,217,487)
TOTAL OTHER FINANCING SOURCES (USES)	(738,287)	100,000	(638,287)
NET CHANGES IN FUND BALANCES	(59,138)	59,118	(20)
FUND BALANCES, Beginning of Year	1,803,603	82,934	1,886,537
FUND BALANCES, End of Year	\$ 1,744,465	\$ 142,052	\$ 1,886,517

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SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

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

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

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

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

Seizure Fund – This fund is used to account for the revenues and expenditures of the NANU before the cases go to trial. Once the case has been adjudicated, the funds are moved to the NANU Fund.

Oakland Tennis Fund - This fund is used to account for the revenues and expenditures of the Oakland Tennis Facility.

CITY OF NEWBERRY
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2021

	NANU	Federal Equitable Sharing	Tourism Fund	Special Events Fund	State Accommodations Tax Fund	Cultural Arts Fund	Community Housing/ Development Fund	Streetscape Fund
Assets								
Cash and investments	\$ 885	\$ 8,150	\$ 195,987	\$ 97,005	\$ -	\$ 131,156	\$ 578,876	\$ 1,425
Cash and investment, restricted	-	-	-	-	24,841	-	-	-
Receivables, Net								
Accounts	-	-	-	-	-	1,423	-	-
Notes	-	-	-	-	-	-	355,000	-
Intergovernmental	-	-	-	-	59,798	-	-	-
Prepays	-	-	-	7,147	-	-	-	-
Due from other funds	-	-	17,607	-	-	-	-	-
Total Assets	<u>\$ 885</u>	<u>\$ 8,150</u>	<u>\$ 213,594</u>	<u>\$ 104,152</u>	<u>\$ 84,639</u>	<u>\$ 132,579</u>	<u>\$ 933,876</u>	<u>\$ 1,425</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances								
Liabilities								
Accounts payable and accrued expenses	\$ -	\$ -	\$ 5,736	\$ 762	\$ -	\$ 25,922	\$ -	\$ -
Due to other funds	-	-	-	-	19,779	6,111	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>5,736</u>	<u>762</u>	<u>19,779</u>	<u>32,033</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources								
Unavailable revenues	-	-	5,938	-	-	-	355,000	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>5,938</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>355,000</u>	<u>-</u>
Fund Balances								
Nonspendable								
Inventories and prepaids	-	-	-	7,147	-	-	-	-
Restricted								
Tourism related expendiutres	-	-	-	-	64,860	-	-	-
Streetscape	-	-	-	-	-	-	-	1,425
Public safety	-	-	-	-	-	-	-	-
Committed								
Tourism related expendiutres	-	-	201,920	-	-	-	-	-
Parks and recreation	-	-	-	-	-	-	-	-
Public safety	885	8,150	-	-	-	-	-	-
Cultural arts	-	-	-	-	-	100,546	-	-
Special events	-	-	-	96,243	-	-	-	-
Assigned								
Community development	-	-	-	-	-	-	578,876	-
Total fund balances	<u>885</u>	<u>8,150</u>	<u>201,920</u>	<u>103,390</u>	<u>64,860</u>	<u>100,546</u>	<u>578,876</u>	<u>1,425</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 885</u>	<u>\$ 8,150</u>	<u>\$ 213,594</u>	<u>\$ 104,152</u>	<u>\$ 84,639</u>	<u>\$ 132,579</u>	<u>\$ 933,876</u>	<u>\$ 1,425</u>

CITY OF NEWBERRY
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2021

Local Hospitality/ Accommodations Fee Fund	Volunteer Firemen	Victim's Rights Fund	Seizure Fund	Oakland Tennis Fund	Totals
\$ 335,860	\$ 18,226	\$ 502	\$ 30,942	\$ 213,973	\$ 1,612,987
-	-	-	-	-	24,841
86,108	-	-	-	-	87,531
-	-	-	-	-	355,000
-	-	-	-	-	59,798
-	-	-	-	-	7,147
-	-	-	-	-	17,607
<u>\$ 421,968</u>	<u>\$ 18,226</u>	<u>\$ 502</u>	<u>\$ 30,942</u>	<u>\$ 213,973</u>	<u>\$ 2,164,911</u>
\$ -	\$ -	\$ -	\$ -	\$ 646	\$ 33,066
-	-	552	-	-	26,442
-	-	552	-	646	59,508
-	-	-	-	-	360,938
-	-	-	-	-	360,938
-	-	-	-	-	7,147
421,968	-	-	-	-	486,828
-	-	-	-	-	1,425
-	-	(50)	30,942	-	30,892
-	-	-	-	-	201,920
-	-	-	-	213,327	213,327
-	18,226	-	-	-	27,261
-	-	-	-	-	100,546
-	-	-	-	-	96,243
-	-	-	-	-	578,876
<u>421,968</u>	<u>18,226</u>	<u>(50)</u>	<u>30,942</u>	<u>213,327</u>	<u>1,744,465</u>
<u>\$ 421,968</u>	<u>\$ 18,226</u>	<u>\$ 502</u>	<u>\$ 30,942</u>	<u>\$ 213,973</u>	<u>\$ 2,164,911</u>

CITY OF NEWBERRY
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2021

	NANU	Federal Equitable Sharing	Tourism Fund	Special Events Fund	State Accommodations Tax Fund	Cultural Arts Fund
Revenues						
Taxes						
Hospitality	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accommodations	-	-	-	-	120,740	-
Penalties	-	-	-	-	-	-
Intergovernmental						
Public safety	-	-	-	-	-	-
Community development	-	-	-	-	-	-
Local - other	-	-	-	14,479	-	-
Drug seizure	-	-	-	-	-	-
Donations	-	-	-	25,513	-	-
Other	-	-	49,287	-	-	25,151
Total Revenues	<u>-</u>	<u>-</u>	<u>49,287</u>	<u>39,992</u>	<u>120,740</u>	<u>25,151</u>
Expenditures						
Public safety	2,606	-	-	-	-	-
Community development	-	-	-	-	-	-
Non-departmental	-	-	206,635	53,793	54,697	355,489
Capital outlay	-	-	-	-	-	-
Debt service						
Principal	-	-	47,323	-	-	-
Interest	-	-	467	-	-	-
Total Expenditures	<u>2,606</u>	<u>-</u>	<u>254,425</u>	<u>53,793</u>	<u>54,697</u>	<u>355,489</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,606)</u>	<u>-</u>	<u>(205,138)</u>	<u>(13,801)</u>	<u>66,043</u>	<u>(330,338)</u>
Other Financing Sources (Uses)						
Transfers in	1,347	-	151,509	-	-	326,344
Transfers out	-	-	-	-	(58,509)	-
Total Other Financing Sources (Uses)	<u>1,347</u>	<u>-</u>	<u>151,509</u>	<u>-</u>	<u>(58,509)</u>	<u>326,344</u>
Net Changes in Fund Balances	<u>(1,259)</u>	<u>-</u>	<u>(53,629)</u>	<u>(13,801)</u>	<u>7,534</u>	<u>(3,994)</u>
Fund Balances, beginning	<u>2,144</u>	<u>8,150</u>	<u>255,549</u>	<u>117,191</u>	<u>57,326</u>	<u>104,540</u>
Fund Balances, ending	<u>\$ 885</u>	<u>\$ 8,150</u>	<u>\$ 201,920</u>	<u>\$ 103,390</u>	<u>\$ 64,860</u>	<u>\$ 100,546</u>

