

Board of Public Works
Gaffney, South Carolina

**Comprehensive
Annual Financial
Report for the
Fiscal Year Ending
March 31, 2011**

I. INTRODUCTORY SECTION

**Board of Public Works
Gaffney, South Carolina**

**Comprehensive Annual Financial Report
For the Fiscal Year Ending March 31, 2011**

**Submitted By:
Finance Department**

GAFFNEY BOARD OF PUBLIC WORKS
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE YEARS ENDED MARCH 31, 2011 AND 2010

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GAFFNEY BOARD OF PUBLIC WORKS
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Board of Public Works Officials

List of Commissioners And Senior Management Staff

Commissioners

J. Grady Randolph	Chairperson
Joe Dean Knuckles*	Secretary
Elijah Inabinette, Jr.	Treasurer
Roger D. Harris	Commissioner
Fred W. Keller	Commissioner

Senior Management Staff

Donnie L. Hardin.	General Manager
Kimberly R. Fortner.	Assistant Manager

*Deceased March 4, 2011 – During a special election held May 31, 2011, James H. Kelly was elected to fill this position.

Board of Public Works Organizational Chart

Board Members

J. Grady Randolph
Chairman

Joe Dean Knuckles*
Secretary

Elijah Inabinette, Jr.
Treasurer

Roger D. Harris
Commissioner

Fred W. Keller
Commissioner

Management Staff

Donnie L. Hardin
General Manager

Kimberly R. Fortner
Assistant Manager

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BOARD OF PUBLIC WORKS

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Letter of Transmittal
July 11, 2011

To the Commissioners and Customers
of the Gaffney Board of Public Works

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) for the Gaffney Board of Public Works (the Board) for the fiscal year ended March 31, 2011. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the Board's management. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the Board. All disclosures necessary to enable the reader to gain an understanding of the Board's financial activities have been included.

Board management has established a system of internal accounting controls designed to provide reasonable, but not absolute, assurance for the safeguarding of assets and financial statement preparation in conformity with generally accepted accounting principles. The concept of reasonable assurance recognizes that the cost of internal controls should not exceed the benefits.

The Board is required by state law to publish an annual financial report audited by a certified public accountant and this CAFR fulfills that requirement. McAbee, Talbert, Halliday & Co., Certified Public Accountants, conducted the independent audit of the Board's financial statements. The objective was to obtain reasonable assurance that the financial statements are free of material misstatement. The audit was conducted in accordance with generally accepted auditing standards. McAbee, Talbert, Halliday & Co. issued an unqualified opinion that the Board's financial statements are fairly presented, in all material respects, in conformity with generally accepted accounting principles. The Independent Auditors' Report is presented as the first component of the financial section of this report.

A Management Discussion and Analysis (MD&A) is provided in the financial section of this report. The MD&A serves as a narrative introduction, overview and analysis of the Board's financial statements. This Letter of Transmittal is intended to compliment the MD&A and should be read in conjunction with it.

PROFILE OF THE BOARD

The Board was originally established by Act No. 389 of 1907 to provide electric, water, and wastewater distribution and treatment services. The Board serves the City of Gaffney and surrounding areas of Cherokee County.

The Board is located in Cherokee County, which is located in the piedmont section of South Carolina on the I-85 corridor between Atlanta, Georgia and Charlotte, North Carolina. The current boundaries of the Board encompass 32,009 acres (50 square miles), not including the Town of Blacksburg or water districts which are provided water as wholesale customers. The Board provides water on a wholesale basis to the Town of Blacksburg, Draytonville Water Company, Grassy Pond Water Company, Goucher Water Company, and Macedonia Water Company. Daniel Morgan Water Company is also served water through Grassy Pond Water Company.

The Board is governed by a five member Commission, all of whom are elected from single member districts within the city limits of Gaffney. Each Commissioner serves six year terms and the terms of Commissioners are staggered.

The Board presently operates two water treatment plants and two wastewater treatment plants. The Victor Gaffney and Cherokee water treatment plants are located on the same parcel of land at the end of Filter Plant Road. The Broad River wastewater treatment plant is located off Marietta Street and serves the eastern and southern portions of Cherokee County. The Clary wastewater treatment plant is located off Morgan Road and serves the western and northern portions of Cherokee County.

The Board provides reliable electric service to Gaffney and surrounding areas of Cherokee County. Power is supplied by Piedmont Municipal Power Agency (PMPA), a joint action agency, of which Gaffney and nine (9) other upstate cities are members. PMPA owns 25% of Unit One at the Catawba Nuclear Plant in York, South Carolina. The Board has long term wholesale contracts with PMPA. The Board also receives some power from Southeastern Power Administration (SEPA). SEPA is a federally owned project of which utilities have contracts to receive energy produced by federally owned hydro projects. SEPA power is transmitted to the Board by PMPA.

LOCAL ECONOMY

Cherokee County possesses a diversified business and industry base. The following types of industry represent major employers in Cherokee County: frozen food, roller bearings, automotive chassis, fiberglass recreational bodies, textiles, brick and concrete materials, plastic packaging material, plumbing fixtures, plastic and synthetic fibers, and structural building products. The county has an available, skilled labor force and has taken advantage of the State's excellent worker training program. Other major employers in the area include public schools, state and local government, and health care providers.

Cherokee County's unemployment rate in March 2011 was 12.5%, as compared with the state rate of 9.6% and the national rate of 8.8%. While the unemployment rate in Cherokee County outpaced the State or National rate overall the County continued to see commercial development.

FINANCIAL MANAGEMENT

The Board adopts an annual operating budget for management and financial planning purposes. The Board's computerized financial planning and rate-setting model is regularly updated to provide for a five-year financial plan. Capital improvement plans, and applicable debt service projections for future bond issues, are incorporated in the financial planning process. The five-year plan is reviewed with the Commission, which adopts the budget and rates for each upcoming year. The overall objective of the financial planning process is to minimize the impact of customer rate increases, while maintaining required debt service coverage. Other considerations of the financial planning process include: volume trends by customer class; maintaining sufficient fund balances to meet the Board's operations, maintenance, and capital improvement needs; growth trends for various expenditure categories; and the comparison of customer rates to other utilities in the region. During the fiscal year, financial management tracking includes the following: monthly preparation and analytical review of departmental and company-wide financial reports; significant expenditure variances require follow-up with the responsible budget manager; the company-wide financial report is presented at the monthly Commission meeting; utility user charges are monitored monthly in relation to the approved budget and historical results; the tracking of utility user charges is performed for revenues and flows by customer class.

The Board of Public Works has a long range plan that guides the Board and staff actions toward providing affordable, efficient, and reliable services. Part of that plan includes continued capital investments. In order to be able to respond to system growth and provide dependable service, the plants and facilities must be maintained and expanded. This requires not only response to changing regulatory requirements and community development but financial planning to accommodate the required investments in a timely, fiscally responsible manner. One strategy the Board has implemented is the allotment of \$2 million in the annual budget for capital improvements per department (electric, water and wastewater). With an ongoing long range plan to meet the physical demands of the facilities and an ongoing financial plan to provide funding for these improvements the Board will continue to strengthen its customer relations and services.

The Board's cash management policy provides that available funds are invested overnight and longer-term in accordance with state law, which permits the following types of investments: obligations of the U.S. and its agencies, general obligations of the State of South Carolina and its subdivisions, savings and loan associations to the extent of federal insurance, certificates of deposit collaterally secured, repurchase agreements secured by the foregoing obligations, and the State Treasurer's Investment Pool. For more information regarding the March 31, 2011 investment distribution, see Note 2 to the Financial Statements.

The Board is a member of the South Carolina Retirement System, one of four defined benefit retirement systems maintained by the Retirement Division of the State Budget and Control Board of South Carolina. For information regarding the Board's retirement plan, see Note 6 to the Financial Statements.

For information regarding the Board's risk management function, see Note 10 to the Financial Statements.

FINANCIAL CONDITION

Net assets for FY 2011 were \$54,464,943, a 1.43% decrease for the fiscal year. The electrical customer base increased overall by 15 accounts, or 0.17%. The increase was primarily attributable to additional security lights. The number residential electric customers actually decreased. The water customer base decreased by 18 accounts, or 0.18%. The decrease was primarily in the commercial and industrial customer categories. The wastewater customer base followed the water decreasing by 26 accounts, or 0.36%. Again the increase in wastewater customers was primarily in the commercial and industrial customer categories. Debt service coverage of 120% is required by the Board's revenue bond covenant. The FY 2011 debt service coverage ratio based on the revenue bond covenant was 315%. A recent rate survey of comparable utilities in the region indicated that the Board's customer rates compared very favorably with the majority of the agencies in the survey.

Various funds are maintained to meet the operational, maintenance, and capital improvement needs of the system. The overall favorable financial condition for FY 2011 allowed the Board to transfer more than \$1,000,000 to each departments Depreciation and Contingency Funds. In addition, the Board has a short term investment fund, with a March 31, 2011 balance of \$5,478,146 to provide for capital improvements and a smoother transition of future rate increases. The Depreciation Fund provides for the renovation and replacement of operational equipment and system facilities, and has been adequately funded in recent years with a March 31, 2011 balance of \$8,386,025. The Contingency Fund has also been adequately funded with a March 31, 2011 balance of \$8,296,626.

AWARDS AND ACKNOWLEDGEMENTS

The Board of Public Works received a Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association for the Comprehensive Annual Financial Report for the Fiscal Year Ending March 31, 2010. In order to be awarded a Certificate of Achievement, the government had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements.

The Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR 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. We appreciate the support of the Commissioners and the dedication of all our Board of Public Works employees.

Respectfully Submitted,



Donnie L. Hardin
General Manager

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Board of Public Works South Carolina

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
March 31, 2010

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



President

Executive Director

II. FINANCIAL SECTION

To the Board of Commissioners of
Gaffney Board of Public Works
Gaffney, South Carolina

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the Gaffney Board of Public Works as of and for the fiscal years ended March 31, 2011 and 2010, as listed in the table of contents. These financial statements are the responsibility of the Gaffney Board of Public Works' management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Gaffney Board of Public Works as of March 31, 2011 and 2010, and the respective changes in financial position and cash flows thereof for the years then ended in conformity with U.S. generally accepted accounting principles.

U.S. generally accepted accounting principles require that the Management's Discussion and Analysis and Schedule of Funding Progress for Retiree Health Plan, 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 U.S. generally accepted auditing standards, 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 audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Gaffney Board of Public Works' financial statements as a whole. The introductory section, supplementary information and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audits of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

McAbee Talbert Halliday & Co.

Spartanburg, South Carolina
July 11, 2011

**Board of Public Works
Management's Discussion and Analysis (Unaudited)**

This section represents management's analysis of the Board's financial condition and activities for the year. This information should be read in conjunction with the financial statements.

Financial Highlights

Management believes the Board's financial condition is very strong. During FY 2011, revenues have increased and operating expenses have also increased. Uncontrollable expenses, such as purchased power and fuel, have been the major factors contributing to the increase in expenses. Despite the increases in expenses, the Board has continued to be able to improve service, provide for future growth, and maintain a very stable and competitive rate structure. Also, the Board has remained well within its debt covenants, with stringent financial policies and guidelines set by the Board and management. The following are key financial highlights for FY 2011.

Total assets FY 2011 year-end were \$69,684,233, and exceeded liabilities by \$54,464,943. Of the total net assets, \$26,726,222 was unrestricted. Total assets for FY 2010 year end were \$71,155,330 and exceeded liabilities by \$55,257,517. Of the total net assets \$25,390,868 was unrestricted.

Debt service coverage was 315% in FY 2011 and 327% in FY 2010; both years exceeded the 120% required by the Board's Bond covenants.

For FY 2011, the Board sold approximately 242.5 million kwh of electricity and 2.27 billion gallons of potable water and treated 1.30 billion gallons of wastewater. This compares to 230.4 million kwh of electricity, 2.05 billion gallons of potable water, and 1.23 billion gallons of wastewater in FY 2010.

Operating revenues for FY 2011 were \$31,646,737 as compared to \$30,111,565 for FY 2010.

Operating expenses for FY 2011 were \$32,133,505 as compared to \$30,738,193 for FY 2010. Over the past several years management has implemented several measures to reduce costs and improve efficiency in an effort to keep operating expenses down. Significant increases in uncontrollable expenses, such as purchased power and fuel, have been a challenge but we have maintained the same high levels of service our community has come to expect.

Interest income on investments decreased over the past fiscal year. Interest income for FY 2011 totaled \$73,075 as compared to \$186,837 for FY 2010. The decrease was due mainly to market changes and decreased interest rates.

The Board transferred 3.05% of electric sales, the equivalent of a franchise fee, to the City of Gaffney in accordance with our Intergovernmental Agreement. The transfer for FY 2011 was \$590,419 as compared to \$561,977 for FY 2010.

Overview of Annual Financial Report

Management's Discussion and Analysis (MD&A) serves as an introduction to, and should be read in conjunction with, the basic audited financial statements and supplementary information. The MD&A represents management's examination and analysis of the Board's financial condition and performance. Summary financial statement data, key financial and operational indicators used in the Board's strategic plan, budget, bond resolutions, and other management tools were used for this analysis.

The financial statements report information about the Board using full accrual accounting methods as utilized by similar business activities in the private sector. However, rate-regulated accounting principles applicable to private sector utilities are not used by government utilities. The financial statements include a balance sheet; a statement of revenues, expenses, and changes in net assets; a statement of cash flows; and notes to the financial statements.

The *balance sheet* presents the financial position of the board on a full accrual historical basis. The balance sheet presents information on all the Board's assets and liabilities, with the difference reported as net assets. Over time, increases and decreases in net assets are one indicator of whether the financial position of the Board is improving or deteriorating.

While the balance sheet provides information about the nature and amount of resources and obligations at year-end, the *statement of revenues, expenses, and changes in net assets* presents the results of the business activities over the course of the fiscal year and information as to how the net assets changed during the year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. This statement also provides certain information about the Board's recovery of its costs. Rate setting policies are different methods of cost recovery not fully provided for by generally accepted accounting standards. The primary objectives of the rate model are to improve equity among customer classes and to insure that capital costs are allocated on a basis of long term capacity needs, ensuring growth pays for growth.

The *statement of cash flows* presents changes in cash and cash equivalents, resulting from operating, financing, and investing activities. This statement presents cash receipts and cash disbursement information, without consideration of the earnings event, when an obligation arises, or depreciation of capital costs.

The *notes to the financial statements* provide required disclosures and other information that are essential to a full understanding of material data provided in the statements. The notes present information about the Board's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies, and subsequent events, if any. *Supplementary information* includes detail schedules of operations and the schedule of expenditures of federal awards, when applicable.

The financial statements were prepared by the Board's staff from detailed books and records of the Board. The financial statements were audited and adjusted, if material, during the independent audit process.

Financial Analysis

The following comparative condensed financial statements and other information serve as the key financial data and indicators for management, monitoring, and planning.

Condensed Financial Statements

Condensed Balance Sheet

Assets:	<u>3/31/2011</u>	<u>3/31/2010</u>	<u>3/31/2009</u>
Current and Other Assets	\$ 32,102,694	\$ 30,531,090	\$ 28,466,714
Capital Assets	37,581,539	40,624,240	43,468,959
Total Assets	\$ 69,684,233	\$ 71,155,330	\$ 71,935,673
Liabilities:			
Current Liabilities	\$ 5,997,423	\$ 5,854,524	\$ 5,656,984
Long-Term Liabilities	9,221,867	10,043,289	10,517,607
Total Liabilities	15,219,290	15,897,813	16,174,591
Net Assets:			
Invested in Capital Assets, Net of Related Debt	27,406,721	29,534,649	31,729,676
Restricted for Debt Service Reserve Fund	332,000	332,000	-
Unrestricted Net Assets	26,726,222	25,390,868	24,031,406
Total Net Assets	54,464,943	55,257,517	55,761,082
Total Liabilities & Net Assets	\$ 69,684,233	\$ 71,155,330	\$ 71,935,673

Condensed Statement of Revenues, Expenses, and Changes in Net Assets

Revenues:	<u>3/31/2011</u>	<u>3/31/2010</u>	<u>3/31/2009</u>
Operating Revenues			
Water Department	\$ 5,871,250	\$ 5,653,814	\$ 5,205,513
Sewer Department	5,342,009	4,975,429	4,899,129
Electrical Department	20,433,478	19,482,322	18,635,803
Non-Operating Revenues	109,895	219,855	479,885
Total Revenues	31,756,632	30,331,420	29,220,330
Expenses:			
Operating Expenses, Excluding Depreciation			
Water Department	3,966,949	3,795,851	4,353,679
Sewer Department	2,428,637	2,554,967	2,654,926
Electrical Department	18,390,839	16,983,017	16,708,331
Service, Warehouse and Administrative Departments	3,024,507	2,926,888	3,137,955
Depreciation Expense	4,322,573	4,477,470	4,944,567
Non-Operating Expenses	487,513	474,706	567,335
Total Expense	32,621,018	31,212,899	32,366,793
Deficiency, Before Capital Contributions	(864,386)	(881,479)	(3,146,463)
Capital Contributions	71,812	377,914	171,172
Decrease in Net Assets	(792,574)	(503,565)	(2,975,291)
Net Assets Beginning of Year	55,257,517	55,761,082	58,736,373
Net Assets End of Year	\$ 54,464,943	\$ 55,257,517	\$ 55,761,082

General Trends and Significant Events

From FY 2010 to FY 2011 there has been a decrease in the number of water and sewer service accounts and a slight increase in the number of electric. Electric service accounts increased by 15 accounts; the increase was primarily in the security light service category. Water service accounts decreased by 18 accounts, the majority of the accounts were lost in the commercial customer account category. Wastewater accounts decreased by 26 accounts; the decrease was in the residential and commercial service categories.

The average kwh electrical sales for FY 2011 were 5.25% greater than the FY 2010 sales. The increased demand occurred in the residential, commercial and industrial customer categories and is mainly attributable to a hot summer and cooler than usual winter. During FY 2011, the Board's largest electric demand customer was Carthuplas Incorporated.

The volume of water sold in FY 2011 was approximately 2.27 billion gallons, an increase of approximately 10.42% from FY 2010. The increase in sales was seen in every customer category. A very hot, dry summer along with a slight improvement in the economy contributed to the increased water demands. Retail customers purchased approximately 74.7% of total water sales in FY 2011. During FY 2011, the Nestle Corporation was the Board's largest water customer, accounting for approximately 14.5% of total water sales. Wholesale water sales accounted for 21.6% of total water sales with the City of Blacksburg being the largest wholesale customer.

Trending with the water demands, the volume of wastewater billed in FY 2011 was 1.31 billion gallons, an increase of approximately 6.35% from FY 2010. During FY 2011, the Nestle Corporation was the Board's largest sewer customer.

Financial Condition

Although the Board has experienced decreases in net assets of \$792,574 and \$503,565 for FY 2011 and FY 2010, respectively, the Board's financial condition remains strong at year-end with adequate liquid assets, reliable facilities to meet demand, and a reasonable level of unrestricted net assets. The current financial condition, technical support staff capabilities, and operating and expansion plans to meet anticipated customer needs are well balanced and under control.

Total assets for FY 2011 were \$69,684,233, with \$27,406,721, invested in capital assets, net of related debt, \$332,000 restricted for debt service reserve fund and \$26,726,222 in unrestricted assets for a total of \$54,464,943, in net assets. Total assets in FY 2010 were \$71,155,330, with \$29,534,649 invested in capital assets, net of related debt, \$332,000 restricted for debt service reserve fund and \$25,390,868 in unrestricted assets for a total of \$55,257,517 in net assets.

Accounts receivable for FY 2011 were \$2,185,207 as compared to \$2,073,034 in FY 2010.

Results of Operations

Operating Revenues: Revenues from operations fall into three categories: electric service, water service and wastewater service. The ancillary charges such as tap fees, service charges and penalties are shown in each of the respective categories. The Board has inside and outside the city residential, commercial and industrial water and sewer customer classes. The Board has seven electric customer classifications, residential all gas, residential gas hot water heater, residential total electric, commercial, commercial total electric, industrial and economic development.

The average realized rate from electrical sales in FY 2011 was \$84.26 per thousand kwh delivered. The average realized rate from water sales was \$2.59 per thousand gallons. The average realized rate from wastewater treatment was \$4.09 per thousand gallons treated.

Capital Contributions and Grants: The Board agrees to own and operate water and sewer lines that are funded by developers as long as the facilities are installed in accordance with the Board's specifications. Prior to GASB 33 and 34 implementation, the money and system assets received were recorded as direct contributions to the equity. GASB 33 and 34 define these fees as capital contributions and requires reporting the amounts through the Statements of Revenues, Expenses and Changes in Net Assets.

During FY 2011, Cherokee County received a Grant to extend sewer service in Cherokee County along Highway 329 to serve the Suminoe Warehouse facility. The County paid for the installation of the sewer line with the grant funds. The Board of Public Works provided design and construction services. The project was constructed in accordance with the Board's specifications and the utilities are now owned and operated by the Board of Public Works.

Expenses: The Board operates and maintains an electrical distribution system, a potable water treatment and delivery system and a wastewater collection and treatment system. The overhead electrical distribution system consists of 18 dedicated circuits originating from 6 different outdoor substations. The water is treated at the Victor Gaffney and Cherokee Water Treatment Plants with a capacity of 12 million gallons per day and 6 million gallons per day respectively. During FY 2011, the Victor Gaffney Water Treatment plant did not operate due to decreased system demands. The wastewater is treated at the Broad River and Clary Wastewater Treatment Plants with a capacity of 4.0 million gallons per day and 5.0 million gallons per day respectively.

The following table shows the operating expenses for each of the departments.

	<u>Actual Amounts in 1000s</u>		
	<u>2011</u>	<u>2010</u>	<u>2009</u>
Water operating expenses			
Total	\$ 5,786	\$ 5,707	\$ 6,463
Excluding depreciation	3,967	3,796	4,354
Wastewater operating expenses			
Total	\$ 3,532	\$ 3,658	\$ 3,792
Excluding depreciation	2,429	2,555	2,655
Electric operating expenses:			
Total	\$ 19,628	\$ 18,238	\$ 18,186
Excluding depreciation	18,391	16,983	16,708

The average electric operating cost per thousand kwh delivered was \$80.94 in FY 2011 versus \$79.16 in FY 2010. This amount includes PMPA's wholesale rate increase which was passed onto the Board. The average water operating cost per thousand gallons consumed was \$2.55 in FY 2011 versus \$2.78 in FY 2010. The wastewater operating cost per thousand gallons treated was \$2.70 in FY 2011 versus \$2.98 in FY 2010. The domestic component of the wastewater flow is relatively constant and directly proportional to the domestic water flow but the industrial component and required treatment fluctuates with the strength of the industrial waste stream. The sewer surcharge rates, industrial discharge permits and other associated fees related to the industrial wastewater are designed to recover the additional expenses incurred due to the higher strength waste. The relatively stable cost per thousand gallons is an indication that the industrial fee structure is effective in recovering those costs.

Rate Covenant

In May 2009, the Board issued \$3,320,000 in Combined Utility System Refunding Revenue Bonds, Series 2009 to be used to refund the remaining outstanding principal amount of the Series 2001 Combined Utility System Refunding and Improvement Revenue Bonds.

In the Bond Resolution, the Board covenants and agrees that it will operate the System in an efficient and economical manner and establish and collect rates and charges for the services and facilities furnished by the Board. Those rates and charges with other income will yield annual net revenues in the fiscal year equal to at least one hundred twenty percent (120%) of the amounts required to be deposited into each bond and interest redemption fund for the current fiscal year. Net revenues are defined by the bond resolution to mean the revenues of the System after deducting the expenses of operating and maintaining the System.

If in any fiscal year the revenues are insufficient to satisfy the rate covenant, the Bond Resolution obligates the Board to employ a consulting engineer to examine the fees, rates, and other charges of the System and methods of the operations of the system and make recommendations as the consulting engineer believes are appropriate to enable the Board to satisfy the rate covenant.

For revenue bond debt service coverage schedule see Statistical Table 21.

Cash Flow Activity

The following table shows the Board's ability to generate net operating cash. Net cash provided by operating activities is shown both in total dollars and as a percentage of operating revenues.

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Total operating revenues	\$ 31,646,737	\$ 30,111,565	\$ 28,740,445
Net cash provided by operations	<u>2,707,417</u>	<u>3,467,129</u>	<u>1,367,412</u>
Net operating cash as a % of operating revenue	9%	12%	5%

Capital Assets and Debt administration

Major additions to the Board's capital assets in 2011 included the following:

Highway 329 Sewer Line Extension to serve the Suminoe Warehouse Facility – 1,070 linear feet of 8 inch gravity sewer line and 3 manholes.

GAFFNEY BOARD OF PUBLIC WORKS
BALANCE SHEETS
MARCH 31, 2011 AND 2010

	2011	2010
ASSETS		
Current Assets		
Cash	\$ 18,708,105	\$ 18,396,907
Investments	2,142,782	3,316,896
Accounts receivable - net of allowance for doubtful accounts of \$105,648 and \$115,424 at March 31, 2011 and 2010, respectively	2,185,207	2,073,034
Other receivables	1,647,149	1,539,070
Inventories	1,081,551	1,067,437
Prepaid expenses	61,661	84,706
Total Current Assets	25,826,455	26,478,050
Noncurrent Assets		
Restricted cash	332,000	332,000
Capital assets - net of accumulated depreciation	37,581,539	40,624,240
Investments	3,335,364	2,104,410
Net OPEB asset	2,227,577	1,198,722
Bond costs - net of amortization	381,298	417,908
Total Noncurrent Assets	43,857,778	44,677,280
Total Assets	\$ 69,684,233	\$ 71,155,330

GAFFNEY BOARD OF PUBLIC WORKS
BALANCE SHEETS - CONTINUED
MARCH 31, 2011 AND 2010

LIABILITIES AND NET ASSETS

	2011	2010
Current Liabilities		
Accounts payable	\$ 444,735	\$ 525,971
Accrued salaries and related withholdings	314,638	440,500
Accrued interest	32,211	34,402
Accrued expenses	2,369,924	2,179,963
Other liabilities	1,992,754	1,852,277
Deferred revenue	25,000	28,250
Bonds payable - current portion	850,000	825,000
Deferred loss on refunding - current portion	(31,839)	(31,839)
	5,997,423	5,854,524
Total Current Liabilities		
Long-term Liabilities		
Bonds payable - net of current portion	9,475,000	10,325,000
Deferred loss on refunding - net of current portion	(288,674)	(320,512)
Bond discount - net of amortization	(8,688)	(9,542)
Bond premium - net of amortization	44,229	48,343
	9,221,867	10,043,289
Total Long-term Liabilities		
Total Liabilities	15,219,290	15,897,813
Net Assets		
Investment in capital assets - net of related debt	27,406,721	29,534,649
Restricted - debt service reserve fund	332,000	332,000
Unrestricted net assets	26,726,222	25,390,868
	54,464,943	55,257,517
Total Net Assets		
Total Liabilities and Net Assets	\$ 69,684,233	\$ 71,155,330

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

GAFFNEY BOARD OF PUBLIC WORKS
 STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
 FOR THE YEARS ENDED MARCH 31, 2011 AND 2010

	2011	2010
Operating Revenues		
Water department	\$ 5,871,250	\$ 5,653,814
Sewer department	5,342,009	4,975,429
Electrical department	20,433,478	19,482,322
	31,646,737	30,111,565
Operating Expenses		
Water department	3,966,949	3,795,851
Sewer department	2,428,637	2,554,967
Electrical department	18,390,839	16,983,017
Warehouse and administrative departments	3,024,507	2,926,888
Depreciation expense	4,322,573	4,477,470
	32,133,505	30,738,193
Operating Loss	(486,768)	(626,628)
Nonoperating Revenues (Expenses)		
Interest income	73,075	186,837
Gain on sale of capital assets	36,820	33,018
Interest expense	(450,904)	(440,100)
Amortization of bond costs	(36,609)	(34,606)
	(377,618)	(254,851)
Decrease in Net Assets - Before Capital Contributions	(864,386)	(881,479)
Capital Contributions	71,812	377,914
Decrease in Net Assets	(792,574)	(503,565)
Net Assets - Beginning of Year	55,257,517	55,761,082
Net Assets - End of Year	\$ 54,464,943	\$ 55,257,517

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

GAFFNEY BOARD OF PUBLIC WORKS
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
Cash Flows Provided (Used) by Operating Activities		
Cash received from customers	\$ 31,423,236	\$ 29,683,005
Cash paid to suppliers for goods and services	(20,184,040)	(18,634,940)
Cash paid to or for the benefit of employees	<u>(8,531,779)</u>	<u>(7,580,936)</u>
	<u>2,707,417</u>	<u>3,467,129</u>
Cash Flows Provided (Used) by Capital and Related Financing Activities		
Proceeds from the sale of capital assets	63,980	40,200
Acquisition and construction of capital assets	(1,229,108)	(1,255,614)
Proceeds from issuance of bonds	-	322,200
Principal paid on revenue bonds	(825,000)	(815,000)
Interest paid	<u>(422,326)</u>	<u>(413,790)</u>
	<u>(2,412,454)</u>	<u>(2,122,004)</u>
Cash Flows Provided (Used) by Investing Activities		
Interest received on cash investments	73,075	186,837
Sale (purchase) of investments	<u>(355,247)</u>	<u>662,309</u>
	<u>(282,172)</u>	<u>849,146</u>
Net Increase in Cash and Cash Equivalents	12,791	2,194,271
Cash and Cash Equivalents - Beginning of Year	<u>19,766,939</u>	<u>17,572,668</u>
Cash and Cash Equivalents - End of Year	<u>\$ 19,779,730</u>	<u>\$ 19,766,939</u>

GAFFNEY BOARD OF PUBLIC WORKS
 STATEMENTS OF CASH FLOWS - CONTINUED
 FOR THE YEARS ENDED MARCH 31, 2011 AND 2010

	2011	2010
Reconciliation of Operating Loss to Net Cash Provided (Used) by Operating Activities		
Operating loss	\$ (486,768)	\$ (626,628)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities		
Depreciation	4,322,573	4,477,470
(Increase) decrease in assets:		
Accounts receivable	(112,173)	(338,182)
Unbilled revenue	(108,079)	(92,653)
Inventories	(20,225)	28,240
Other current assets	23,045	48,866
Net OPEB asset	(1,028,855)	(168,180)
Increase (decrease) in liabilities:		
Accounts payable	(81,236)	(183,768)
Accrued salaries and related withholdings	(125,862)	126,540
Accrued interest	(2,191)	(5,243)
Accrued expense	189,961	92,607
Deferred revenue	(3,250)	2,275
Other current liabilities	140,477	105,785
	3,194,185	4,093,757
Net Cash Provided (Used) by Operating Activities	\$ 2,707,417	\$ 3,467,129
Noncash Investing, Capital and Financing Activities		
Contribution of capital assets	\$ 71,812	\$ 377,914
Bond cost amortization	\$ (36,609)	\$ (34,606)
Amortization expense included in interest	\$ (28,578)	\$ (26,310)
Advanced refunding		
Bond proceeds	\$ -	\$ 3,320,000
Defeased debt	\$ -	\$ (2,790,000)
Bond discount	\$ -	\$ (10,254)
Bond costs	\$ -	\$ (144,230)
Deferred loss on refunding	\$ -	\$ (53,316)

GAFFNEY BOARD OF PUBLIC WORKS
 STATEMENTS OF CASH FLOWS - CONTINUED
 FOR THE YEARS ENDED MARCH 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
Reconciliation of Cash and Investments as Shown on the Balance Sheets and Statements of Cash Flows		
Balance sheet classifications		
Current assets		
Cash	\$ 18,708,105	\$ 18,396,907
Investments	2,142,782	3,316,896
	<u>20,850,887</u>	<u>21,713,803</u>
Noncurrent assets		
Restricted cash	332,000	332,000
Investments	3,335,364	2,104,410
	<u>3,667,364</u>	<u>2,436,410</u>
	<u>\$ 24,518,251</u>	<u>\$ 24,150,213</u>
Cash flow classifications		
Petty cash	\$ 2,300	\$ 2,300
Cash deposits	19,777,430	19,764,639
	<u>19,779,730</u>	<u>19,766,939</u>
Certificates of deposit	4,738,521	4,383,274
	<u>\$ 24,518,251</u>	<u>\$ 24,150,213</u>

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

GAFFNEY BOARD OF PUBLIC WORKS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2011 AND 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of the Gaffney Board of Public Works (The Board) is presented to assist in understanding the financial statements. The financial statements and notes are representations of the Board's management, who is responsible for their integrity and objectivity. These accounting policies conform to U.S. generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Actual results could differ from these estimates.