CITY OF NEWBERRY
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2021

Community Housing/ Development Fund	Streetscape Fund	Local Hospitality/ Accommodations Fee Fund	Volunteer Firemen	Victim's Rights Fund	Seizure Fund	Oakland Tennis Fund	Totals
\$ -	\$ -	\$ 881,313	\$ -	\$ -	\$ -	\$ -	\$ 881,313
-	-	76,420	-	-	-	-	197,160
-	-	2,475	-	-	-	-	2,475
-	-	-	21,195	-	-	-	21,195
267,734	-	-	-	-	-	-	267,734
-	-	-	-	16,252	-	1,945	32,676
-	-	-	-	-	7,185	-	7,185
-	-	-	-	-	-	13,500	39,013
-	-	-	-	-	-	-	74,438
<u>267,734</u>	<u>-</u>	<u>960,208</u>	<u>21,195</u>	<u>16,252</u>	<u>7,185</u>	<u>15,445</u>	<u>1,523,189</u>
-	-	-	20,837	17,204	-	-	40,647
-	-	-	-	-	-	55,735	55,735
25,438	3,816	-	-	-	-	-	699,868
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	47,323
-	-	-	-	-	-	-	467
<u>25,438</u>	<u>3,816</u>	<u>-</u>	<u>20,837</u>	<u>17,204</u>	<u>-</u>	<u>55,735</u>	<u>844,040</u>
<u>242,296</u>	<u>(3,816)</u>	<u>960,208</u>	<u>358</u>	<u>(952)</u>	<u>7,185</u>	<u>(40,290)</u>	<u>679,149</u>
-	-	-	-	-	-	-	479,200
<u>(350,000)</u>	<u>(50,000)</u>	<u>(757,631)</u>	<u>-</u>	<u>-</u>	<u>(1,347)</u>	<u>-</u>	<u>(1,217,487)</u>
<u>(350,000)</u>	<u>(50,000)</u>	<u>(757,631)</u>	<u>-</u>	<u>-</u>	<u>(1,347)</u>	<u>-</u>	<u>(738,287)</u>
(107,704)	(53,816)	202,577	358	(952)	5,838	(40,290)	(59,138)
<u>686,580</u>	<u>55,241</u>	<u>219,391</u>	<u>17,868</u>	<u>902</u>	<u>25,104</u>	<u>253,617</u>	<u>1,803,603</u>
<u>\$ 578,876</u>	<u>\$ 1,425</u>	<u>\$ 421,968</u>	<u>\$ 18,226</u>	<u>\$ (50)</u>	<u>\$ 30,942</u>	<u>\$ 213,327</u>	<u>\$ 1,744,465</u>

CITY OF NEWBERRY
SPECIAL REVENUE FUNDS - NEWBERRY ALLIED NARCOTICS UNIT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Drug seizure	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-
Expenditures				
Other				
Operating expenditures	1,425	1,425	2,606	(1,181)
Total Expenditures	1,425	1,425	2,606	(1,181)
Other Financing Sources				
Transfers in				
Other special revenue funds	2,000	2,000	1,347	(653)
Total Other Financing Sources (Uses)	2,000	2,000	1,347	(653)
Net Change in Fund Balance	575	575	(1,259)	(1,834)
Fund Balances, beginning	2,144	2,144	2,144	-
Fund Balances, ending	\$ 2,719	\$ 2,719	\$ 885	\$ (1,834)

CITY OF NEWBERRY
SPECIAL REVENUE FUNDS - TOURISM FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Rental and other	\$ 112,050	\$ 112,050	\$ 49,287	\$ (62,763)
Total Revenues	<u>112,050</u>	<u>112,050</u>	<u>49,287</u>	<u>(62,763)</u>
Expenditures				
Other				
Operating expenditures	339,649	339,649	206,635	133,014
Debt service				
Principal	47,323	47,323	47,323	-
Interest	467	467	467	-
Total Expenditures	<u>387,439</u>	<u>387,439</u>	<u>254,425</u>	<u>133,014</u>
Excess (Deficiency) of				
Revenues Over Expenditures	(275,389)	(275,389)	(205,138)	70,251
Other Financing Sources				
Transfers in				
Other special revenue funds	145,287	145,287	151,509	6,222
Total Other Financing Sources (Uses)	<u>145,287</u>	<u>145,287</u>	<u>151,509</u>	<u>6,222</u>
Net Change in Fund Balance	(130,102)	(130,102)	(53,629)	76,473
Fund Balances, beginning	<u>255,549</u>	<u>255,549</u>	<u>255,549</u>	<u>-</u>
Fund Balances, ending	<u>\$ 125,447</u>	<u>\$ 125,447</u>	<u>\$ 201,920</u>	<u>\$ 76,473</u>

CITY OF NEWBERRY
SPECIAL REVENUE FUNDS - SPECIAL EVENTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Local - other	\$ 23,000	\$ 23,000	\$ 14,479	\$ (8,521)
Donations	40,800	40,800	25,513	(15,287)
Total Revenues	<u>63,800</u>	<u>63,800</u>	<u>39,992</u>	<u>(23,808)</u>
Expenditures				
Other				
Operating expenditures	106,900	106,900	53,793	53,107
Total Expenditures	<u>106,900</u>	<u>106,900</u>	<u>53,793</u>	<u>53,107</u>
Excess (Deficiency) of Revenues Over Expenditures	(43,100)	(43,100)	(13,801)	29,299
Other Financing Sources				
Transfers in				
Other special revenue funds	7,500	7,500	-	(7,500)
Total Other Financing Sources (Uses)	<u>7,500</u>	<u>7,500</u>	<u>-</u>	<u>(7,500)</u>
Net Change in Fund Balance	(35,600)	(35,600)	(13,801)	21,799
Fund Balances, beginning	<u>117,191</u>	<u>117,191</u>	<u>117,191</u>	<u>-</u>
Fund Balances, ending	<u><u>\$ 81,591</u></u>	<u><u>\$ 81,591</u></u>	<u><u>\$ 103,390</u></u>	<u><u>\$ 21,799</u></u>

CITY OF NEWBERRY
SPECIAL REVENUE FUNDS - STATE ACCOMMODATIONS TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Intergovernmental				
Accommodations tax	\$ 100,000	\$ 100,000	\$ 120,740	\$ 20,740
Total Revenues	<u>100,000</u>	<u>100,000</u>	<u>120,740</u>	<u>20,740</u>
Expenditures				
Operating expenditures	<u>48,750</u>	<u>48,750</u>	<u>54,697</u>	<u>(5,947)</u>
Total Expenditures	<u>48,750</u>	<u>48,750</u>	<u>54,697</u>	<u>(5,947)</u>
Excess (Deficiency) of Revenues Over Expenditures	51,250	51,250	66,043	14,793
Other Financing Uses				
Transfers out				
General fund	(28,750)	(28,750)	(29,787)	(1,037)
Other special revenue funds	<u>(22,500)</u>	<u>(22,500)</u>	<u>(28,722)</u>	<u>(6,222)</u>
Total Other Financing Sources (Uses)	<u>(51,250)</u>	<u>(51,250)</u>	<u>(58,509)</u>	<u>(7,259)</u>
Net Change in Fund Balance	-	-	7,534	7,534
Fund Balances, beginning	<u>57,326</u>	<u>57,326</u>	<u>57,326</u>	<u>-</u>
Fund Balances, ending	<u>\$ 6,076</u>	<u>\$ 6,076</u>	<u>\$ 64,860</u>	<u>\$ 7,534</u>

CITY OF NEWBERRY
SPECIAL REVENUE FUNDS - CULTURAL ARTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Newberry Opera House reimbursement	\$ 55,000	\$ 55,000	\$ 25,151	\$ (29,849)
Interest revenue	5	5	-	(5)
Total Revenues	55,005	55,005	25,151	(29,854)
Expenditures				
Other				
Operating expenditures	394,939	394,939	355,489	39,450
Total Expenditures	394,939	394,939	355,489	39,450
Excess (Deficiency) of Revenues Over Expenditures	(339,934)	(339,934)	(330,338)	9,596
Other Financing Sources				
Transfers in				
Other special revenue funds	326,344	326,344	326,344	-
Total Other Financing Sources (Uses)	326,344	326,344	326,344	-
Net Change in Fund Balance	(13,590)	(13,590)	(3,994)	9,596
Fund Balances, beginning	104,540	104,540	104,540	-
Fund Balances, ending	\$ 90,950	\$ 90,950	\$ 100,546	\$ 9,596

CITY OF NEWBERRY
SPECIAL REVENUE FUNDS - COMMUNITY HOUSING/DEVELOPMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
Revenues				
Intergovernmental				
Community development	\$ 360,000	\$ 360,000	\$ 267,734	\$ (92,266)
Interest income	600	600	-	(600)
Total Revenues	<u>360,600</u>	<u>360,600</u>	<u>267,734</u>	<u>(92,866)</u>
Expenditures				
Other				
Operating expenditures	<u>25,454</u>	<u>25,454</u>	<u>25,438</u>	<u>16</u>
Total Expenditures	<u>25,454</u>	<u>25,454</u>	<u>25,438</u>	<u>16</u>
Excess (Deficiency) of				
Revenues Over Expenditures	335,146	335,146	242,296	(92,850)
Other Financing Sources (Uses)				
Transfers in/out				
Other special revenue funds	<u>(350,000)</u>	<u>(350,000)</u>	<u>(350,000)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(350,000)</u>	<u>(350,000)</u>	<u>(350,000)</u>	<u>-</u>
Net Change in Fund Balance	(14,854)	(14,854)	(107,704)	(92,850)
Fund Balances, beginning	<u>686,580</u>	<u>686,580</u>	<u>686,580</u>	<u>-</u>
Fund Balances, ending	<u>\$ 671,726</u>	<u>\$ 671,726</u>	<u>\$ 578,876</u>	<u>\$ (92,850)</u>

CITY OF NEWBERRY
SPECIAL REVENUE FUNDS - STREETSCAPE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Other revenue	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-
Expenditures				
Operating expenditures	-	-	3,816	(3,816)
Total Expenditures	-	-	3,816	(3,816)
Other Financing Sources (Uses)				
Transfers in/out				
Other funds	(50,000)	(50,000)	(50,000)	-
Total Other Financing Sources (Uses)	(50,000)	(50,000)	(50,000)	-
Net Change in Fund Balance	(50,000)	(50,000)	(53,816)	(3,816)
Fund Balances, beginning	55,241	55,241	55,241	-
Fund Balances, ending	\$ 5,241	\$ 5,241	\$ 1,425	\$ (3,816)

CITY OF NEWBERRY
SPECIAL REVENUE FUNDS - LOCAL HOSPITALITY/ACCOMMODATIONS FEE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Fees				
Hospitality	\$ 700,000	\$ 700,000	\$ 881,313	\$ 181,313
Accommodations	150,000	150,000	76,420	(73,580)
Penalties	2,600	2,600	2,475	(125)
Total Revenues	<u>852,600</u>	<u>852,600</u>	<u>960,208</u>	<u>107,608</u>
Expenditures				
Operating	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	852,600	852,600	960,208	107,608
Other Financing Uses				
Transfers out				
Permanent fund	(50,000)	(50,000)	(50,000)	-
General fund	(133,500)	(133,500)	(133,500)	-
Recreation Complex fund	(125,000)	(125,000)	(125,000)	-
Other special revenue funds	<u>(449,131)</u>	<u>(449,131)</u>	<u>(449,131)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(757,631)</u>	<u>(757,631)</u>	<u>(757,631)</u>	<u>-</u>
Net Change in Fund Balance	94,969	94,969	202,577	107,608
Fund Balances, beginning	<u>219,391</u>	<u>219,391</u>	<u>219,391</u>	<u>-</u>
Fund Balances, ending	<u>\$ 314,360</u>	<u>\$ 314,360</u>	<u>\$ 421,968</u>	<u>\$ 107,608</u>

CITY OF NEWBERRY
SPECIAL REVENUE FUNDS - VICTIM'S RIGHTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Court fines and assessments	\$ 15,000	\$ 15,000	\$ 16,252	\$ 1,252
Total Revenues	15,000	15,000	16,252	1,252
Expenditures				
Other				
Operating expenditures	64,985	64,985	17,204	47,781
Total Expenditures	64,985	64,985	17,204	47,781
Net Change in Fund Balance	(49,985)	(49,985)	(952)	49,033
Fund Balances, beginning	902	902	902	-
Fund Balances, ending	\$ (49,083)	\$ (49,083)	\$ (50)	\$ 49,033

CITY OF NEWBERRY
SPECIAL REVENUE FUNDS - OAKLAND TENNIS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Local - other	\$ 3,775	\$ 3,775	\$ 1,945	\$ (1,830)
Donations	26,000	26,000	13,500	(12,500)
Interest income	25	25	-	(25)
Total Revenues	<u>29,800</u>	<u>29,800</u>	<u>15,445</u>	<u>(14,355)</u>
Expenditures				
Other				
Operating expenditures	<u>79,091</u>	<u>79,091</u>	<u>55,735</u>	<u>23,356</u>
Total Expenditures	<u>79,091</u>	<u>79,091</u>	<u>55,735</u>	<u>23,356</u>
Net Change in Fund Balance	(49,291)	(49,291)	(40,290)	9,001
Fund Balances, beginning	<u>253,617</u>	<u>253,617</u>	<u>253,617</u>	<u>-</u>
Fund Balances, ending	<u><u>\$ 204,326</u></u>	<u><u>\$ 204,326</u></u>	<u><u>\$ 213,327</u></u>	<u><u>\$ 9,001</u></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
PERMANENT FUND - JAPANESE GARDENS
COMPARATIVE BALANCE SHEETS
JUNE 30, 2021

	<u>2021</u>
Assets	
Cash and investments, restricted	\$ 155,638
Total Assets	<u>\$ 155,638</u>
Liabilities and Fund Balances	
Liabilities	
Accounts payable	\$ 13,586
Fund Balances	
Nonspendable for Japanese Garden	\$ 10,000
Restricted for Japanese Garden	<u>132,052</u>
Total Liabilities and Fund Balances	<u>\$ 155,638</u>