Component Unit

The Lake Whelchel Golf and Resort Corporation (The Corporation) was formed on March 6, 2002 to develop and operate a golf course in Gaffney, South Carolina. The Corporation has been included as a component unit because the Corporation's board is made up of the chairman, secretary, and treasurer of the board of the Gaffney Board of Public Works. The Corporation is considered to be in the development stage and there was no operating activity by the Corporation during the years ended March 31, 2011 and 2010. The total cumulative expenses incurred by the Board as of March 31, 2011 are \$446,452. These amounts are expected to be reimbursed by the Corporation as soon as the Corporation receives its funding.

Reporting Entity

The Gaffney Board of Public Works was created pursuant to Act No. 389 of the Acts and Joint Resolutions of the South Carolina General Assembly, 1907. This and other Acts empower the Board to be the sole provider of electric, water and sewer services within the corporate limits of the City of Gaffney and surrounding areas, to establish rules and regulations and to set rates for such services.

Method of Accounting

Under U.S. generally accepted accounting principles, the Board is considered to be a self-supporting enterprise, and these financial statements are presented accordingly. Enterprise funds are used to account for operations financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The basis of accounting employed is the accrual method whereby revenues are recognized when they are earned and expenses are recognized when they are incurred. Under this basis of accounting and measurement focus, the Board applies (a) all Governmental Accounting Standards Board (GASB) pronouncements and (b) Financial Accounting Standards Board (FASB) Statements and Interpretations, APB Opinions, and Accounts Research Bulletins issued on or before November 30, 1989, except those that conflict with a GASB pronouncement.

Revenues and Expenses

Operating revenues and expenses consist of those revenues and expenses that result from the ongoing principal operations of the Board. Operating revenues consist primarily of charges for services. Non-operating revenues and expenses consist of those revenues and expenses that are related to financing and investing types of activities and result from non-exchange transactions or ancillary activities.

GAFFNEY BOARD OF PUBLIC WORKS
NOTES TO FINANCIAL STATEMENTS - CONTINUED
MARCH 31, 2011 AND 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Cash and Cash Equivalents

For purposes of reporting cash flows, all investments with a maturity of three months or less at the time of purchase and are considered to be cash equivalents.

Investments

Investments are reported at fair value.

Inventories

Inventories are stated at the lower of cost (moving average) or net realizable value.

Capital Assets

Capital assets are stated at cost. Donated capital assets are recorded at estimated fair market value on the date donated.

Major outlays for capital assets and improvements of \$500 or more are capitalized as projects are constructed. Interest costs associated with monies borrowed and used to finance construction of capital projects have been expensed as a period cost in the year in which it became due.

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

	<u>Years</u>
Water plant and lines	20-50
Sewer plant and lines	20-33.3
Electrical	10-25
Office and warehouse buildings	20-40
Office Equipment	10
Equipment and vehicles	4-8

Compensated Absences

Eligible employees receive Personal Time Off (PTO) based on years of service ranging from five (5) to thirty (30) days annually. The PTO policy provides for no carry over from one calendar year to the next. All unused PTO as of December 31st is paid on an annual basis.

Long-term Debt

Bond premium and discounts, as well as issuance costs, are deferred and equally amortized over the life of the bonds.

GAFFNEY BOARD OF PUBLIC WORKS
 NOTES TO FINANCIAL STATEMENTS - CONTINUED
 MARCH 31, 2011 AND 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Capital Contributions

The Board frequently has contributions to its sewer and water system from developers and contractors. In addition, the Board receives grant monies for construction of improvements or extensions to its system at various times. These contributions are recognized in the Statements of Revenues, Expenses and Changes in Net Assets when earned.

NOTE 2 - CASH DEPOSITS AND INVESTMENTS

Custodial credit risk - deposits - the Board does not have a formal deposit policy for custodial credit risk which is the risk that in the event of bank failure, the deposits may not be returned to the District. As of March 31, 2011 and 2010, the Board was not exposed to custodial credit risk.

Statutes authorize the Board to invest in obligations of the United States and its agencies, general obligations (not revenue obligations) of the State of South Carolina and its subdivisions, savings and loan associations to the extent of federal insurance, certificates of deposit collaterally secured, repurchase agreements secured by the foregoing obligations, and the State Treasurer's Investment Pool. The Board has not adopted a formal investment policy.

At March 31, 2011 and 2010 the Board had the following investments:

Investment Type	Maturity	2011	2010	Rating
Bank of America Treasury Reserves	<60 days	\$ 76,722	\$ 77,020	AAAm
Dreyfus Treasury Prime Cash Management	<60 days	358,501	428,695	AAAm-G/Aaa
Money Market Fixed Income Fund	<60 days	45,837	1,038,033	AAAm
Certificates of Deposit	NA	5,432,309	4,383,273	NA
		<u>\$ 5,913,369</u>	<u>\$ 5,927,021</u>	

Interest rate risk - the Board does not have a formal policy limiting investment maturities that would help manage its exposure to fair value losses from increasing interest rates.

Credit risk - the Board does not have a formal policy regarding credit risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

Custodial credit risk - investments - the Board does not have a formal deposit policy for custodial credit risk which is the risk that in the event of the counterparty, the Board would not be able to recover the value of its investments. As of March 31, 2011 and 2010, the Board was not exposed to custodial credit risk.

The Gaffney Board of Public Works is required under bond indenture agreements in connection with the issuance of bonds, to segregate certain assets. The following assets have been segregated and are restricted in use. The assets listed below are shown in their respective categories in the accompanying balance sheet.

	2011	2010
Noncurrent Assets		
Restricted cash		
Debt service reserve fund	<u>\$ 332,000</u>	<u>\$ 332,000</u>

GAFFNEY BOARD OF PUBLIC WORKS
NOTES TO FINANCIAL STATEMENTS - CONTINUED
MARCH 31, 2011 AND 2010

NOTE 2 - CASH DEPOSITS AND INVESTMENTS - CONTINUED

The following assets, although not legally restricted, have been designated by the Board:

	2011	2010
Depreciation fund	\$ 8,386,025	\$ 8,371,674
Contingency fund	8,296,626	8,282,431
Customer deposit fund	1,243,253	1,241,169
Operation HOPE	32,265	30,428
	\$ 17,958,169	\$ 17,925,702

NOTE 3 - CAPITAL ASSETS

Components of capital assets include the following for the fiscal years ended March 31, 2011 and 2010:

	2011				Balance at March 31, 2011
	Balance at March 31, 2010	Additions	Deletions	Transfers	
Capital Assets					
Non depreciable					
Land and land rights	\$ 1,521,836	\$ 18,000	\$ -	\$ -	\$ 1,539,836
Construction in progress	13,200	-	-	-	13,200
	1,535,036	18,000	-	-	1,553,036
Depreciable					
Water plant and lines	49,791,693	164,570	-	-	49,956,263
Sewer plant and lines	41,147,526	84,512	(1,435)	-	41,230,603
Electrical distributions and transmission lines	32,706,587	577,516	-	-	33,284,103
Office and warehouse buildings	3,334,814	52,890	-	-	3,387,704
Office equipment	1,950,393	317,718	(334,890)	-	1,933,221
Equipment and vehicles	3,861,760	85,714	-	-	3,947,474
	132,792,773	1,282,920	(336,325)	-	133,739,368
	134,327,809	1,300,920	(336,325)	-	135,292,404
Accumulated Depreciation					
Water plant and lines	32,183,870	1,655,658	-	-	33,839,528
Sewer plant and lines	30,785,821	972,755	(1,435)	-	31,757,141
Electrical distribution and transmission lines	23,668,355	999,230	-	-	24,667,585
Office and warehouse buildings	2,544,361	124,611	-	-	2,668,972
Office equipment	1,655,222	446,693	(313,842)	-	1,788,073
Equipment and vehicles	2,865,940	123,626	-	-	2,989,566
	93,703,569	4,322,573	(315,277)	-	97,710,865
Capital Assets, Net of Accumulated Depreciation	\$ 40,624,240				\$ 37,581,539

GAFFNEY BOARD OF PUBLIC WORKS
NOTES TO FINANCIAL STATEMENTS - CONTINUED
MARCH 31, 2011 AND 2010

NOTE 3 - CAPITAL ASSETS - CONTINUED

	2010				Balance at March 31, 2010
	Balance at March 31, 2009	Additions	Deletions	Transfers	
Capital Assets					
Non depreciable					
Land and land rights	\$ 1,521,836	\$ -	\$ -	\$ -	\$ 1,521,836
Construction in progress	684,311	8,177	-	(679,288)	13,200
	<u>2,206,147</u>	<u>8,177</u>	<u>-</u>	<u>(679,288)</u>	<u>1,535,036</u>
Depreciable					
Water plant and lines	48,740,247	456,196	-	595,250	49,791,693
Sewer plant and lines	40,969,659	177,867	-	-	41,147,526
Electrical distribution and transmission lines	32,109,631	512,918	-	84,038	32,706,587
Office and warehouse buildings	3,270,668	64,146	-	-	3,334,814
Office equipment	2,091,570	15,645	(156,822)	-	1,950,393
Equipment and vehicles	3,662,421	398,580	(199,241)	-	3,861,760
	<u>130,844,196</u>	<u>1,625,352</u>	<u>(356,063)</u>	<u>679,288</u>	<u>132,792,773</u>
	<u>133,050,343</u>	<u>1,633,529</u>	<u>(356,063)</u>	<u>-</u>	<u>134,327,809</u>
Accumulated Depreciation					
Water plant and lines	30,445,888	1,737,982	-	-	32,183,870
Sewer plant and lines	29,786,369	999,452	-	-	30,785,821
Electrical distribution and transmission lines	22,618,890	1,049,465	-	-	23,668,355
Office and warehouse buildings	2,397,793	146,568	-	-	2,544,361
Office equipment	1,663,192	148,074	(156,044)	-	1,655,222
Equipment and vehicles	2,669,252	395,929	(199,241)	-	2,865,940
	<u>89,581,384</u>	<u>4,477,470</u>	<u>(355,285)</u>	<u>-</u>	<u>93,703,569</u>
Capital Assets, Net of Accumulated Depreciation	<u>\$ 43,468,959</u>				<u>\$ 40,624,240</u>

Depreciation expense for the fiscal years ending March 31, 2011 and 2010 was \$4,322,573 and \$4,477,470, respectively.

NOTE 4 - LONG-TERM DEBT

Components of long-term debt include the following for the fiscal years ending March 31, 2011 and 2010.

	2011				Balance at March 31, 2011	Due Within One Year
	Balance at March 31, 2010	Additions	Reductions	Defeased		
Bonds Payable:						
Revenue bonds	\$ 11,150,000	\$ -	\$ (825,000)	\$ -	\$ 10,325,000	\$850,000
Less deferred amounts						
Bond premium	48,343	-	(4,114)	-	44,229	-
Bond discount	(9,542)	-	854	-	(8,688)	-
Deferred loss on refunding	(352,351)	-	31,838	-	(320,513)	-
	<u>\$ 10,836,450</u>	<u>\$ -</u>	<u>\$ (796,422)</u>	<u>\$ -</u>	<u>\$ 10,040,028</u>	<u>\$850,000</u>

GAFFNEY BOARD OF PUBLIC WORKS
NOTES TO FINANCIAL STATEMENTS - CONTINUED
MARCH 31, 2011 AND 2010

NOTE 4 - LONG-TERM DEBT - CONTINUED

	2010				Balance at March 31, 2010	Due Within One Year
	Balance at March 31, 2009	Additions	Reductions	Defeased		
Bonds Payable:						
Revenue bonds	\$ 11,435,000	\$ 3,320,000	\$ (815,000)	\$ (2,790,000)	\$ 11,150,000	\$825,000
Less deferred amounts						
Bond premium	52,457	-	(4,114)	-	48,343	-
Bond discount	-	(10,254)	712	-	(9,542)	-
Deferred loss on refunding	(236,033)	(146,030)	29,712	-	(352,351)	-
	\$ 11,251,424	\$ 3,163,716	\$ (788,690)	\$ (2,790,000)	\$ 10,836,450	\$825,000

Revenue bonds payable at March 31, 2011 and 2010 were comprised of the following issues:

	2011	2010
\$7,950,000 Combined Utility System Refunding and Improvement Revenue Bonds, Series 2005 of the City of Gaffney, South Carolina, dated December 1, 2005. Annual maturities of \$180,000 to \$700,000 and semi-annual interest rates from 3.625% to 4.0% maturing in 2021. Bonds were issued to refund a portion of the series 2001 bonds and to fund certain capital projects.	\$ 5,925,000	\$ 6,405,000
\$2,100,000 Combined Utility System Revenue Bonds, Series 2006 of the City of Gaffney, South Carolina, dated March 1, 2006. Annual maturities of \$100,000 to \$180,000 and semi-annual interest rates from 3.5% to 4.0% maturing in 2021. Bonds were issued to fund certain capital projects.	1,530,000	1,655,000
\$3,320,000 Combined Utility System Refunding Revenue Bonds, Series 2009 of the City of Gaffney, South Carolina, dated May 20, 2009. Annual maturities of \$220,000 to \$620,000 and semi-annual interest rates from 4.45% to 5.10% maturing in 2021. Bonds were issued to refund the remaining balance of the series 2001 bonds.	2,870,000	3,090,000
	10,325,000	11,150,000
Less current maturities	850,000	825,000
Bonds payable - net of current portion	\$ 9,475,000	\$ 10,325,000

GAFFNEY BOARD OF PUBLIC WORKS
 NOTES TO FINANCIAL STATEMENTS - CONTINUED
 MARCH 31, 2011 AND 2010

NOTE 4 - LONG-TERM DEBT – CONTINUED

Debt service requirements to maturity for the Revenue Bonds are as follows:

Fiscal Year Ended March 31	Principal	Interest	Total
2012	850,000	388,681	1,238,681
2013	875,000	359,743	1,234,743
2014	910,000	328,768	1,238,768
2015	940,000	296,078	1,236,078
2016	980,000	260,952	1,240,952
2017-2021	5,770,000	721,512	6,491,512
	<u>\$ 10,325,000</u>	<u>\$ 2,355,734</u>	<u>\$ 12,680,734</u>

Arbitrage rebate liabilities

Arbitrage represents the difference or “spread” between lower interest rates on tax-exempt government securities and the higher interest on taxable investment securities. The Internal Revenue Code requires local governments to rebate arbitrage earnings to the federal government every five years for as long as the local government has tax-exempt bonds outstanding. No estimate of potential liability, if any, has been made on the accompanying financial statements.

NOTE 5 – ADVANCED REFUNDING AND PRIOR YEAR DEFEASANCE OF DEBT

In prior years, the Board defeased certain revenue bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the Board’s financial statements. At March 31, 2011 and 2010, there are no bonds outstanding considered defeased from prior years.

Also in prior years, the advance refundings resulted in book losses that are being amortized over the original remaining life of the old bonds that were defeased or the life of the new bonds, whichever is shorter. The unamortized losses at March 31, 2011 and 2010 are shown on the balance sheets as deferred loss on refunding. Amortization has been included in interest expense and was \$31,839 and \$29,712 for the years ended March 31, 2011 and 2010, respectively.

GAFFNEY BOARD OF PUBLIC WORKS
 NOTES TO FINANCIAL STATEMENTS - CONTINUED
 MARCH 31, 2011 AND 2010

NOTE 6 - RETIREMENT PLAN

A. Plan Description

The Gaffney Board of Public Works is a member of the South Carolina Retirement System (SCRS), one of four defined benefit retirement systems maintained by the Retirement Division of the State Budget and Control Board of South Carolina. Each system publishes its own component unit financial report.

The SCRS provides retirement, death, and disability benefits to State employees, public school employees, and employees of counties, municipalities, and certain other State political subdivisions. Each system is independent. Assets may not be transferred from one system to another or used for any purpose other than to benefit each system's participants.

A comprehensive annual financial report containing financial statement and required supplementary information for the South Carolina Retirement Board and Police Officers' Retirement Board is issued and publicly available by writing the South Carolina Retirement Board, Post Office Box 11960, Columbia, South Carolina 29211-1960.

B. Funding and Benefit Policies

Title 9 of the South Carolina Code of Laws of 1976 (as amended) prescribes requirements relating to membership, benefits, and employee/employer contributions for each Board. The following paragraphs summarize the requirements for the SCRS.

SCRS is a cost-sharing multiple-employer pension system that benefits employees of public schools, the State, and its political subdivisions including the Board. Membership is required as a condition of employment. Employees contribute at 6.50% of payroll and employers contribute at 9.24% of payroll. In addition to the above rates, participating employers of SCRS contribute .15% of payroll to provide a group life insurance benefit for their participants.