CITY OF NEWBERRY
JAPANESE GARDENS PERMANENT FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Interest revenue	\$ 200	\$ 200	\$ -	\$ (200)
Total Revenues	<u>200</u>	<u>200</u>	<u>-</u>	<u>(200)</u>
Expenditures				
Maintenance of Japanese Gardens	163,900	163,900	40,882	123,018
Total Expenditures	<u>163,900</u>	<u>163,900</u>	<u>40,882</u>	<u>123,018</u>
Excess (Deficiency) of Revenues Over Expenditures	(163,700)	(163,700)	(40,882)	122,818
Other Financing Sources				
Transfers In				
Special Revenue Fund	100,000	100,000	100,000	-
Total Other Financing Sources (Uses)	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>
Net Change in Fund Balance	(63,700)	(63,700)	59,118	122,818
Fund Balances, beginning	<u>82,934</u>	<u>82,934</u>	<u>82,934</u>	<u>-</u>
Fund Balances, ending	<u>\$ 19,234</u>	<u>\$ 19,234</u>	<u>\$ 142,052</u>	<u>\$ 245,636</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, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Operating Revenues				
Connection and reconnection fees	\$ 116,000	\$ 116,000	\$ 130,805	\$ 14,805
Water receipts	4,446,464	4,446,464	4,573,893	127,429
Electric receipts	27,928,878	27,928,878	23,770,041	(4,158,837)
Sewer receipts	5,023,746	5,023,746	5,291,815	268,069
Sales and use tax	525,000	525,000	440,318	(84,682)
Utility penalty	300,000	300,000	259,259	(40,741)
Water taps	10,000	10,000	4,000	(6,000)
Sewer taps	2,000	2,000	-	(2,000)
Temporary electric services	-	-	-	-
Newberry Housing Authority	1,086	1,086	1,086	-
Fire flow access fees	23,000	23,000	22,948	(52)
Fiber optic revenue	53,584	53,584	12,063	(41,521)
Other revenue	13,000	13,000	52,586	39,586
CATV - pole rental	89,100	89,100	96,613	7,513
Total Operating Revenues	38,531,858	38,531,858	34,655,427	(3,876,431)
Operating Expenses				
City Hall	41,730	41,730	41,131	599
Finance	638,432	638,432	567,611	70,821
Utility administration	701,292	701,292	626,698	74,594
Warehouse	126,814	126,814	104,031	22,783
Information services	202,964	202,964	222,529	(19,565)
Electric distribution	1,346,257	1,346,257	1,415,990	(69,733)
Water and sewer maintenance	1,145,005	1,145,005	1,323,154	(178,149)
Water production	1,256,159	1,256,159	1,228,667	27,492
Waste treatment	1,107,691	1,107,691	1,130,811	(23,120)
General insurance	142,188	142,188	140,167	2,021
Facilities and grounds	199,894	199,894	169,245	30,649
Garage	70,013	70,013	65,572	4,441
Employee fringe benefits	1,348,206	1,348,206	1,421,656	(73,450)
Nondepartmental	21,235,100	21,235,100	16,654,222	4,580,878
Depreciation	3,410,078	3,410,078	3,410,078	-
Total Operating Expenses	32,971,823	32,971,823	28,521,562	4,450,261
Operating Income	5,560,035	5,560,035	6,133,865	573,830

(Continued)

CITY OF NEWBERRY
ENTERPRISE FUND
SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Nonoperating Income				
(Expenses)				
Interest revenue	\$ 15,000	\$ 15,000	\$ 10,314	\$ (4,686)
Federal and state grants	300,000	300,000	378,696	78,696
Interest expense, bank fees and other	(3,921,982)	(3,921,982)	(1,827,592)	2,094,390
Total Nonoperating Income (Expenses)	<u>(3,606,982)</u>	<u>(3,606,982)</u>	<u>(1,438,582)</u>	<u>2,168,400</u>
Income Before Transfers	<u>1,953,053</u>	<u>1,953,053</u>	<u>4,695,283</u>	<u>2,742,230</u>
Transfer from (to)				
General fund	(1,865,909)	(1,865,909)	(1,865,909)	-
Change in Net Position	<u>87,144</u>	<u>87,144</u>	<u>2,829,374</u>	<u>2,742,230</u>
Net Position, beginning	<u>55,373,696</u>	<u>55,373,696</u>	<u>55,373,696</u>	<u>-</u>
Net Position, ending	<u>\$ 55,460,840</u>	<u>\$ 55,460,840</u>	<u>\$ 58,203,070</u>	<u>\$ 2,742,230</u>

CITY OF NEWBERRY
ENTERPRISE FUND
SCHEDULE OF EXPENSES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
City Hall				
Operating	\$ 41,730	\$ 41,730	\$ 41,131	\$ 599
	41,730	41,730	41,131	599
Finance				
Salaries and other pay	306,254	306,254	277,398	28,856
Operating	332,178	332,178	290,213	41,965
	638,432	638,432	567,611	70,821
Utility Administration				
Salaries and other pay	545,519	545,519	494,929	50,590
Operating	155,773	155,773	131,769	24,004
	701,292	701,292	626,698	74,594
Warehouse				
Salaries and other pay	71,681	71,681	67,466	4,215
Operating	55,133	55,133	36,565	18,568
	126,814	126,814	104,031	22,783
Information Services				
Salaries and other pay	110,823	110,823	110,522	301
Operating	92,141	92,141	112,007	(19,866)
	202,964	202,964	222,529	(19,565)
Electric Distribution				
Salaries and other pay	613,528	613,528	557,674	55,854
Operating	732,729	732,729	858,316	(125,587)
	1,346,257	1,346,257	1,415,990	(69,733)
Water and Sewer Maintenance				
Salaries and other pay	534,412	534,412	468,083	66,329
Operating	610,593	610,593	855,071	(244,478)
	1,145,005	1,145,005	1,323,154	(178,149)
Water Production				
Salaries and other pay	374,628	374,628	363,625	11,003
Operating	881,531	881,531	865,042	16,489
	1,256,159	1,256,159	1,228,667	27,492
Waste Treatment				
Salaries and other pay	225,385	225,385	253,556	(28,171)
Operating	882,306	882,306	877,255	5,051
	1,107,691	1,107,691	1,130,811	(23,120)

(Continued)

CITY OF NEWBERRY
ENTERPRISE FUND
SCHEDULE OF EXPENSES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
General Insurance				
Operating	\$ 142,188	\$ 142,188	\$ 140,167	\$ 2,021
	142,188	142,188	140,167	2,021
Facilities and Grounds				
Salaries and other pay	126,805	126,805	107,464	19,341
Operating	73,089	73,089	61,781	11,308
	199,894	199,894	169,245	30,649
Garage				
Salaries and other pay	70,013	70,013	65,242	4,771
Operating	-	-	330	(330)
	70,013	70,013	65,572	4,441
Employee Fringe and Benefits				
SC retirement	498,330	498,330	682,126	(183,796)
Social security	227,897	227,897	205,066	22,831
City's share of employee insurance	475,000	475,000	426,290	48,710
Workers' compensation	88,879	88,879	58,345	30,534
Workers' compensation deductibles	17,000	17,000	5,134	11,866
Unemployment claims	1,100	1,100	1,999	(899)
Employer/employee relations	25,000	25,000	19,611	5,389
Physical examinations	1,500	1,500	426	1,074
Wellness program	13,500	13,500	5,191	8,309
Compensated absences adjustment	-	-	17,468	(17,468)
	1,348,206	1,348,206	1,421,656	(73,450)
Nondepartmental				
Sales and use tax	550,000	550,000	589,584	(39,584)
Purchase of electricity	20,450,000	20,450,000	15,910,985	4,539,015
SCE&G water contract	24,000	24,000	9,179	14,821
Streetlight charges	10,100	10,100	8,889	1,211
Refunds	6,000	6,000	6,845	(845)
Bad debt expense	180,000	180,000	122,155	57,845
Community enhancement	5,000	5,000	1,260	3,740
Web site maintenance	10,000	10,000	5,325	4,675
Lease - Lindsay Drivethru	-	-	-	-
	21,235,100	21,235,100	16,654,222	4,580,878
Depreciation	3,410,078	3,410,078	3,410,078	-
Grand Totals	<u>\$ 32,971,823</u>	<u>\$ 32,971,823</u>	<u>\$ 28,521,562</u>	<u>\$ 4,450,261</u>

CITY OF NEWBERRY, SOUTH CAROLINA

UNIFORM SCHEDULE OF FINES, ASSESSMENTS, AND SURCHARGES (PER ACT 96)
YEAR ENDED JUNE 30, 2021

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			\$ 228,950	\$ 228,950
Court fines and assessments remitted to State Treasurer			(134,029)	(134,029)
Total Court Fines and Assessments retained			94,921	94,921
Surcharges and Assessments retained for victim services:				
Surcharges collected and retained			11,644	11,644
Assessments retained			4,608	4,608
Total Surcharges and Assessments retained for victim services			\$ 16,252	\$ 16,252

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	\$ 902		\$ 902
Victim Service Revenue:			
Victim Service Fines Retained by City/County Treasurer			
Victim Service Assessments Retained by City/County Treasurer	4,608		4,608
Victim Service Surcharges Retained by City/County Treasurer	11,644		11,644
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)	17,154		17,154
Expenditures for Victim Service Program:	<u>Municipal</u>	<u>County</u>	<u>Total</u>
Salaries and Benefits	15,811		15,811
Operating Expenditures	1,393		1,393
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)	17,204		17,204
Total Victim Service Funds Retained by Municipal/County Treasurer (A-B)			
Less: Prior Year Fund Deficit Repayment			
Carryforward Funds – End of Year	\$ (50)		\$ (50)

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.

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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	124-127
These schedules contain information to help the reader assess the government's most significant local revenue source, utility system receipts. Additional data is presented on property tax revenue, the most significant general fund revenue source and a traditional revenue source of interest to readers of this report.	
Debt Capacity	128-134
These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	
Demographic and Economic Information	135-136
These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	
Operating Information	137-139
These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

City of Newberry
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	2012	2013	2014	2015(*)	2016	2017	2018	2019	2020	2021
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Governmental activities										
Invested in capital assets, net of related debt	6,905,766	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
Restricted	10,000	10,000	10,000	10,000	10,000	10,000	4,824,694	2,063,901	1,494,574	1,075,595
Unrestricted	8,523,753	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)
Total governmental activities net position	15,439,519	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
Business-type activities										
Invested in capital assets, net of related debt	25,406,140	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
Restricted	2,210,843	2,013,851	1,417,922	1,406,590	1,001,647	906,988	538,473	527,951	221,604	1,475,319
Unrestricted	13,421,117	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
Total business-type activities net position	41,038,100	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
Primary government										
Invested in capital assets, net of related debt	32,311,906	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
Restricted	2,220,843	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
Unrestricted	21,944,870	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
Total primary government net position	56,477,619	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

* 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)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Expenses										
Governmental activities:										
General government	1,670,245	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
Public safety	4,281,619	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
Public works	1,443,578	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
Recreation	575,679	723,463	616,972	753,929	848,809	951,086	940,300	1,922,643	2,248,531	1,650,703
Community development	677,786	516,702	1,146,252	442,955	746,775	426,670	1,137,311	110,505	99,684	55,735
Community promotions	87,180	101,851	486,636	597,233	487,751	580,045	-	-	-	-
Interest on long-term debt	74,523	56,824	38,812	37,427	39,291	33,159	27,923	26,402	18,897	12,062
Total governmental activities expenses	8,810,610	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
Business-type activities: Utility system	24,910,631	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
Total primary government expenses	33,721,241	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
Program Revenues										
Governmental activities:										
Charges for services:										
General government	1,479,788	1,575,674	1,514,666	1,574,727	1,660,200	1,701,086	1,895,761	176,707	164,432	163,779
Public safety	720,042	610,677	681,044	537,168	553,945	451,471	410,249	381,020	269,740	228,950
Public works	613,789	617,555	623,084	767,747	791,651	803,964	944,662	985,594	1,047,691	1,310,584
Parks, Recreation, & Tourism	40,132	39,149	40,860	70,178	101,145	99,276	233,348	237,186	217,631	163,534
Community promotion and projects	9,000	16,804	16,030	22,204	18,118		47,577	54,682	38,243	-
Operating grants and contributions	543,951	400,786	309,957	655,922	837,886	2,292,761	326,406	219,310	238,104	275,711
Capital grants and contributions	116,421	1,964	66,697	91,217	227,443	18,300	4,145,105	765,424	824,174	348,561
Total governmental activities program revenues	3,523,123	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
Business-type activities: Utility system	27,130,430	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
Charges for services	-	-	-	-	103,106	1,726,585	-	-	-	-
Operating grants and contributions	401,050	180,163	388,119	308,411	409,593	884,223	-	-	305,855	378,696
Total business-type activities program revenues	27,531,480	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
Total primary government program revenues	31,054,603	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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Net (expense)/revenue										
Governmental activities	(5,287,487)	(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)
Business-type activities	2,620,849	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
Total primary government net expense	(2,666,638)	(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)

General Revenues and Other Changes in Net Position

Governmental activities:

Property taxes	2,554,096	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
Local hospitality and accommodation fee	647,615	680,581	728,087	815,540	865,734	902,536	1,069,577	1,046,678	992,788	1,080,948
Business Licenses	-	-	-	-	-	-	-	1,783,139	1,702,436	1,754,889
Intergovernmental revenue	870,913	1,112,994	1,037,343	907,857	910,716	426,883	967,743	891,516	1,145,453	1,472,024
Interest revenue	6,368	5,363	3,455	5,167	11,674	16,222	22,878	45,439	27,748	2,832
Gain on Sale of Capital Assets	-	-	-	-	41,446	22,157	39,018	-	55	-
Miscellaneous	127,504	220,623	180,120	188,934	208,189	197,755	19,133	43,846	67,639	37,835
Transfers	1,682,742	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
Total governmental activities	5,889,238	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

Business-type activities:

Intergovernmental revenue	2,989,331	219,299	143,720	-	-	-	-	-	-	-
Interest revenue	4,258	3,144	2,163	2,613	468,303	138,688	137,093	134,358	54,572	10,314
Miscellaneous	-	-	-	-	-	-	-	-	-	-
Transfers	(1,682,742)	(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)
Total business-type activities	1,310,847	(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)
Total primary government	7,200,085	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

Change in Net Position

Government activities	601,751	898,870	303,767	1,156,179	656,972	708,665	4,345,899	559,460	1,113,958	(123,989)
Business-type activities	3,931,696	(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
Total primary government	4,533,447	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

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

Fiscal Year	Property Tax \$
2012	2,554,096
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

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
General fund										
Nonspendable	48,400	48,087	51,013	38,392	32,731	27,874	38,027	37,184	24,237	41,763
Reserved	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	250,000	-
Unreserved	-	-	-	-	-	-	-	-	-	-
Unrestricted:										
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	928,310	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
Unassigned	4,931,838	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
Total General Fund	5,908,548	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
Recreation Complex										
Restricted	-	-	-	-	-	-	4,387,422	1,609,536	803,676	414,398
Total Recreation Complex	-	-	-	-	-	-	4,387,422	1,609,536	803,676	414,398
All other governmental funds										
Nonspendable	355,000	355,000	355,000	355,000	355,000	-	-	10,000	10,000	17,147
Reserved	-	-	-	-	-	-	-	-	-	-
Restricted	1,138,747	1,767,069	1,139,044	1,098,123	946,494	934,878	437,272	444,365	430,898	651,197
Unreserved, reported in:										
Special revenue funds	-	-	-	-	-	-	-	-	-	-
Debt service fund	-	-	-	-	-	-	-	-	-	-
Permanent fund	-	-	-	-	-	-	-	-	-	-
Unrestricted:										
Committed	1,015,386	484,917	183,929	206,377	1,108,052	769,393	670,377	784,706	759,059	639,297
Assigned	5,815	5,370	5,809	11,380	739,396	1,078,721	452,826	731,898	686,580	578,876
Unassigned	-	-	(16,593)	448,977	-	-	-	-	-	-
Total all other governmental funds	2,514,948	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
Total all governmental funds	8,423,496	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