The Board's contributions are as follows:

Year Ended March 31	Employee Contributions	Percent of Covered Payroll	Employer Contributions	Percent of Covered Payroll	Total Contributions
2011	\$288,848	6.50%	\$429,539	9.24%	\$718,387
2010	\$267,229	6.50%	\$412,037	9.24%	\$679,266
2009	\$258,278	6.50%	\$435,714	9.24%	\$693,992

Actuarially determined contribution requirements are equal to the actual contributions made to SCRS.

GAFFNEY BOARD OF PUBLIC WORKS
NOTES TO FINANCIAL STATEMENTS - CONTINUED
MARCH 31, 2011 AND 2010

NOTE 7 - DEFERRED COMPENSATION PLANS

The Board offers its employees and Commissioners a deferred compensation plan through the South Carolina Deferred Compensation Commission, created in accordance with the Internal Revenue Code Sections 457 and 401(k). The plan, available to all Board employees and Commissioners, permits them to defer a portion of their salary, up to the maximum allowed by law, until future years. The Board does not "own" the amounts deferred by plan participants or the related income on those amounts and does not have a contractual liability to the plan participants, except as it relates to employer matching contributions. The Board matched employee contributions to the Section 457 and 401(k) plans dollar for dollar. The Board match for the fiscal years ended March 31, 2011 and 2010 was \$608,383 and \$558,468, respectively.

In addition, the Board matches contributions for selected management employees, up to the maximum amount allowed by the 457 and 401(k) plans and pays related personal income taxes, to nonqualified supplemental retirement plans. The Board's expense for the years ended March 31, 2011 and 2010 was \$77,400 and \$76,438, respectively, for the contributions and related income taxes.

NOTE 8 - POST RETIREMENT HEALTH CARE BENEFITS

Description

The Board, through its substantive commitment to provide other post-employment benefits (OPEB), maintains a single employer defined benefit plan to provide certain postretirement healthcare benefits. Commissioners and full-time employees and their dependent spouses that meet the plan's conditions at the time of retirement are eligible to receive retiree health care benefits at no cost to the retirees. Benefits provided include medical and dental insurance coverage. Because the Plan consists solely of the Board's firm commitment to provide OPEB through the payment of premiums to the State of South Carolina Insurance Benefits Program and the insurance reimbursement plan of the Board, no stand-alone financial report is either available or generated.

Funding Policy

As of March 31, 2011 and 2010, there were 28 and 29 employee retirees receiving benefits, respectively. The Plan is financed on a pay-as-you-go basis and through separate contributions to the Gaffney, SC Board of Public Works Retirement Benefits Trust, a voluntary employee benefit association (VEBA) trust, as determined annually by the Board. The VEBA trust is organized to fund the costs of medical coverage for eligible retirees and their dependents provided through the State of South Carolina Insurance Benefits Program and the insurance reimbursement plan of the Board. The VEBA trust fund balance as of March 31, 2011 and 2010 was \$5,414,149 and \$4,369,164, respectively.

Annual OPEB Cost and Net OPEB Obligation (Asset)

The Board's OPEB cost (expense) is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB 45. The ARC represents a level of funding that if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded (or overfunded) actuarial liabilities over a period not to exceed 30 years. The following table presents the OPEB cost for the year, the amount actually contributed and changes in the OPEB Plan for the years ended March 31, 2011 and 2010:

GAFFNEY BOARD OF PUBLIC WORKS
NOTES TO FINANCIAL STATEMENTS - CONTINUED
MARCH 31, 2011 AND 2010

NOTE 8 - POST RETIREMENT HEALTH CARE BENEFITS - CONTINUED

Annual OPEB Cost and Net OPEB Obligation (Asset) - continued

	Net OPEB Obligation (Asset)	
	2011	2010
Annual required contribution (ARC)	\$ 149,288	\$ 745,341
Interest on net OPEB obligation	(53,942)	(46,374)
Adjustment to ARC	52,831	44,149
Annual OPEB cost	148,177	743,116
Contributions made	(1,177,032)	(911,296)
Increase in net OPEB obligation (asset)	(1,028,855)	(168,180)
Net OPEB obligation (asset) - beginning of year	(1,198,722)	(1,030,542)
Net OPEB obligation (asset) - end of year	\$ (2,227,577)	\$ (1,198,722)

The Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan and the net OPEB obligation (asset) for the fiscal years ended March 31, 2011 and 2010 are as follows:

Year Ended	Annual OPEB Cost	% of OPEB Contributed	Net OPEB Obligation (Asset)
March 31, 2009	\$ 723,632	242.41%	\$ (1,030,542)
March 31, 2010	\$ 743,116	122.63%	\$ (1,198,722)
March 31, 2011	\$ 148,177	794.34%	\$ (2,227,577)

Funded Status and Funding Progress

As of March 31, 2010, the most recent actuarial valuation date, the plan was 110.64% funded. The actuarial accrued liability (AAL) for benefits was \$3,949,115, and the actuarial value of assets was \$4,369,164, resulting in an overfunded AAL of \$420,049. The covered payroll (annual payroll of active employees covered by the plan) was \$3,783,492, and the ratio of the overfunded AAL to the covered payroll was 11.10%. Under provisions of the Plan and GASB 45, the next scheduled actuarial evaluation is March 31, 2013.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the ARC of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The schedule of funding progress for retiree health plan, presented as RSI following the notes to financial statements, will present multiyear trend information about whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Because March 31, 2009 was the year of transition for GASB 45, requirements of GASB 45 have been implemented prospectively; therefore RSI does not reflect similar information respective of the two preceding years.

GAFFNEY BOARD OF PUBLIC WORKS
NOTES TO FINANCIAL STATEMENTS - CONTINUED
MARCH 31, 2011 AND 2010

NOTE 8 - POST RETIREMENT HEALTH CARE BENEFITS - CONTINUED

Actuarial Methods and Assumptions

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

In the March 31, 2010 actuarial valuation, the Projected Unit Credit Cost Method was used. The actuarial assumptions included a 4.50% investment rate of return (net of administrative expenses) and payroll growth of 3.00%. Actuarial assumptions also included an annual healthcare cost trend rate of 20.94% initially, reduced by decrements to an ultimate rate of 4.50% in 11 years. Both rates include a 3.00% inflation assumption. The actuarial value of assets was set equal to the reported market value of assets. The overfunded AAL is being amortized as a level percent of payroll required to fully amortize the overfunded AAL over a closed 28 year period, beginning March 31, 2010.

NOTE 9 - EMPLOYMENT AGREEMENTS

The Board has employment agreements with the two (2) management employees. The general manager's employment agreement provides for a minimum base salary, various benefits and a six (6) year severance package in the event of termination without cause. The operations engineer's employment agreement provides for a minimum base salary, various benefits and a three (3) year severance package in the event of termination without cause.

NOTE 10 - RISK MANAGEMENT

The Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Board is insured under policies through the South Carolina Office of Insurance Services, South Carolina Reserve Fund (the Fund) that is a public entity risk pool. The Board pays premiums to the Fund for its general liability, property and accidental insurance. The agreement for formation of the Fund provides that the Fund will be self-sustaining through member premiums and will reinsure through commercial companies for each insured event.

It is the policy of the Board to provide group health insurance for substantially all of its full time employees and Commissioners under various Blue Cross Blue Shield of South Carolina plans. The Board pays the employee and qualifying dependent premiums for this insurance plan. The standard plan pays 80% and the employee pays 20% of claims up to a maximum of \$1,000,000 lifetime. The employee pays an annual deductible of \$250 per individual or \$500 per family. In addition to this plan, the Board provides employees and Commissioners with a health reimbursement account intended to assist in payment of increased deductibles and out of pocket medical, dental, vision and prescription expenses. The Board's total expense for these health plans for the fiscal years ended March 31, 2011 and 2010 was approximately \$1,306,247 and \$1,131,014, respectively.

GAFFNEY BOARD OF PUBLIC WORKS
NOTES TO FINANCIAL STATEMENTS - CONTINUED
MARCH 31, 2011 AND 2010

NOTE 10 - RISK MANAGEMENT - CONTINUED

The Board also participates in the South Carolina Municipal Insurance Trust for workers compensation insurance coverage up to the statutory limits.

NOTE 11 - INTERDEPARTMENTAL ALLOCATION OF COSTS

The Board records on its books, costs allocated to various departments, with the offsetting expense charged to the individual department. These amounts are included in the utility expenses of the administrative, service, warehouse, water and sewer departments, and the offset is shown as a reduction of the total expenses of the water, sewer and electrical departments.

NOTE 12 - FRANCHISE FEES

The Board pays the City of Gaffney a fee of 3.05% of electricity sales. For the fiscal years ended March 31, 2011 and 2010, the Board paid the City \$590,419 and \$561,977, respectively, in franchise fees.

NOTE 13 - COMMITMENTS AND CONTINGENCIES

A. Piedmont Municipal Power Agency

The City of Gaffney is a charter 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, 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 and therefore the Board has agreed pursuant to the Catawba Nuclear Project Power Sales Agreement, in exchange for a share of the power and energy from the Catawba Nuclear Station, to take or pay for the cost of its share (10.05%) 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. In addition, if any other party to the agreement defaults, the City/Board's share of the Project output would increase pro rata by a maximum of 25% of the nondefaulting participant's Catawba share prior to any such increases. The Sales Agreement is in effect until the later of January 1, 2022 or the completion of payment and satisfaction of bond obligations under the agreement. In no case may the agreement extend beyond August 1, 2035.

The City/Board is also party to a Supplemental Power Sales Agreement with PMPA under which it has agreed to take and pay for electric power and energy requirements in excess of those supplied under the Power Sales Agreement. The term of this agreement is for 30 years from August 1, 1980 with one automatic 20-year renewal unless the City/Board notifies PMPA 10 years before the expiration of the original term.

The City and the Board are not required to make any payments to PMPA under these agreements except from the revenues of its electric system.

GAFFNEY BOARD OF PUBLIC WORKS
 NOTES TO FINANCIAL STATEMENTS - CONTINUED
 MARCH 31, 2011 AND 2010

NOTE 13 - COMMITMENTS AND CONTINGENCIES - CONTINUED

A. Piedmont Municipal Power Agency - continued

For the years ended March 31, 2011 and 2010, the Board's purchased power expense from PMPA was \$16,553,603 and \$15,170,265, respectively. Also, the amount included in accrued expenses for accrued purchased power from PMPA at March 31, 2011 and 2010 is \$1,318,374 and \$1,203,101, respectively.

B. Annual Leave/PTO

As described more fully in Note 1, the total amount of PTO accumulated and unused, as of March 31, 2011 and 2010 is as follows:

	2011	2010
Beginning of the year liability	\$ 279,298	\$ 265,311
Increase	375,368	297,674
Decrease	(315,214)	(283,687)
End of year liability	\$ 339,452	\$ 279,298

C. Unemployment Compensation

The Board is required to pay unemployment compensation on covered employees. It has chosen the alternative of paying claims as billed by the South Carolina Employment Security Commission. However, under this method of funding, no accurate estimate of potential liability has been made.

D. Contract Commitments

There were no outstanding commitments on construction contracts at March 31, 2011 and 2010.

E. Litigation

Due to the nature of the Board's normal operating activities, it is routinely subject to a variety of claims and demands by various individuals and entities. At the present time, the Board is not involved in any additional litigation that in management's opinion represents a material potential liability.

NOTE 14 - RECLASSIFICATIONS

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements.

NOTE 15 - SUBSEQUENT EVENT

The financial statements were available to be issued July 11, 2011. Management has evaluated subsequent events through that date and determined that nothing occurred that required disclosure.

REQUIRED SUPPLEMENTARY INFORMATION

GAFFNEY BOARD OF PUBLIC WORKS
 SCHEDULE OF FUNDING PROGRESS FOR RETIREE HEALTH PLAN
 MARCH 31, 2011 AND 2010

Actuarial Valuation Date March 31,	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) (B)	Unfunded (Overfunded) AAL (B - A)	Ratio of Funded Obligation (A / B)	Covered Payroll (C)	Unfunded (Overfunded) AAL as a % of Covered Payroll ((B - A) / C)
2008	\$ 2,073,531	\$ 10,523,834	\$ 8,450,303	19.70%	\$ 4,058,412	208.22%
2010	\$ 4,369,164	\$ 3,949,115	\$ (420,049)	110.64%	\$ 3,783,492	-11.10%

Note: Under provisions of the Plan and GASB 45, actuarial evaluations are required every three years, with the next planned valuation scheduled for March 31, 2013.

SUPPLEMENTARY INFORMATION

GAFFNEY BOARD OF PUBLIC WORKS
SCHEDULES OF WATER DEPARTMENT OPERATIONS
FOR THE YEARS ENDED MARCH 31, 2011 AND 2010

	2011	2010
Operating Revenues		
Water sales	\$ 5,441,677	\$ 5,165,788
Other	429,573	488,026
Total Operating Revenues	<u>5,871,250</u>	<u>5,653,814</u>
Operating Expenses - Excluding Depreciation		
Plant		
Salaries and related payroll expenses	1,120,544	1,020,330
Uniforms	3,862	3,964
Training and schools	2,049	2,996
Professional fees	32,520	33,893
Postage	867	929
Telephone	6,459	6,939
Insurance	21,646	24,624
Vehicle expense	6,467	5,984
Equipment maintenance and operation	162,910	144,176
Building and grounds maintenance	32,273	36,457
Materials and supplies	39,658	15,166
Chemicals	184,146	195,807
Other expenses	1,683	3,694
Bad debts - net	11,714	16,080
Lab expense	38,893	29,483
Landfill disposal costs	27,966	30,155
Other post-employment benefits	48,666	241,827
Utilities	817,156	709,758
Scholarship program	2,000	1,616
	<u>2,561,479</u>	<u>2,523,878</u>
Maintenance		
Salaries and related payroll expenses	1,204,421	1,148,815
Uniforms	6,116	3,112
Training and schools	2,202	1,730
Professional fees	5,335	5,425
Telephone	6,133	6,902
Insurance	20,830	20,881
Vehicle expense	47,923	38,841
Equipment maintenance and operation	124,774	84,495
Materials and supplies	113,662	93,986
Other expenses	103	109
Utilities	7,053	8,070
Scholarship program	90	195
	<u>1,538,642</u>	<u>1,412,561</u>
Costs allocated to other departments	<u>(133,172)</u>	<u>(140,588)</u>
Total Operating Expenses - Excluding Depreciation	<u>3,966,949</u>	<u>3,795,851</u>
Depreciation		
Plant depreciation	1,702,225	1,791,423
Maintenance depreciation	116,400	120,197
	<u>1,818,625</u>	<u>1,911,620</u>
Total Operating Expenses	<u>5,785,574</u>	<u>5,707,471</u>
Operating Income (Loss)	<u>\$ 85,676</u>	<u>\$ (53,657)</u>

GAFFNEY BOARD OF PUBLIC WORKS
SCHEDULES OF SEWER DEPARTMENT OPERATIONS
FOR THE YEARS ENDED MARCH 31, 2011 AND 2010

	2011	2010
Operating Revenues		
Sewer	\$ 5,216,497	\$ 4,914,420
Other	125,512	61,009
Total Operating Revenues	<u>5,342,009</u>	<u>4,975,429</u>
Operating Expenses - Excluding Depreciation		
Plant		
Salaries and related payroll expenses	832,969	814,487
Uniforms	4,863	5,351
Training and schools	3,294	2,433
Professional fees	13,584	17,484
Public relations	-	50
Postage	27	44
Telephone	6,003	5,387
Insurance	20,203	22,577
Vehicle expense	15,180	10,944
Equipment maintenance and operation	56,926	63,887
Building and grounds maintenance	25,413	27,307
Materials and supplies	16,630	16,613
Chemicals	70,712	73,445
Other expenses	415	371
Bad debts - net	9,993	16,171
Lab expense	37,926	38,376
Landfill disposal costs	235,112	190,783
Other post-employment benefits	46,615	223,949
Utilities	772,022	811,984
Scholarship program	1,000	4,000
	<u>2,168,887</u>	<u>2,345,643</u>
Maintenance		
Salaries and related payroll expenses	383,744	344,131
Uniforms	3,351	3,345
Training and schools	1,979	1,255
Professional fees	4,715	4,480
Telephone	6,133	6,135
Insurance	19,784	22,128
Vehicle expense	5,257	10,855
Equipment maintenance and operation	9,517	6,653
Materials and supplies	47,586	45,582
Other expenses	108	424
Utilities	6,466	7,397
Scholarship program	90	195
	<u>488,730</u>	<u>452,580</u>
Costs allocated to other departments	(228,980)	(243,256)
Total Operating Expenses - Excluding Depreciation	<u>2,428,637</u>	<u>2,554,967</u>
Depreciation		
Plant depreciation	992,487	1,017,754
Maintenance depreciation	111,163	85,050
	<u>1,103,650</u>	<u>1,102,804</u>
Total Operating Expenses	<u>3,532,287</u>	<u>3,657,771</u>
Operating Income	<u>\$ 1,809,722</u>	<u>\$ 1,317,658</u>