(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)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenues										
Taxes	2,575,245	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
Licenses, permits and franchise fees	1,479,788	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
Fines and forfeitures	699,682	595,795	660,628	516,168	532,858	429,333	416,323	387,958	274,312	252,387
Charges for service	1,310,536	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
Intergovernmental	1,551,645	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
Miscellaneous	133,872	225,986	183,575	194,101	304,168	258,288	436,261	388,171	754,435	184,942
Total revenues	7,750,768	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
Expenditures										
General government	719,729	682,621	660,535	743,851	778,396	733,820	697,594	734,414	750,918	774,260
Public safety	3,294,835	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
Public works	1,244,149	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
Recreation	438,325	973,617	513,382	612,242	724,731	695,927	645,824	700,641	764,796	850,307
Community development	677,786	640,010	1,146,252	477,955	914,556	1,937,706	1,137,311	110,505	99,684	55,735
Nondepartmental	1,854,174	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
Capital Outlay	-	-	-	-	-	-	55,500	5,589,296	6,103,468	1,898,232
Debt Service										
Principal	608,779	622,854	632,785	369,192	307,748	325,093	356,178	381,369	381,785	288,275
Interest	77,788	60,147	42,196	37,427	39,291	33,159	27,923	26,402	18,897	12,062
Other charges	-	-	-	-	-	-	-	-	-	-
Total expenditures, including capital	8,915,565	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
Total capital expenditures only	325,710	898,467	992,767	1,068,909	774,247	2,034,185	1,694,356	5,540,974	6,113,841	1,898,232
Excess of revenues over (under) expenditures	(1,164,797)	(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)
Other financing sources (uses)										
Transfers in	1,707,742	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
Transfers out	(25,000)	(25,000)	(410,099)	(164,097)	(633,611)	(166,547)	(2,296,587)	(1,354,139)	(1,315,184)	(638,287)
Issuance of debt/construction loan/costs	231,950	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)	1,914,692	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
Net change in fund balances	749,895	304,157	(68,983)	1,355,113	482,570	(293,321)	3,816,414	(3,742,739)	(4,211,956)	(824,963)
Debt service as a percentage of noncapital expenditures	8.0%	7.8%	7.7%	4.7%	3.7%	3.8%	4.3%	4.4%	4.3%	3.0%

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

Fiscal Year	Electric Receipts \$	Percent of Total	Water Receipts \$	Percent of Total	Sewer Receipts \$	Percent of Total	Other Operating Revenue \$	Percent of Total	Total Combined Public Utility Operating Revenue \$
2012	19,545,156	72.0%	3,316,013	12.2%	3,403,206	12.5%	866,055	3.2%	27,130,430
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

(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 \$
2012	2,120,324	433,772	2,554,096
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

(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 2012</u>	<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>
Electric Customers:										
Residential	4,050	4,066	4,091	4,080	4,087	4,079	4,010	4,095	4,058	4,113
Commercial	863	868	891	872	873	880	887	896	894	824
Industrial	12	12	12	13	13	13	14	15	15	14
Total	4,925	4,946	4,994	4,965	4,973	4,972	4,911	5,006	4,967	4,951
Water Customers:										
Residential	4,096	4,113	4,148	4,126	4,143	4,133	4,124	4,020	3,860	3,819
Commercial	748	755	751	754	786	751	741	778	795	762
Industrial	27	28	28	27	26	26	29	27	27	27
Total	4,871	4,896	4,927	4,907	4,955	4,910	4,894	4,825	4,682	4,608
Sewer Customers:										
Residential	3,561	3,575	3,607	3,591	3,597	3,587	3,573	3,488	3,323	3,441
Commercial	578	580	577	581	589	578	576	571	594	531
Industrial	21	21	21	22	21	21	22	22	22	20
Total	4,160	4,176	4,205	4,194	4,207	4,186	4,171	4,081	3,939	3,992
Total Number Utility Customers (1)	5,873	5,899	5,933	5,910	5,929	5,917	5,854	5,750	5,700	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
2012	198,169,681	-2.30%	214,979,829	1.60%	103,618,422	2.69%
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	201,683,417	-0.65%	165,390,260	-1.49%	102,927,870	-9.64%

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 %
2012	111.05	5.87	19.29	0.00	29.3	2.73	159.64	4.54
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 (2)	138.56	0.00	32.20	0.78	54.75	0.90	225.51	0.33

(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, 2021. An overall increase of 2% on water minimum charges and 2% on sewer minimum charges became effective on the July 1, 2020 billing (fiscal year 2021). Additionally, please note that an overall rate increase of 2% on water and 2% on sewer charges became effective on the July 1, 2021 billing (fiscal year 2022).

City of Newberry
Principal Utility Customers by Total Billed (1)
June 30, 2021

Customer	Fiscal Year 2021			Fiscal Year 2012		
	Total Billed \$	Rank	Percentage of Total Operating Revenue (2)	Total Billed \$	Rank	Percentage of Total Operating Revenue (3)
Kraft Heinz Foods Company	9,828,834	1	28.36%	6,833,811	1	26.47%
Newberry College	856,346	2	2.47%	1,283,084	2	4.97%
Newberry County Memorial Hospital	732,416	3	2.11%	538,800	4	2.09%
Valmont Composite Structures	709,075	4	2.05%			
Newberry Housing Authority-Grant Homes	596,032	5	1.71%	445,201	7	1.72%
ISE	595,081	6	1.72%	533,177	5	2.07%
Packaging Corp. of America, Inc.	362,368	7	1.05%	384,128	8	1.42%
Samsung	441,564	8	1.27%			
ST Partners, DBA Almark Foods	404,136	9	1.16%	457,874	6	1.77%
Wal-Mart	401,035	10	1.16%			
Shakespeare				228,729	10	0.89%
Newberry High School				230,014	9	0.85%
Newberry County Water & Sewer				878,169	3	3.24%
Saluda Commission of Public Works						
Total	14,926,889		43.07%	11,812,987		43.54%

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

(2) Total audited operating revenue for fiscal year 2021 is \$ 34,655,427

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

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
2017	264,965,412	725,933	983,003	25,208,600
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

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

Fiscal Year	Total kWh	Peak Demand MW
2017	213,161,698	41.8
2018	206,782,301	43.2
2019	210,670,252	42.0
2020	203,007,486	43.1
2021	201,683,417	41

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
2017	122,760,326	336,853	1,042,641	11,704,318
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

City of Newberry
Principal Water Customers by Total Billed
June 30, 2021

Customer Name	Annual Consumption in Cubic Feet	Annual Billing	Percentage of Water Revenues
10 Westminster	59,491	\$14,038	0.34%
9 Holiday Inn Express & Suites	24,746	\$14,558	0.35%
8 Newberry County Memorial Hospital	1,029,094	\$31,372	0.76%
7 ISE	2,695,948	\$46,800	1.14%
6 Newberry Housing Authority	1,585,854	\$66,975	1.63%
5 Kiswire	3,902,311	\$67,227	1.63%
4 Samsung	5,905,656	\$153,063	3.72%
3 Newberry County Water & Sewer Authority	11,992,236	\$193,305	4.69%
2 Saluda Commission of Public Works	17,398,058	\$256,440	6.22%
1 Kraft Heinz Foods Company	70,596,979	\$1,231,290	29.89%
	115,190,373	\$2,075,067	50.37%

***Total water dollars sold from July 2020 to June 2021 is:

\$4,119,867

**City of Newberry
Principal Sewer Customers by Total Billed
June 30, 2021**

Customer Name	Annual Flows in Cubic Feet	Annual Billing	Percentage of Sewer Revenues
10 Westminster Company	59,491	\$23,696	0.45%
9 J.F. Hawkins Nursing Home	438,210	\$24,651	0.47%
8 Packing Corp	136,340	\$32,576	0.61%
7 Newberry County Memorial Hospital	1,029,091	\$53,259	1.01%
6 Newberry County Water and Sewer	1,117,071	\$72,028	1.36%
5 Newberry Housing Authority	1,585,854	\$98,289	1.86%
4 ISE	1,601,874	\$144,279	2.72%
3 Samsung	5,815,570	\$288,502	5.45%
2 Newberry College	11,197,128	\$359,258	6.78%
1 Kraft Heinz Foods Company	47,529,226	\$1,324,134	25.00%
	70,509,855	\$2,420,672	45.70%

***Total sewer dollars sold from July 2020 to June 2021 is:

\$5,296,981

City of Newberry
Principal Electric Customers by Total Billed
June 30, 2021

Customer Name	KWH	Annual Billing	Percentage of Electric Revenues
10 ST Partners, DBA Almark Foods	1,534,400	\$170,370	0.74%
9 J F Hawkins Nursing Home	1,404,672	\$179,824	0.78%
8 PCA	2,055,600	\$318,944	1.38%
7 Newberry Housing Authority	2,318,197	\$370,551	1.60%
6 ISE	2,886,207	\$384,686	1.66%
5 Wal-Mart	3,216,480	\$386,826	1.67%
4 NCMH	5,332,573	\$622,819	2.69%
3 Newberry College	5,795,104	\$752,074	3.25%
2 Valmont Composite Structures	5,989,738	\$680,707	2.94%
1 Kraft Heinz Foods Company	71,582,400	\$7,271,651	31.39%
	102,115,371	\$11,138,452	48.09%

***Total Electric dollars sold from July 2020 to June 2021 is:

\$23,162,599

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

Fiscal Year	Number of Customers	Increase/ Decrease	Percentage of Change (%)
2012	4,871	(2)	-0.04%
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%

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

Fiscal Year	Number of Customers	Increase/ Decrease	Percentage of Change (%)
2012	4,160	1	0.02%
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%

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

Fiscal Year	Number of Customers	Increase/ Decrease	Percentage of Change (%)
2012	4,925	10	0.20%
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%

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 \$				
2012	2011	7,880,400	11,371,050	19,251,450	2,243,050	3,871,390	6,114,440	25,365,890	86.40	466,215,780	5.44%
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%

(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)	
2012	2011	85.3	1.1	86.4	131.2	7.8	139.0	186.8	53.0	239.8	6.2	471.4
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

(1) Source: Newberry County Auditor.

(2) Reassessment.

**City of Newberry
Principal Property Taxpayers (1)
June 30, 2021**

Taxpayer	Fiscal Year 2021 (Tax Year 2020)			Fiscal Year 2012 (Tax Year 2011)		
	Taxable Assessed Value \$	Rank	Percentage of Total Taxable Assessed Value (2) %	Taxable Assessed Value \$	Rank	Percentage of Total Taxable Assessed Value (3) %
Oakland Mill Development Group	669,730	1	2.15%			
ISE Newberry Inc.	457,230	2	1.46%	414,970	1	1.64%
Wal-Mart Real Est.	394,420	3	1.26%	320,490	4	1.26%
Lowe's Home Centers	369,660	4	1.18%	346,410	3	1.37%
Newberry Real Estate Inv. Inc.	351,000	5	1.12%			
Newberry Developments LLC	260,990	6	0.84%	232,390	5	0.92%
Duke Energy Carolinas	252,870	7	0.81%			
Paramount Hotels LLC	241,960	8	0.78%			
Loves Travel Stops	205,140	9	0.66%	208,450	7	0.82%
Comcast Cablevision	202,780	10	0.65%			
Wal-Mart SuperCenter 624				188,490	8	0.74%
Newberry Atrium				228,530	6	0.90%
Duke Energy Corp.				181,290	9	0.71%
Bellsouth Tele. Inc.				367,050	2	1.45%
West/Hobby LLC				162,940	10	0.64%
Total	3,405,780		10.91%	2,651,010		10.45%

(1) Source: Newberry County Auditor.

(2) Total assessed valuation for tax year 2020 is \$31,213,740 .

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

**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
2012	2011	2,148,678	2,047,502	95.3%	16,078	2,063,580	96.0%
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%

(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 \$			
2012	-	557,406	1,396,673	18,131,243	-	20,085,322	10.8%	1944
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

(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 \$
<hr/>					

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, 2021

Direct Debt

City of Newberry:	
General Obligation Debt	\$ -
Special Assessment Debt	-
Capital Lease Obligations	285,004
Total Direct Debt	<u>285,004</u>

Overlapping Debt

Newberry County, South Carolina Overlapping Debt:	
General Obligation Debt (1)	12,899,471
Estimated % of debt applicable to the City of Newberry (2)	20.53%
Total Overlapping Debt	<u>2,648,261</u>
 Total Direct and Overlapping Debt	 <u><u>\$ 2,933,265</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
2017 County General Obligation Bond	\$ 9,025,000
2018C County General Obligation Bond	576,071
2020A County General Obligation Bond	1,481,800
2020B County General Obligation Bond	626,600
	<u>\$ 12,899,471</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 \$152,017,661. City of Newberry assessed valuation from the table within this statistical section labeled "Assessed Value and Estimated Actual Value of Taxable Property" is \$31,213,740.

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Debt Limit - 8 percent of total assessed value	\$ 2,104,971	\$ 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
Total net debt applicable to limit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Legal debt margin	\$ 2,104,971	\$ 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
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 2021

Assessed Value - general	\$ 31,213,740
Assessed Value - tax increment financing district	-
Total assessed value	<u>\$ 31,213,740</u>
Debt limit (8% of total assessed value)	\$ 2,497,099
Debt applicable to limit:	
Total general obligation bonds	<u>\$ -</u>
Legal debt margin	<u><u>\$ 2,497,099</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 \$	
2012	468,117	(25,000)	-	443,117	271,313	25,020	296,333	1.50
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

(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 \$	
2012	27,134,688	21,947,588	5,187,100	742,284	414,851	1,157,135	4.48
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

(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), 2003 Bond (FY 2004-2012), 2009 South Carolina Water Pollution Control Revolving Fund (SRF) Loan (FY 2012-2021), and 2015 Bond (FY 2015-2021). 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, 2021

Bond Year Ending	Principal	Interest (1)	Total Debt Service	City's Portion (2)
1/1/2021	\$63,355,000	\$29,334,230	\$92,689,230	\$8,443,989
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 %
2012	10,332	186,554,592	18,056	36,381	33.3	12.9	5,621	9.6
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