GAFFNEY BOARD OF PUBLIC WORKS
SCHEDULES OF ELECTRICAL DEPARTMENT OPERATIONS
FOR THE YEARS ENDED MARCH 31, 2011 AND 2010

	2011	2010
Operating Revenues		
Electric sales	\$ 20,036,700	\$ 19,113,377
Other	396,778	368,945
Total Operating Revenues	20,433,478	19,482,322
Operating Expenses - Excluding Depreciation		
Power purchased	17,274,243	15,681,833
Line expenses		
Salaries and related payroll expenses	1,257,488	1,194,293
Uniforms	16,139	13,373
Training and schools	4,164	912
Professional fees	15,240	10,592
Telephone	8,261	8,407
Insurance	55,858	58,992
Vehicle expense	38,502	30,926
Equipment maintenance and operation	86,533	100,725
Building and grounds maintenance	8,972	7,742
Materials and supplies	75,315	85,643
Other expenses	4,799	10,567
Bad debts - net	1,216	1,495
Franchise fees	590,419	561,977
Contract services	144,636	142,317
Other post-employment benefits	47,657	232,697
Utilities	23,534	26,267
	19,652,976	18,168,758
Costs allocated to other departments	(1,262,137)	(1,185,741)
Total Operating Expenses - Excluding Depreciation	18,390,839	16,983,017
Depreciation		
Line Depreciation	1,236,737	1,255,191
Total Operating Expenses	19,627,576	18,238,208
Operating Income	\$ 805,902	\$ 1,244,114

GAFFNEY BOARD OF PUBLIC WORKS
SCHEDULES OF WAREHOUSE AND ADMINISTRATIVE EXPENSES
FOR THE YEARS ENDED MARCH 31, 2011 AND 2010

	2011	2010
Warehouse		
Salaries and related payroll expenses	\$ 286,754	\$ 252,745
Uniforms	1,010	994
Training and schools	7,566	1,896
Professional fees	1,485	1,712
Postage	2,099	1,651
Telephone	3,124	2,830
Insurance	6,934	7,473
Vehicle expense	370	-
Equipment maintenance and operation	6,823	3,059
Building and grounds maintenance	767	300
Materials and supplies	3,072	5,494
Other expenses	42	35
Other post-employment benefits	2,535	15,865
Utilities	15,283	17,484
	<u>337,864</u>	<u>311,538</u>
Administrative		
Salaries and related payroll expenses	2,261,912	2,147,459
Uniforms	5,926	208
Training and schools	29,946	15,448
Professional fees	59,652	60,757
Public relations	33,282	25,736
Postage	2,807	2,809
Telephone	18,051	19,698
Insurance	25,828	32,564
Vehicle expense	2,883	10,235
Equipment maintenance and operation	20,676	21,648
Building and grounds maintenance	48,125	41,427
Materials and supplies	82,882	92,789
Other expenses	26,016	23,258
Computer processing	38,376	60,803
Other post-employment benefits	2,704	28,778
Utilities	21,577	23,733
Scholarship program	6,000	8,000
	<u>2,686,643</u>	<u>2,615,350</u>
Total Warehouse and Administrative Expenses - Excluding Depreciation	3,024,507	2,926,888
Depreciation		
Warehouse depreciation	92,730	113,277
Administration depreciation	70,831	94,578
	<u>163,561</u>	<u>207,855</u>
Total Warehouse and Administrative Expenses	<u>\$ 3,188,068</u>	<u>\$ 3,134,743</u>

**III. STATISTICAL SECTION
(UNAUDITED)**

Statistical Section

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

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the Board's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the Board's most significant revenue source, user charges.

Debt Capacity

These schedules present information to help the reader assess the affordability of the Board's current levels of outstanding debt and the Board's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Board's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the Board's financial report relates to the services the Board 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. The Board implemented GASB 34 in the year ended March 31, 2003, therefore certain schedules do not contain information prior to this year.

Table 1

Net Assets by Component

Fiscal Year	Invested in Capital		Unrestricted	Total Net Assets
	Assets, Net of Related Debt	Restricted		
2011	\$ 27,406,721	\$ 332,000	\$ 26,726,222	\$ 54,464,943
2010	29,534,649	332,000	25,390,868	55,257,517
2009	31,729,676	-	24,031,406	55,761,082
2008	35,582,627	-	23,153,746	58,736,373
2007	37,706,073	-	22,737,324	60,443,397
2006	38,971,856	-	22,661,806	61,633,662
2005	41,792,112	-	22,437,687	64,229,799
2004	46,446,374	-	20,023,432	66,469,806
2003	46,924,025	-	21,516,998	68,441,023

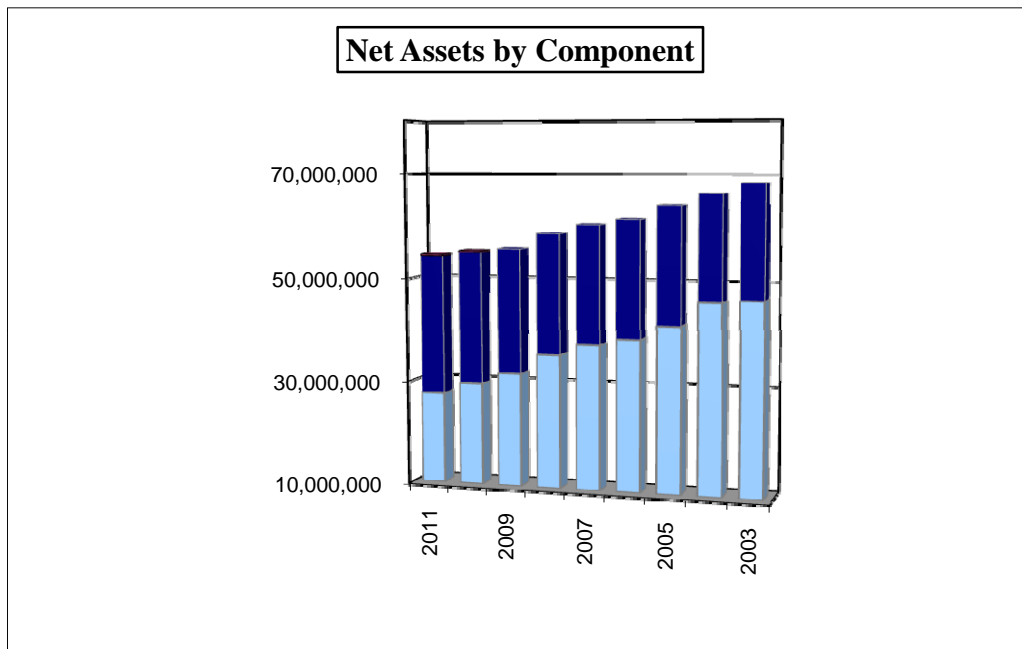


Table 2

Changes in Net Assets

	FY 2011	FY 2010	FY 2009	FY 2008	FY 2007	FY 2006	FY 2005	FY 2004	FY 2003
Revenues									
Operating Revenue									
Water Department	\$ 5,871,250	\$ 5,653,814	\$ 5,205,513	\$ 5,597,149	\$ 5,054,359	\$ 4,810,342	\$ 4,866,970	\$ 4,738,437	\$ 5,058,394
Sewer Department	5,342,009	4,975,429	4,899,129	5,273,289	5,047,793	4,651,535	4,486,256	4,390,885	4,552,008
Electrical Department	20,433,478	19,482,322	18,635,803	18,885,627	17,225,746	17,042,073	16,301,783	16,166,240	16,549,778
Non-Operating Revenue	109,895	219,855	479,885	1,134,852	1,171,071	716,375	313,213	271,683	571,199
Total Revenues	<u>31,756,632</u>	<u>30,331,420</u>	<u>29,220,330</u>	<u>30,890,917</u>	<u>28,498,969</u>	<u>27,220,325</u>	<u>25,968,222</u>	<u>25,567,245</u>	<u>26,731,379</u>
Expenses									
Operating Expenses, Excluding Depreciation									
Water Department	3,966,949	3,795,851	4,353,679	4,676,445	3,937,989	3,567,289	3,311,106	2,979,523	2,994,026
Sewer Department	2,428,637	2,554,967	2,654,926	2,898,835	2,598,495	2,730,892	2,269,976	2,090,988	2,011,697
Electrical Department	18,390,839	16,983,017	16,708,331	16,587,006	15,115,929	15,087,647	13,515,458	13,602,935	13,556,127
Service, Warehouse and Administrative Departments	3,024,507	2,926,888	3,137,955	3,536,316	2,757,229	2,792,245	2,760,772	2,695,698	2,571,195
Depreciation Expense	4,322,573	4,477,470	4,944,567	5,171,491	5,214,926	5,242,744	4,973,715	4,744,729	4,610,152
Non-Operating Expenses	487,513	474,706	567,335	584,477	640,843	395,645	462,209	474,461	488,782
Total Expenses	<u>32,621,018</u>	<u>31,212,899</u>	<u>32,366,793</u>	<u>33,454,570</u>	<u>30,265,411</u>	<u>29,816,462</u>	<u>27,293,236</u>	<u>26,588,334</u>	<u>26,231,979</u>
Excess (Deficiency), Before Capital Contributions	(864,386)	(881,479)	(3,146,463)	(2,563,653)	(1,766,442)	(2,596,137)	(1,325,014)	(1,021,089)	499,400
Capital Contributions	<u>71,812</u>	<u>377,914</u>	<u>171,172</u>	<u>856,629</u>	<u>576,177</u>	<u>-</u>	<u>472,900</u>	<u>49,872</u>	<u>442,605</u>
Increase (Decrease) in Net Assets	(792,574)	(503,565)	(2,975,291)	(1,707,024)	(1,190,265)	(2,596,137)	(852,114)	(971,217)	942,005
Net Assets, Beginning of Year	<u>55,257,517</u>	<u>55,761,082</u>	<u>58,736,373</u>	<u>60,443,397</u>	<u>61,633,662</u>	<u>64,229,799</u>	<u>66,469,806</u>	<u>67,441,023</u>	<u>66,270,976</u>
Prior Period Adjustment	-	-	-	-	-	-	(1,387,893)	-	228,042
Net Assets, End of Year	<u>\$ 54,464,943</u>	<u>\$ 55,257,517</u>	<u>\$ 55,761,082</u>	<u>\$ 58,736,373</u>	<u>\$ 60,443,397</u>	<u>\$ 61,633,662</u>	<u>\$ 64,229,799</u>	<u>\$ 66,469,806</u>	<u>\$ 67,441,023</u>

(37)

Table 3

Schedule of Revenues by Source

Fiscal Year	Operating Revenues			Non Operating Revenues		Total Revenue
	Water	Sewer	Electric	Interest Income	Misc. Income	
2011	\$ 5,871,250	\$ 5,342,009	\$ 20,433,478	\$ 73,075	\$ 36,820	\$ 31,756,632
2010	5,653,814	4,975,429	19,482,322	186,837	33,018	30,331,420
2009	5,205,513	4,899,129	18,635,803	416,679	63,206	29,220,330
2008	5,597,149	5,273,289	18,885,627	1,079,001	55,851	30,890,917
2007	5,054,359	5,047,793	17,225,746	1,144,436	26,635	28,498,969
2006	4,810,342	4,651,535	17,042,073	699,936	16,439	27,220,325
2005	4,866,970	4,486,256	16,301,783	279,611	33,602	25,968,222
2004	4,738,437	4,390,885	16,166,240	269,389	2,294	25,567,245
2003	5,058,394	4,552,008	16,549,778	465,125	106,074	26,731,379
2002	5,386,581	4,604,741	15,806,105	657,886	-	26,455,313

Table 4

**Electric Service Operating Expenses
For The Fiscal Years Ended March 31, 2002 Through 2011**

<u>EXPENSES</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Power Purchased	\$ 12,238,470	\$ 12,875,171	\$ 12,682,772	\$ 12,577,083	\$ 13,616,111	\$ 14,042,199	\$ 15,151,293	\$ 15,308,495	\$ 15,681,833	\$ 17,274,243
Salaries	803,118	906,576	966,657	1,073,427	1,151,716	1,101,548	1,399,127	1,135,269	1,194,293	1,257,488
Uniforms	11,378	14,142	13,131	13,895	16,535	12,618	13,469	14,057	13,373	16,139
Training & Schools	6,545	14,635	12,512	7,672	12,466	17,168	28,116	23,313	912	4,164
Professional Fees	29,836	1,698	87,869	60,407	4,111	20,660	6,315	13,307	10,592	15,240
Postage	-	-	900	-	-	-	-	-	-	-
Telephone	5,875	5,272	7,891	5,972	4,986	4,141	5,696	7,981	8,407	8,261
Insurance	42,093	63,454	51,617	57,946	72,017	78,352	80,652	64,470	58,992	55,858
Vehicle Expense	33,123	20,974	46,122	46,078	45,774	48,453	47,717	61,910	30,926	38,502
Equip O & M	173,918	72,419	100,367	76,196	117,840	115,381	176,833	157,566	100,725	86,533
Bldg Grnd & Maint.	555	9,100	9,251	10,974	9,850	10,754	11,071	11,188	7,742	8,972
(39) Materials & Supplies	84,634	106,353	59,610	71,016	113,029	98,684	97,368	94,609	85,643	75,315
Depreciation	1,545,982	1,530,476	1,521,988	1,547,048	1,638,564	1,600,790	1,625,654	1,478,181	1,255,191	1,236,737
Other Expenses	22,008	17,012	13,378	25,408	24,768	31,249	30,232	21,858	10,567	4,799
Bad Debts - Net	(1,035)	15,597	25,355	4,818	1,605	42,728	(37,729)	1,114	1,495	1,216
Computer Processing	-	-	115	-	-	-	218	-	-	-
Franchise Fee	445,143	480,836	461,786	470,173	493,875	496,368	549,083	540,622	561,977	590,419
Post Empl. Benefits	73,655	59,869	79,353	84,012	70,271	82,613	100,000	226,214	232,697	47,657
Contract Services	-	-	-	-	435,526	100,000	132,349	132,111	142,317	144,636
Utilities	21,688	23,286	23,926	21,419	21,759	23,424	24,045	23,154	26,267	23,534
Costs Allocated to Other Depts.	(1,116,175)	(1,130,266)	(1,039,676)	(1,091,038)	(1,124,592)	(1,210,411)	(1,228,849)	(1,128,907)	(1,185,741)	(1,262,137)
TOTAL	\$ 14,420,811	\$ 15,086,604	\$ 15,124,924	\$ 15,062,506	\$ 16,726,211	\$ 16,716,719	\$ 18,212,660	\$ 18,186,512	\$ 18,238,208	\$ 19,627,576

Table 5

**Water Service Operating Expenses
For The Fiscal Years Ended March 31, 2002 Through 2011**

<u>EXPENSES</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Salaries	\$ 1,257,062	\$ 1,287,942	\$ 1,413,098	\$ 1,677,695	\$ 1,625,572	\$ 1,951,313	\$ 2,671,362	\$ 2,250,014	\$ 2,169,145	\$ 2,324,965
Uniforms	7,409	9,010	10,868	7,610	9,311	8,060	8,312	9,017	7,076	9,978
Training & Schools	5,422	6,936	7,797	5,770	4,363	7,682	5,640	6,249	4,726	4,251
Professional Fees	25,976	22,844	223,629	53,488	30,398	41,289	58,961	246,492	39,318	37,855
Postage	484	137	2,645	1,079	1,834	3,029	1,460	1,587	929	867
Telephone	9,719	8,739	11,538	12,020	13,673	14,856	19,023	13,928	13,841	12,592
Insurance	39,175	29,839	55,338	54,245	67,024	60,073	58,161	59,974	45,505	42,476
Vehicle Expense	15,230	18,882	28,518	46,192	53,388	53,754	58,746	73,488	44,825	54,390
Equip O & M	242,376	486,044	243,547	190,330	224,030	336,029	312,467	235,571	228,671	287,684
Bldg Grnds & Maint.	23,071	80,377	57,392	106,006	44,384	71,882	56,307	56,322	36,457	32,273
Materials & Supplies	287,141	223,107	245,797	350,634	322,701	422,529	420,397	433,893	109,152	153,320
Chemicals	-	-	-	-	-	-	-	-	195,807	184,146
Depreciation	1,377,487	1,420,770	1,428,854	1,651,612	1,941,918	2,014,359	2,011,567	2,109,829	1,911,620	1,818,625
Other Expenses	99,723	17,684	15,301	51,293	28,070	31,683	20,761	21,575	3,803	1,786
Bad Debts-Net	26,238	36,752	33,261	34,587	13,142	51,686	7,668	11,896	16,080	11,714
Lab Expense	21,278	23,405	33,743	39,400	42,400	31,922	41,927	41,026	29,483	38,893
Landfill Costs	-	66,291	6,435	21,879	5,967	38,922	42,874	9,118	30,155	27,966
Post Employ. Benefits	-	-	-	-	435,525	100,000	100,000	234,687	241,827	48,666
Sholarship Program	-	-	-	-	-	-	-	1,000	1,811	2,090
Utilities	831,028	879,673	754,170	791,331	772,041	819,086	924,390	779,032	717,828	824,209
Costs Allocated to Other Depts.	(171,925)	(203,636)	(163,554)	(132,453)	(126,534)	(105,806)	(132,011)	(131,190)	(140,588)	(133,172)
TOTAL	\$ 4,096,894	\$ 4,414,796	\$ 4,408,377	\$ 4,962,718	\$ 5,509,207	\$ 5,952,348	\$ 6,688,012	\$ 6,463,508	\$ 5,707,471	\$ 5,785,574

(40)

Table 6

**Sewer Service Operating Expenses
For The Fiscal Years Ended March 31, 2002 Through 2011**

<u>EXPENSES</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Salaries	\$ 844,725	\$ 870,191	\$ 886,838	\$ 1,068,058	\$ 1,086,810	\$ 1,101,704	\$ 1,609,789	\$ 1,212,634	\$ 1,158,618	\$ 1,216,713
Uniforms	8,789	10,058	8,295	5,420	8,189	6,418	7,706	7,971	8,696	8,214
Training & Schools	8,774	5,990	5,223	9,002	7,111	10,462	8,734	5,678	3,688	5,273
Professional Fees	10,000	2,644	10,585	21,000	3,750	13,246	(8,456)	1,680	21,964	18,299
Public Relations	-	-	-	-	-	-	-	-	50	-
Postage	604	177	819	65	95	52	93	45	44	27
Telephone	12,408	14,869	20,015	15,395	18,269	18,526	8,611	10,453	11,522	12,136
Insurance	50,494	58,559	42,683	52,349	53,541	51,040	58,874	62,514	44,705	39,987
Vehicle Expense	23,059	23,716	20,938	18,336	17,953	27,218	32,302	42,792	21,799	20,437
Equip O & M	78,209	191,173	140,061	126,958	82,837	130,489	166,807	146,889	70,540	66,443
Bldg Grnd & Maint	2,124	36,151	36,705	58,518	39,757	47,376	36,124	34,997	27,307	25,413
Materials & Supplies	76,552	62,213	69,971	86,037	88,795	109,044	103,727	108,586	62,195	64,216
Chemicals	-	-	-	-	-	-	-	-	73,445	70,712
Depreciation	1,311,021	1,410,285	1,516,289	1,531,706	1,441,438	1,402,201	1,317,657	1,137,185	1,102,804	1,103,650
Other Expenses	13,519	10,818	14,784	18,391	16,237	12,865	26,187	20,228	795	523
Bad Debt - Net	29,070	38,745	35,373	35,789	16,737	51,383	4,387	12,672	16,171	9,993
Lab Expense	55,363	99,608	151,447	39,995	58,996	70,593	53,067	54,927	38,376	37,926
Landfill Cost	281,903	171,216	238,467	312,617	345,430	379,979	275,931	242,335	190,783	235,112
Post Employ. Benefits	-	-	-	-	435,525	100,000	100,000	226,214	223,949	46,615
Utilities	728,278	785,425	698,834	638,206	678,025	656,341	644,813	682,115	819,381	778,488
Power Purchased	-	-	-	-	-	-	-	2,646	-	-
Contract Services	133,864	-	-	-	-	-	3,353	-	-	-
Scholarship Program	-	-	-	-	-	-	3,210	8,757	4,195	1,090
Costs Allocated to Other Depts.	(304,110)	(369,856)	(290,050)	(236,160)	(227,165)	(188,241)	(236,424)	(229,207)	(243,256)	(228,980)
TOTAL	\$ 3,364,646	\$ 3,421,982	\$ 3,607,277	\$ 3,801,682	\$ 4,172,330	\$ 4,000,696	\$ 4,216,492	\$ 3,792,111	\$ 3,657,771	\$ 3,532,287

(41)

Table 7

**Warehouse & Administrative Operating Expenses
For The Fiscal Years Ended March 31, 2002 Through 2011**

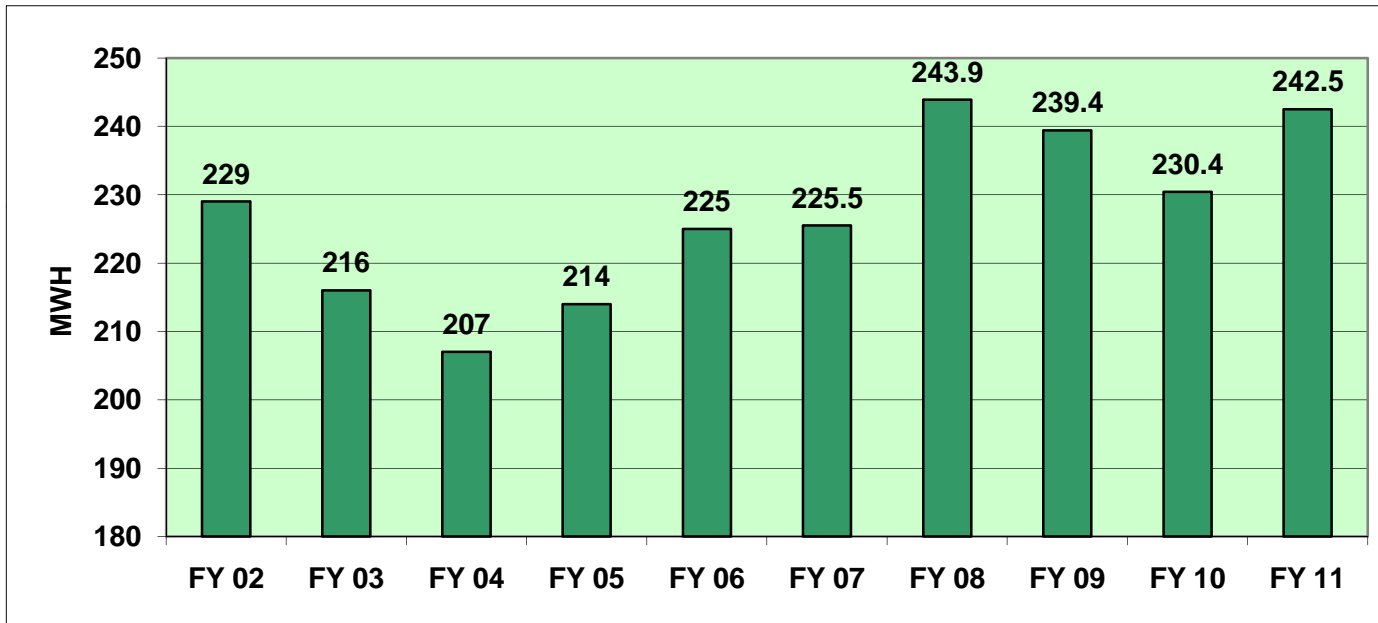
<u>EXPENSES</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Salaries	\$ 2,529,844	\$ 1,681,820	\$ 2,103,319	\$ 2,111,952	\$ 2,053,573	\$ 2,137,152	\$ 2,982,636	\$ 2,317,995	\$ 2,400,204	\$ 2,548,666
Uniforms	15,820	14,032	11,694	10,716	8,714	7,121	10,776	5,932	1,202	6,936
Training/Schools	43,368	34,019	33,647	23,646	24,617	32,375	25,556	44,742	17,344	37,512
Professional Fees	366,106	141,438	127,775	185,883	216,594	96,408	91,903	257,430	62,469	61,137
Public Relations	-	-	-	-	-	-	-	-	25,736	33,282
Telephone	50,523	50,598	41,460	31,773	35,158	35,658	38,414	22,818	22,528	21,175
Insurance	31,455	35,910	38,713	29,407	43,887	38,988	46,898	52,223	40,037	32,762
Vehicle Expense	25,685	23,870	26,945	11,101	9,846	11,512	13,029	13,672	10,235	3,253
Equip O & M	50,480	28,950	36,809	40,546	37,817	30,592	30,631	20,263	24,707	27,499
Bldg Grnd & Maint.	55,597	33,229	21,660	31,253	44,549	103,635	38,381	83,991	41,727	48,892
Postage	12,183	7,721	14,416	11,081	5,729	5,924	5,651	5,472	4,460	4,906
Materials & Supplies	79,804	89,082	96,522	90,050	86,982	107,403	99,216	115,542	98,283	85,954
Depreciation	247,761	248,622	277,598	243,349	220,824	197,576	216,613	219,372	207,855	163,561
Other Expenses	69,430	83,267	66,450	76,565	64,508	60,634	45,609	66,816	23,293	26,058
Computer Processing	72,231	82,472	40,241	77,283	129,775	56,982	70,232	56,022	60,803	38,376
Post Employ. Benefits	-	-	-	-	-	-	-	36,517	44,643	5,239
Utilities	33,068	36,744	36,047	29,516	30,496	32,845	32,899	33,520	41,217	36,860
Scholarship Program	-	-	-	-	-	-	4,485	5,000	8,000	6,000
TOTAL	\$ 3,683,355	\$ 2,591,774	\$ 2,973,296	\$ 3,004,121	\$ 3,013,069	\$ 2,954,805	\$ 3,752,929	\$ 3,357,327	\$ 3,134,743	\$ 3,188,068

(42)

Table 8

**Annual Billed Electric Usage
From the Fiscal Years Ended March 31, 2002 Through 2011**

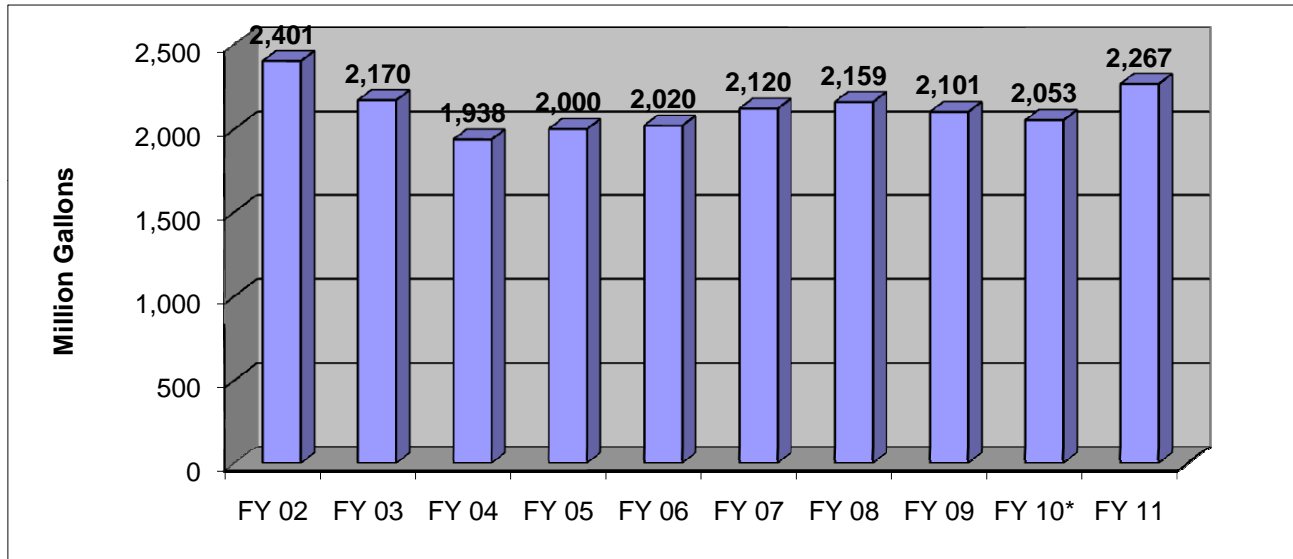
Annual Billed Electric Usage (MWH)										
Customer Category	FY 02	FY 03	FY 04	FY 05	FY 06	FY 07	FY 08	FY 09	FY 10	FY 11
Residential	72	71	67	69	70	69.5	71.3	71	73.5	77
Commercial	89	89	86	88	89	90.5	96	96	93	99
Industrial	45	35	34	36	45	43	54	52	43	46.5
Security Lights	4	3	4	4	3.5	3.5	3.4	3.6	3.7	3.7
Inter-Departmental	17	16	14	15	15.5	17	17	15	15	14
Municipal	0.7	0.7	0.7	0.7	0.7	0.7	0.9	0.5	0.9	0.9
Inter-Dept. Lights	0.3	0.3	0.3	0.3	0.3	0.3	0.1	0.1	0.1	0.1
City Lights	1	1	1	1	1	1	1.2	1.2	1.2	1.3
Total	229	216	207	214	225	225.5	243.9	239.4	230.4	242.5



(43)

Annual Billed Water Usage From the Fiscal Years Ended March 31, 2002 Through 2011

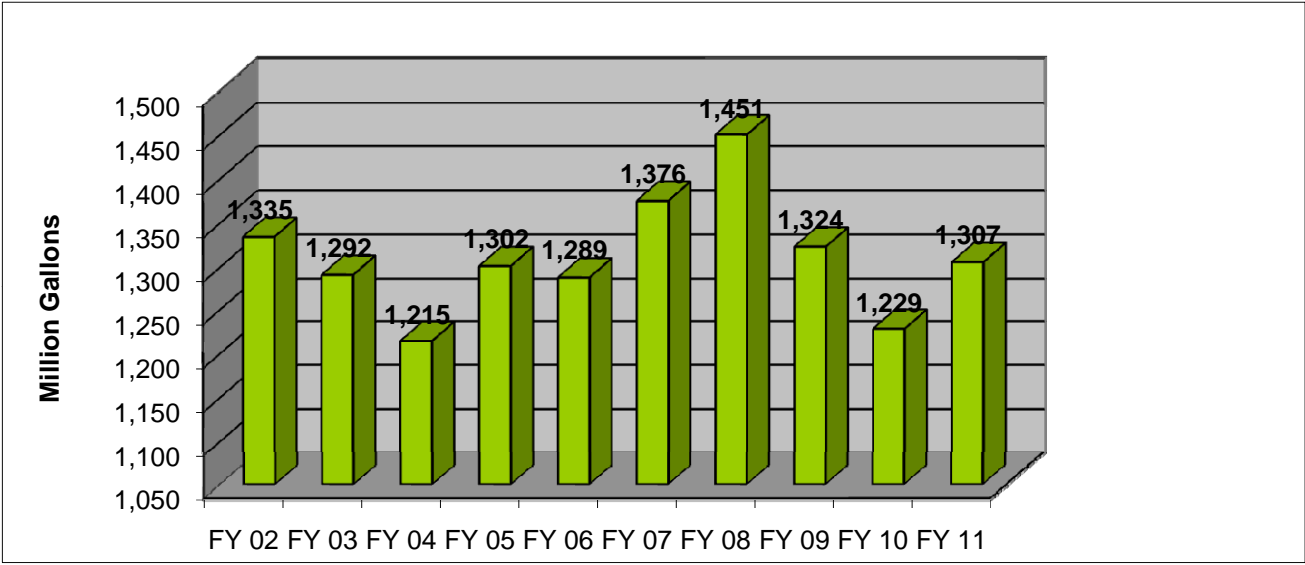
Annual Billed Water Usage (Million Gallons)										
Customer Category	FY 02	FY 03	FY 04	FY 05	FY 06	FY 07	FY 08	FY 09	FY 10*	FY 11
Residential	532	543	493	501	489	492	495	487	432	486
Commercial	224	217	236	200	213	226	199	202	181	206
Industrial	1,087	826	703	844	813	836	912	834	907.2	1,001
Water Districts	444	457	405	374	425	495	473	498	456	489
Inter-Departmental	99	108	84	68	65	53	56	63	64	65
City	3	2	2	2	2	2	3	3	2.4	3.5
Sprinklers	12	17	15	11	13	16	21	14	10.4	16.5
Total	2,401	2,170	1,938	2,000	2,020	2,120	2,159	2,101	2,053	2,267



*The 2010 totals have been revised due to an error found during the preparation of the 2011 report.