- (1) Estimates by South Carolina Budget and Control Board for fiscal years 2012-2016.
Fiscal Years 2017-2021 from www.census.gov.
- (2) Mathematical computation of per capita personal income multiplied by population.
- (3) Fiscal years 2012-2016 estimates from Central Midlands Council of Governments.
Fiscal Year 2017-2021 from www.census.gov.
- (4) Fiscal years 2012-2016 estimates from Central Midlands Council of Governments.
Fiscal Year 2017-2021 from www.census.gov.
- (5) Fiscal year 2012-2021 estimates from Central Midlands Council of Governments.
- (6) Sources: Estimates by Newberry County School District for fiscal years 2012-2021.
- (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	2021			2012		
	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 (**)	900	2	4.02%	860	2	5.25%
Samsung (*)	680	3	3.03%			
Newberry County Memorial Hospital (**)	450	4	2.01%	451	3	2.75%
Georgia Pacific (*)	400	5	1.78%	356	4	2.17%
Newberry College	242	6	1.08%	320	5	1.95%
Valmont Composite Structures (*)	191	7	0.85%			
Wal-Mart	185	8	0.83%	250	7	1.53%
County of Newberry	180	9	0.80%	205	8	1.25%
White Oak Manor (*)	175	10	0.78%			
Springfield Place/JF Hawkins				161	10	0.98%
Komatsu America (*)						
Shakespeare Electronics and Fiberglass (*)				200	9	1.22%
Caterpillar, Inc. (*)				300	6	1.83%
	<u>6089</u>		<u>27.17%</u>	<u>5903</u>		<u>36.01%</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 170 employees. Current year's data derived from Newberry County Chamber of Commerce records. Data for earlier year derived primarily from bond official statements, as available.

(2) 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	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Government										
City Council	7	7	7	7.33	7.33	7.33	7.33	7.33	7.33	7.33
City Administration (2)	4	4	4	3.67	3.67	2.17	3.67	3.17	3.67	2.67
Finance	2	2	2	2	2	2	2	2	2	2
Planning and Development	2	2	2	1.66	2	2	2	2	2	1
Public Safety										
Police										
Officers	32	32	32	32	30	30	32	30	30	30
Civilians	3	3	3	3	3	3	3	3	3	3
Justice and Law Civilians	3.8	3.8	3.8	3.8	3.8	3	3	3	3	3
Fire (3)										
Firefighters and Officers	19	19	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	2	3	2	3	3
Streets	10	9	10	10.5	10.5	11	11	11	11	11.5
Sanitation	5	5	5	5	5	5	4	4	5	5
Building Maintenance	1	1	1	1	1	6.5	6.5	3	6.5	3
Garage	3	3	3	3	3	3	3	3	3	3
Recreation (4)	14	14	12	12	12	10.5	10.5	11	14	15.5
Utility System										
Administration/Finance/Warehouse/ Information Services/Risk management	13	13	14	14	13	18	13.5	17.5	17.5	17
Electric	9	9	9	9.34	9	9	9	9	9	10
Water/Sewer Maintenance	11	11	9	9	8	11	11	10	11	12
Water Plant	8	8	9	9	8	7	7.5	7.5	7.5	8
Wastetreatment Plant	6	6	4	4.5	5	5	5.5	5.5	5	5
Newberry Opera House	0	0	0	0	0	4	4	4	4	4
Total	155.8	154.8	152.8	153.8	149.3	162.5	162.5	159	168.5	167

- (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 22 Volunteer Firefighter positions in fiscal year 2021.
(4) Recreation includes FCC staff.

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

FUNCTION	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Government (2)										
Finance										
Businesses with licenses (for last completed calendar year)	1,133	1,132	1,090	1,082	1,074	1,085	1,092	1,183	1,053	1,237
Planning and Development										
New construction values per building permits	\$ 721,880	\$ 5,408,294	\$ 658,393	\$ 1,730,680	\$ 1,710,341	\$ 5,955,559	\$ 7,832,024	\$7,714,905.00	\$ 4,762,814.00	\$ 4,286,661.00
Public Safety										
Police										
Incidences	11,355	11,215	11,988	11,294	10,712	10,463	9,837	11,355	10,607	9,340
Arrests and traffic violations	6,564	5,210	5,973	4,770	4,556	4,161	4,195	3,717	2,731	3,067
Parking violations	53	78	108	76	232	96	190	49	109	35
Fire										
Volunteer personnel	12	14	12	16	15	16	20	22	25	21
Calls answered	951	852	803	446	465	383	507	486	455	477
Inspections	559	525	507	26	363	461	266	367	183	255
Public Works (3)										
Streets										
Streets resurfaced (miles)	2.13	1.09	0.20	-	-	2.5	0.75	-	-	-
Sanitation										
Refuse collected in tons per year	7,213	7,119	7,197	7,566	7,342	7,918	7,976	8,020	8,276	8,031
Recreation										
# Participants residing within City limits	961	946	867	635	561	532	617	854	879	307
# Participants residing outside City limits	369	347	296	277	344	384	330	295	320	132
# Participants total	1,330	1,293	1,163	912	905	916	947	1149	1199	439
Utility System										
Electric										
Maximum monthly non-coincident purchased demand (kW)	31,606	31,606	41,851	43,100	43,300	41,761	41,621	41,683	43,973	40,891
Water										
Average production (gallons per day)	4,873,655	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
Sewer										
Average treatment (gallons per day)	2,650,000	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

(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)	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Public Safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	40	40	40	44	41	41	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	7	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	5	6	6	6	6	6	6
Recreation										
Parks	15	15	15	15	15	16	16	16	16	16
Parks acreage	100	100	100	100	100	315	200	215	215	215
Utility System										
Electric										
Miles of primary conductor	260	260	260	262	262	275	275	280	280	281
Miles of secondary conductor	93	93	93	93	93	103	130	135	135	137
Water										
Miles of water main lines	127	127	127	127	127	127	128	128	128	142
Fire hydrants	493	500	598	594	600	610	625	633	633	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	124	125	125	127
Maximum daily treatment capacity (gallons)	3,220,000	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

(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

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of City Council
City of 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, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 22, 2021.

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) to determine the 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 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. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as 2021-001, 2021-002, and 2021-003 that we consider to be significant deficiencies.

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
November 22, 2021

Compliance and Other Matters

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

City's Responses to the Findings

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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
November 22, 2021

CITY OF NEWBERRY, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2021

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.

Criteria:

The City should have adequate systems and internal controls to ensure that all necessary debt recordings are correctly recorded.

Context, Cause and Effect:

The City did not identify these items as related to 2021 activity.

Recommendation:

We recommend that all debt issues and retirements are recorded correctly and balanced prior to yearend.

Response:

The City will address its controls related to debt issuance to ensure that all significant items are recorded in the future.

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.

Criteria:

The City should have adequate systems and procedures/controls in place to ensure that all capital asset transactions and related activity are appropriately recorded and tracked.

Context, Cause and Effect:

The City's capital asset software appears to be very outdated and does not allow the user to make adjustments to the system as it only provides for one update for the fiscal year. If items or issues are discovered that impact the fiscal year that has not been closed out but after the "update" has been made to the system, the City has to keep track of the changes manually, updating the software for the changes in the next fiscal year, which is very inefficient.

Recommendation:

We recommend that the City improve and strengthen its internal controls to ensure that all capital asset transactions and activities are appropriately and correctly recorded. We also recommend that the City find ways to improve the efficiency of tracking its capital assets. This might include replacing the City's capital asset software or maintaining the detail schedules in Excel so that they can be more easily updated and adjusted.

Response:

The City will consider its options and will work 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.

Criteria:

The City should have adequate systems and internal controls to ensure that all balances are appropriately reported during the yearend close.

Context, Cause and Effect:

The City did not identify these items as related to 2021 activity.

Recommendation:

We recommend that all yearend balances are reconciled to audited financials and that discrepancies are appropriately recorded.

Response:

The City will address its controls to ensure that all significant items are properly recorded in the future.