**Annual Billed Sewer Usage
From the Fiscal Years Ended March 31, 2002 Through 2011**

Annual Billed Sewer Usage (Million Gallons)										
Customer Category	FY 02	FY 03	FY 04	FY 05	FY 06	FY 07	FY 08	FY 09	FY 10	FY 11
Residential	369	375	344	351	337	338	345	365	328	336
Commercial	227	221	236	201	188	205	205	194	184	200
Industrial	641	586	547	681	698	778	834	700	658	704
Inter-Departmental	96	108	86	67	64	53	65	63	58	65
City	2	2	2	2	2	2	2	2	1	2
Total	1,335	1,292	1,215	1,302	1,289	1,376	1,451	1,324	1,229	1,307



(45)

Historical Average Residential Electric Rate

<u>Fiscal Year</u>	<u>Monthly Facilities Charge</u>	<u>Rate per KWH</u>	<u>Average Monthly Billing</u>
2011	\$13.75	\$0.07821	\$103.84
2010	\$13.75	\$0.07841	\$98.67
2009	\$13.06	\$0.07481	\$91.16
2008	\$13.06	\$0.07481	\$90.94
2007	\$12.06	\$0.07433	\$87.21
2006	\$12.06	\$0.07443	\$84.78
2005	\$12.06	\$0.07446	\$84.14
2004	\$12.06	\$0.07461	\$81.00
2003	\$12.06	\$0.07443	\$84.93
2002	\$12.06	\$0.07441	\$85.21

Note: Rates are based on:

1. User Charges in affect for each year.
2. The calculated monthly usage is the Annual Residential Billed Usage, shown in Table 8, divided by the Number of Residential Customers, shown in Table 14, for each year.

Historical Average Residential Water Rate

Fiscal Year	Inside the City			Outside the City		
	Monthly Minimum Charge	Rate per Gallon	Average Monthly Billing	Monthly Minimum Charge	Rate per Gallon	Average Monthly Billing
2011	\$9.25	\$0.00123	\$14.99	\$13.75	\$0.00219	\$23.98
2010	\$9.25	\$0.00123	\$14.36	\$13.75	\$0.00219	\$22.85
2009	\$8.60	\$0.00116	\$14.04	\$13.10	\$0.00209	\$22.89
2008	\$8.60	\$0.00116	\$14.19	\$13.10	\$0.00209	\$23.18
2007	\$7.54	\$0.00116	\$13.13	\$12.06	\$0.00209	\$22.13
2006	\$7.54	\$0.00116	\$13.02	\$12.06	\$0.00209	\$21.94
2005	\$7.54	\$0.00116	\$13.12	\$12.06	\$0.00209	\$22.11
2004	\$7.54	\$0.00116	\$13.09	\$12.06	\$0.00209	\$22.07
2003	\$7.54	\$0.00116	\$13.69	\$12.06	\$0.00209	\$23.14
2002	\$7.54	\$0.00116	\$13.54	\$12.06	\$0.00209	\$22.87

Note: Rates are based on:

1. User Charges in affect for each year.
2. The calculated monthly usage, which is the Annual Residential Billed Usage, shown in Table 9, divided by the Number of Residential Customers, shown in Table 15, for each year.

Historical Average Residential Sewer Rate

Fiscal Year	Inside the City			Outside the City		
	Monthly Minimum Charge	Rate per Gallon	Average Monthly Billing	Monthly Minimum Charge	Rate per Gallon	Average Monthly Billing
2011	\$8.75	\$0.00238	\$19.48	\$12.75	\$0.00323	\$27.34
2010	\$8.75	\$0.00238	\$19.18	\$12.75	\$0.00323	\$26.93
2009	\$8.10	\$0.00227	\$19.28	\$12.10	\$0.00209	\$22.41
2008	\$8.10	\$0.00227	\$18.93	\$12.10	\$0.00209	\$22.10
2007	\$7.04	\$0.00227	\$17.72	\$11.06	\$0.00209	\$20.91
2006	\$7.04	\$0.00227	\$17.45	\$11.06	\$0.00209	\$20.67
2005	\$7.04	\$0.00227	\$17.86	\$11.06	\$0.00209	\$21.04
2004	\$7.04	\$0.00227	\$17.73	\$11.06	\$0.00209	\$20.92
2003	\$7.04	\$0.00227	\$18.83	\$11.06	\$0.00209	\$21.94
2002	\$7.04	\$0.00227	\$18.51	\$11.06	\$0.00209	\$21.65

Note: Rates are based on:

1. User Charges in affect for each year
2. The calculated monthly usage, which is the Annual Residential Billed Usage, shown in Table 10, divided by the Number of Residential Customers, shown in Table 16, for each year.

**Number of Electric Customers by Customer Category
For the Fiscal Years Ended March 31, 2002 Through 2011**

Customer Category	Mar-02	Mar-03	Mar-04	Mar-05	Mar-06	Mar-07	Mar-08	Mar-09	Mar-10*	Mar-11
Residential	6,102	6,057	6,047	6,023	5,995	5,731	5,704	5,660	5,614	5,580
Commercial	1,130	1,143	1,164	1,176	1,181	1,446	1,495	1,582	1,617	1,627
Industrial	26	27	26	29	24	25	26	24	21	21
Security Lights	1,349	1,361	1,412	1,425	1,423	1,421	1,451	1,440	1,447	1,490
Inter-Departmental	17	18	19	20	22	22	22	22	21	20
City	20	23	25	22	21	21	21	24	24	23
Inter-Departmental Lights	14	13	14	14	16	18	18	18	18	18
City Lights	24	25	24	22	21	21	22	24	24	22
Total	8,682	8,667	8,731	8,731	8,703	8,705	8,759	8,794	8,786	8,801

* During preparation of the 2011 report, an error was found in the number of customers reported. The numbers shown have been corrected.

**Number of Water Customers by Customer Category
For the Fiscal Years Ended March 31, 2002 Through 2011**

Customer Category	Mar-02	Mar-03	Mar-04	Mar-05	Mar-06	Mar-07	Mar-08	Mar-09	Mar-10*	Mar-11
Residential	8,574	8,534	8,581	8,680	8,625	8,513	8,557	8,660	8,676*	8,684
Commercial	1,000	983	994	1,040	1,035	1,222	1,239	1,195	1,186	1,165
Industrial	52	53	51	63	62	60	58	57	69	54
Water District	10	10	10	10	10	10	10	10	10	10
Inter-Departmental	15	15	15	15	16	16	16	16	16	17
City	21	23	23	21	21	22	24	28	28	30
Sprinklers	46	64	74	87	94	100	104	111	114	121
Total	9,718	9,682	9,748	9,916	9,863	9,943	10,008	10,077	10,099	10,081

* During preparation of the 2011 report, an error was found in the number of customers reported. The numbers shown have been corrected.

**Number of Sewer Customers by Customer Category
For the Fiscal Years Ended March 31, 2002 Through 2011**

Customer Category	Mar-02	Mar-03	Mar-04	Mar-05	Mar-06	Mar-07	Mar-08	Mar-09	Mar-10*	Mar-11
Residential	6,071	6,002	6,074	6,123	6,109	5,973	6,010	6,164	6,216	6,209
Commercial	812	806	832	847	848	1,029	1,045	1,004	994	977
Industrial	40	42	44	48	47	46	44	43	43	42
Inter-Departmental	9	9	9	9	9	9	9	9	9	9
City	10	12	12	11	10	10	10	12	11	10
Total	6,942	6,871	6,971	7,038	7,023	7,067	7,118	7,232	7,273	7,247

*During preparation of the 2011 report, an error was found in the number of customers reported. The numbers shown have been corrected.

Ten Largest Electric Customers

	FY 2011			FY 2002				
	<u>Customer</u>	<u>Annual Usage (kwh)</u>	<u>Total Revenue</u>	<u>% Gross Revenue</u>	<u>Customer</u>	<u>Annual Usage (kwh)</u>	<u>Total Revenue</u>	<u>% Gross Revenue</u>
1.	Carthuplus	9,289,200	\$ 547,269	2.68%	1.	Prime Outlet	\$ 1,922	0.01%
2.	Brown Packing	7,322,566	546,889	2.68%	2.	Brown Packing	438,641	2.78%
3.	Carolina Cotton	6,609,000	462,934	2.27%	3.	Core Molding Tech.	249,105	1.58%
4.	Upstate Carolina Med.	5,463,000	377,895	1.85%	4.	Wal-Mart	266,602	1.69%
5.	Wal-Mart	5,440,896	294,857	1.44%	5.	Phoenix Finishing	161,267	1.02%
6.	Suminoe Textile	5,115,600	388,351	1.90%	6.	Upstate Carolina Med.	294,239	1.86%
7.	Core Molding Tech.	4,126,080	279,661	1.37%	7.	Carolina Cotton Works	244,145	1.54%
8.	Gaffney High School	3,809,962	305,179	1.49%	8.	Gaffney High School	168,763	1.07%
9.	Ingles on Baker Blvd.	2,584,400	168,225	0.82%	9.	Williams Travel Center	274,626	1.74%
10.	Ingles on Third Street	2,388,400	156,957	0.77%	10.	Hamrick Inc.	216,377	1.37%
	TOTAL		<u>\$3,528,217</u>	17.27%			<u>\$ 2,315,687</u>	14.65%

(52)

Ten Largest Water Customers

	FY 2011			FY 2002			
<u>Customer</u>	<u>Annual Usage (MG)</u>	<u>Total Revenue</u>	<u>% Gross Revenue</u>	<u>Customer</u>	<u>Annual Usage (MG)</u>	<u>Total Revenue</u>	<u>% Gross Revenue</u>
1. Nestle, USA	330	\$ 557,733	9.50%	1. Nestle, USA	444	\$ 678,810	12.60%
2. City of Blacksburg	183	331,047	5.64%	2. City of Blacksburg	211	332,480	6.17%
3. Cherokee County Co-Gen.	180	314,407	5.36%	3. Cherokee County Co-Gen.	175	278,848	5.18%
4. Draytonville Water District	134	253,512	4.32%	4. National Textiles	174	186,313	3.46%
(53) 5. Carolina Cotton Works	124	102,308	1.74%	5. Draytonville Water District	128	264,879	4.92%
6. Suminoe Textile	99	183,498	3.13%	6. Carolina Cotton Works	59.5	52,425	0.97%
7. Macedonia Water District	97	148,475	2.53%	7. Macedonia Water District	59	109,670	2.04%
8. Grassy Pond Water District	54	103,247	1.76%	8. Phoenix Finishing	57	47,555	0.88%
9. Brown Packing	50	52,795	0.90%	9. Brown Packing	68	32,574	0.60%
10. Goucher Water District	43	<u>87,186</u>	1.48%	10. Hamrick Inc.	50	<u>95,328</u>	1.77%
TOTAL		<u><u>\$2,134,208</u></u>	36.35%			<u><u>\$2,078,882</u></u>	38.59%

Table 19

Ten Largest Sewer Customers

	FY 2011			FY 2002			
<u>Customer</u>	<u>Annual Discharge (MG)</u>	<u>Total Revenue</u>	<u>% of Gross Revenue</u>	<u>Customer</u>	<u>Annual Discharge (MG)</u>	<u>Total Revenue</u>	<u>% of Gross Revenue</u>
1. Nestle, USA	240	\$864,916	16.19%	1. Nestle, USA	339	\$1,117,922	24.28%
2. Carolina Cotton Works	124	328,747	6.15%	2. Carolina Cotton Works	59.5	145,784	3.17%
3. Suminoe Textile	94	344,899	6.46%	3. Phoenix Finishing	58	133,334	2.90%
4. Brown Packing	50	132,728	2.48%	4. Brown Packing	52	81,228	1.76%
(5A) 5. Broad River Energy	30	115,229	2.16%	5. Hamrick Inc.	46	156,692	3.40%
6. Cherokee County Co-Gen.	25	98,169	1.84%	6. Cherokee County Co-Gen.	44	121,176	2.63%
7. Carthuplas	16	45,975	0.86%	7. Timken Company	17	62,330	1.35%
8. Timken Company	13	51,878	0.97%	8. Bommer Industries	16	58,079	1.26%
9. Springfield LLC	10	36,107	0.68%	9. Ametex Fabrics	9	41,227	0.90%
10. Prime Outlet	8	<u>24,913</u>	0.47%	10. Upstate Carolina Med.	9	<u>37,201</u>	0.81%
TOTAL		<u><u>\$2,043,561</u></u>	38.25%			<u><u>\$1,954,973</u></u>	42.46%

Table 20

Debt Outstanding

<u>Fiscal Year</u>	<u>Total Revenue Debt Outstanding</u>	<u>Per Capita(1)</u>	<u>As Share of Personal Income(2)</u>
2011	\$ 10,325,000	\$ 189	0.75%
2010	\$ 11,150,000	\$ 201	0.80%
2009	\$ 11,435,000	\$ 209	0.83%
2008	\$ 12,170,000	\$ 224	0.85%
2007	\$ 12,875,000	\$ 239	0.93%
2006	\$ 13,545,000	\$ 252	1.03%
2005	\$ 8,700,000	\$ 163	0.68%
2004	\$ 9,090,000	\$ 170	0.78%
2003	\$ 9,495,000	\$ 178	0.84%
2002	\$ 9,925,000	\$ 186	0.90%

(1) Per Capita is based on the Cherokee County population shown in Table 22. If the Fiscal Year population is not available, the prior years data is used.

(2) Share of Personal Income = Per Capita ÷ Per Capita Personal Income on shown Table 22. If the Fiscal Year Per Capita Personal Income is not available, the prior years data is used.

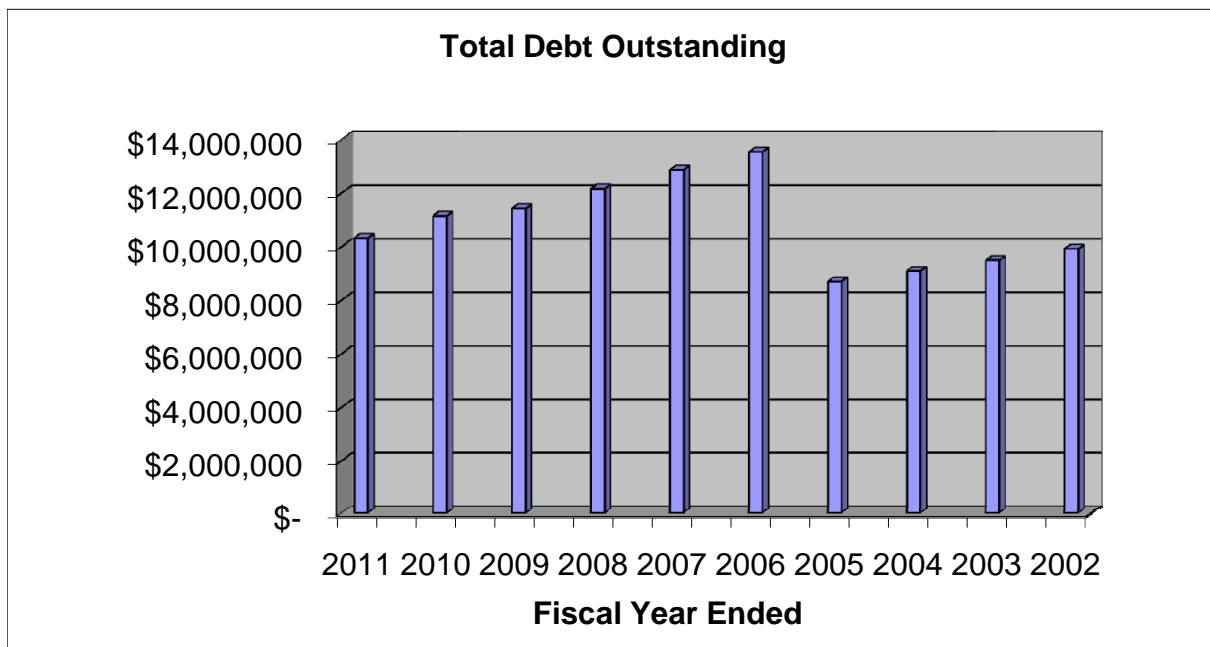


Table 21

Historical Statements of Revenues, Expenses, Debt Service and Debt Service Coverage

	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Net Income										
Operating Revenues	\$ 25,797,427	\$ 26,160,180	\$ 25,295,562	\$ 25,655,009	\$ 26,503,950	\$ 27,327,898	\$ 29,756,065	\$ 28,740,445	\$ 30,111,565	\$ 31,646,737
Operating Expenses	(25,566,902)	(25,515,155)	(26,113,873)	(26,831,027)	(28,164,242)	(29,624,567)	(32,870,093)	(31,799,458)	(30,738,193)	(32,133,505)
Operating Income (Loss)	230,525	645,025	(818,311)	(1,176,018)	(1,660,292)	(2,296,669)	(3,114,028)	(3,059,013)	(626,628)	(486,768)
Nonoperating Revenues	657,886	571,199	271,683	313,213	716,375	1,171,071	1,134,852	479,885	219,855	109,895
Nonoperating Expenses	(327,263)	(488,782)	(474,461)	(462,209)	(395,645)	(640,842)	(584,477)	(567,335)	(474,706)	(487,513)
Net Income (Loss), Before Capital Contributions and Transfers Per Financial Statements	\$ 561,148	\$ 727,442	\$ (1,021,089)	\$ (1,325,014)	\$ (1,339,562)	\$ (1,766,440)	\$ (2,563,653)	\$ (3,146,463)	\$ (881,479)	\$ (864,386)
Income Available for Debt Service										
Net Income (Loss), Before Capital Contributions and Transfers Per Financial Statements	\$ 561,148	\$ 727,442	\$ (1,021,089)	\$ (1,325,014)	\$ (1,339,562)	\$ (1,766,440)	\$ (2,563,653)	\$ (3,146,463)	\$ (881,479)	\$ (864,386)
Less: Gain on sale of fixed assets	-	(106,074)	(2,294)	(33,602)	(16,439)	(26,635)	(55,851)	(63,206)	(33,018)	(36,820)
Plus: Depreciation	4,482,251	4,610,152	4,744,729	4,973,715	5,242,744	5,214,926	5,171,491	4,944,567	4,477,470	4,322,573
Plus: Interest Expense	312,264	475,625	458,304	446,052	376,600	608,526	552,161	535,018	440,100	450,904
Plus: Amortization of Bond Cost	14,999	16,157	16,157	16,157	19,045	32,317	32,316	32,317	34,606	36,609
Income Available for Debt Service	\$ 5,370,662	\$ 5,723,302	\$ 4,195,807	\$ 4,077,308	\$ 4,282,388	\$ 4,062,694	\$ 3,136,464	\$ 2,302,233	\$ 4,037,679	\$ 3,908,880
Total System Debt Service	\$ 885,840	\$ 885,840	\$ 849,230	\$ 821,473	\$ 802,628	\$ 1,230,076	\$ 1,239,215	\$ 1,241,202	\$ 1,234,890	\$ 1,240,115
Total System Debt Service Coverage	6.06	6.46	4.94	4.96	5.34	3.30	2.53	1.85	3.27	3.15

(56)

Table 22

**Cherokee County, South Carolina
Demographic and Economic Statistics
Last Ten Years**

<u>Year (1)</u>	<u>Population (2)</u>	<u>Personal Income (2)</u>	<u>Per Capita Personal Income (2)</u>	<u>School Enrollment (2)</u>	<u>Unemployment Rate (2)</u>
2001	52,986	1,089,687,000	20,524	8,785	5.20%
2002	53,324	1,105,456,000	20,664	9,233	7.50%
2003	53,250	1,133,241,000	21,210	8,989	8.70%
2004	53,410	1,170,455,000	21,860	8,979	9.30%
2005	53,496	1,199,994,000	23,761	8,922	6.30%
2006	53,752	1,257,491,000	24,516	9,322	7.40%
2007	53,933	1,337,188,000	25,721	9,308	6.50% (3)
2008	54,394	1,435,117,000	26,270	9,362	7.20% (3)
2009	54,714	1,379,408,000	25,211	9,356	16.10% (3)
2010	55,342	N/A	N/A	9,142	15.70%

Notes:

(1) Calendar Year

(2) Provided by SC Appalachian Council of Governments - infoMentum

(3) S.C. Employment Security Commission March (Not Seasonally Adjusted)

N/A Not Available

Table 23

**Cherokee County Major Employers
October 2010 and 2002-2003**

Company or Organization	October, 2010 (1)			2002-2003 (2)		
	Number of Employees	Rank	Percent of Total County Employment	Number of Employees	Rank	Percent of Total County Employment
Nestle, USA	1,500	1	6.06%	1,481	1	6.03%
Cherokee Co. School District	1,185	2	4.79%	1,165	3	4.74%
Freightliner Custom Chassis Corp	900	3	3.63%	1,300	2	5.29%
UPS Freight (Formerly Overnite)	550	4	2.22%			
The Timken Company	520	5	2.10%	1,000	4	4.07%
Magnolia Finishing Co.	500	6	2.02%	730	6	2.97%
Upstate Carolina Medical	450	7	1.82%	440	9	1.79%
HMA Gaffney	400	8	1.61%			
Springfield LLC	379	9	1.53%	344	10	1.40%
Walmart Supercenter	350	10	1.41%			
Footwear Distribution Services	300	11	1.21%			
Limestone College	296	12	1.19%			
Mason & Wright Enterprises	280	13	1.13%			
Newark n One	250	14	1.01%			
PlyGem	200	15	0.81%			
Sanders Brothers				850	5	3.46%
National Textiles				562	7	2.29%
Hamrick Mills				444	8	1.81%
Brown Packing				250	11	1.02%
State of South Carolina				235	12	0.96%

Sources:

(1) SC Appalachian Council of Governments – infoMentum

(2) 2002-2003 SC Industrial Directory, SC Dept. of Commerce, and S.C. Appalachian Council of Governments

Schedule of User Charges

Residential Electric Service (General) – Rate Codes A, B, C, & G

Customer Facilities Charge	\$13.75 per bill per month
Energy Charge	
First 1000 KWH per month	7.870 cents per kwh
All Over 1000 KWH per month	7.496 cents per kwh

Residential All Electric Service – Rate Codes D & F

Customer Facilities Charge	\$13.75 per bill per month
Energy Charge	
First 1000 KWH per month	7.870 cents per kwh
All Over 1000 KWH per month	6.300 cents per kwh

Residential Water Service - Rate Codes O and P

Minimum Charges		
Meter Size	Inside City (O)	Outside City (P)
5/8 x 3/4 Inch	\$ 9.25	\$ 13.75
1 Inch	\$ 15.00	\$ 25.00
1 1/2 Inch	\$ 25.00	\$ 45.00
2 Inch	\$ 35.00	\$ 75.00
Volume Charges		
	Per 100 CF	Per 100 CF
0 – 2,500 CF	\$ 0.92	\$ 1.64
2,500 – 25,000 CF	\$ 0.86	\$ 1.50
25,000 – 500,000 CF	\$ 0.79	\$ 1.42
500,000 CF & up	\$ 0.47	\$ 1.21

Residential Sewer Service – Rate Codes I & J

Minimum Charges		
Meter Size	Inside City (I)	Outside City (J)
5/8 x 3/4 Inch	\$ 8.75	\$ 12.75
1 Inch	\$ 15.00	\$ 30.00
1 1/2 Inch	\$ 25.00	\$ 50.00
2 Inch	\$ 40.00	\$ 80.00
Volume Charges		
	Per 100 CF	Per 100 CF
Per CCF	\$ 1.78	\$ 2.42

Schedule of User Charges (Continued)

Commercial Electric Service – Rate Codes H & J

Customer Facilities Charge	\$26.50 per bill per month
Demand Charge Over 25 KW	\$6.10 per kw
Energy Charge	
First 8,500 KWH per month	9.37 cents per kwh
All Over 8,500 KWH per month	5.27 cents per kwh

Commercial Water Service – Rate Codes R & S

Minimum Charges

Meter Size	Inside City (R)	Outside City (S)
5/8 x 3/4 Inch	\$ 10.00	\$ 15.00
1 Inch	\$ 15.00	\$ 25.00
1 1/2 Inch	\$ 20.00	\$ 45.00
2 Inch	\$ 35.00	\$ 71.00
3 Inch	\$ 65.00	\$ 150.00
4 Inch	\$ 90.00	\$ 225.00
6 Inch	\$ 160.00	\$ 420.00
8 Inch	\$ 250.00	\$ 660.00
10 Inch	\$ 400.00	\$ 810.00
12 Inch	\$ 600.00	\$ 1,105.00

Volume Charges	Per 100 CF	Per 100 CF
0 – 2,500 CF	\$ 1.01	\$ 1.80
2,500 – 25,000 CF	\$ 0.90	\$ 1.55
25,000 – 500,000 CF	\$ 0.80	\$ 1.42
All Over 500,000 CF	\$ 0.50	\$ 1.20

Commercial Sewer Service – Rate Codes K & L

Minimum Charges

Meter Size	Inside City (K)	Outside City (L)
5/8 x 3/4 Inch	\$ 10.00	\$ 15.00
1 Inch	\$ 15.00	\$ 30.00
1 1/2 Inch	\$ 25.00	\$ 50.00
2 Inch	\$ 40.00	\$ 80.00
3 Inch	\$ 75.00	\$ 155.00
4 Inch	\$ 110.00	\$ 235.00
6 Inch	\$ 210.00	\$ 465.00
8 Inch	\$ 355.00	\$ 730.00
10 Inch	\$ 410.00	\$ 900.00
12 Inch	\$ 525.00	\$ 1,105.00

Volume Charges	Per 100 CF	Per 100 CF
Per CCF	\$ 1.95	\$ 2.65

Schedule of User Charges (Continued)

Industrial Electric Service – Rate Code K

Customer Facilities Charge	\$ 40.00 per bill per month
Demand Charge Over 25 KW	\$ 6.62 per kw
Energy Charge	
First 15,000 KWH per month	10.06 cents per kwh
All Over 15,000 KWH per month	5.55 cents per kwh

Industrial Electric Service – Rate Codes LC, I, & LR

Refer To Piedmont Power

Industrial Water Service, Water District Service – Rate Codes T & U

Minimum Charges

Meter Size	Inside City (T)	Outside City (U)
5/8 x 3/4 Inch	\$ 10.00	\$ 15.00
1 Inch	\$ 15.00	\$ 25.00
1 1/2 Inch	\$ 25.00	\$ 45.00
2 Inch	\$ 35.00	\$ 75.00
3 Inch	\$ 65.00	\$ 150.00
4 Inch	\$ 90.00	\$ 225.00
6 Inch	\$ 160.00	\$ 420.00
8 Inch	\$ 240.00	\$ 660.00
10 Inch	\$ 285.00	\$ 805.00
12 Inch	\$ 410.00	\$ 1,105.00

Volume Charges	Per 100 CF	Per 100 CF
0 – 2,500 CF	\$ 1.01	\$ 1.80
2,500 – 25,000 CF	\$ 0.88	\$ 1.54
25,000 – 500,000 CF	\$ 0.76	\$ 1.42
All Over 500,000 CF	\$ 0.50	\$ 1.21

Schedule of User Charges (Continued)

Industrial Sewer Service - Rate Codes M & N

Minimum Charges

Water Meter Size	Inside City (O)	Outside City (N)
5/8 x 3/4 Inch	\$ 10.00	\$ 15.00
1-Inch	\$ 15.00	\$ 30.00
1-1/2 Inch	\$ 25.00	\$ 50.00
2-Inch	\$ 40.00	\$ 80.00
3-Inch	\$ 75.00	\$ 155.00
4-Inch	\$ 110.00	\$ 235.00
6-Inch	\$ 210.00	\$ 465.00
8-Inch	\$ 355.00	\$ 730.00
10-Inch	\$ 410.00	\$ 900.00
12-Inch	\$ 525.00	\$ 1,105.00

Volume Charges

Per CCF	\$ 1.95	\$ 2.65
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Extra Strength Surcharges

(Per Pound)

*BOD	\$.360/lb.
*COD	\$.150/lb.

*Charge for larger of two only.

Suspended Solids	\$.230/lb.
NH3	\$.350/lb.

Water District Service – Rate Code W

Minimum Charges

Water Meter Size	
5/8 x 3/4 Inch	\$ 15.00
1-Inch	\$ 25.00
1-1/2 Inch	\$ 50.00
2-Inch	\$ 80.00
3-Inch	\$ 155.00
4-Inch	\$ 235.00
6-Inch	\$ 425.00
8-Inch	\$ 635.00
10-Inch	\$ 825.00
12-Inch	\$1,155.00

Volume Charges

Per CCF	\$ 1.32
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Schedule of User Charges (Continued)

Outdoor Lighting Rates

Lamp Rating in Lumens	Type of Luminaries	Cost Per Month
7,950	175 W Mercury Vapor, Suburban	\$10.00
21,000	400 W Mercury Vapor, Urban or Sub.	21.25
9,500 (Residential only)	100 W Sodium Vapor, Lucalox	10.00
9,500	100 W Sodium Vapor, Lucalox	19.25
16,000	150 W Sodium Vapor, Lucalox	20.25
27,500	250 W Sodium Vapor, Lucalox	24.25
38,000	400 W Metal Halide	34.25
50,000	400 W Sodium Vapor, Lucalox	40.25
140,000	1,000 W Sodium Vapor	79.50
115,000	1,000 W Metal Halide	67.50

*Note: Rate applicable to Residential Customers Only.

Post Top Luminaires

4,000 W Mercury Vapor, Post Top	\$ 20.00
7,500 W Mercury Vapor, Post Top	22.00

Board of Public Works
Number of Employees
For the Fiscal Years Ended March 31, 2002 Through 2011

<u>Fiscal</u> <u>Year End</u>	<u>Full-Time</u> <u>Employees</u>	<u>Part-Time</u> <u>Employees</u>	<u>Total</u>
2002	84	7	91
2003	83	7	90
2004	81	7	88
2005	78	8	86
2006	78	9	87
2007	79	8	87
2008	76	8	84
2009	72	9	81
2010	72	7	79
2011	73	5	78

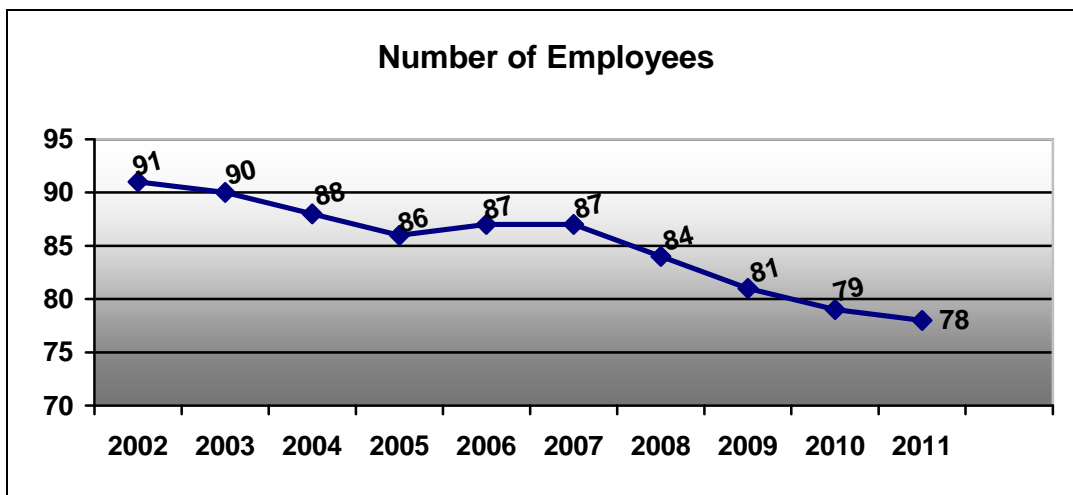


Table 26

Operating and Capital Indicators
For the Fiscal Years Ended March 31, 2002 Through 2011

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Electrical System										
Size of Service Area (sq. miles)	24	24	24	24	24	24	24	24	24	24
Number of Substations	6	6	6	6	6	6	6	6	6	6
Number of Circuits	18	18	18	18	18	18	18	18	18	18
Miles of Underground Service	50.5	49.57	47.75	47	46	45	44	43	42	41
Miles of Overhead Service	137	136.2	136.2	136	135	135	134	134	133	133
Miles of Fiber Optic Line	38	38	38	35	28	28	27	24	24	23
Water Treatment										
Size of water shed (sq. miles)	14.52	14.52	14.52	14.52	14.52	14.52	14.52	14.52	14.52	14.52
Water storage capacity (MG)	8.1	8.1	8.1	8.1	8.1	8.1	8.1	8.1	6.7	6.7
Miles of Water Mains	288.43	288.43	285.25	285	280	276	276	272	272	269
Number of Treatment Plants	2	2	2	2	2	2	2	2	2	2
Treatment Capacity (MGD)	18	18	18	18	18	18	18	18	18	18
Amount Treated Annually (MG)	2249	2253	2312	2588	2587	2573	2558	2500	2821	3227
Unused Capacity (MG)	4321	4317	4258	3982	3983	3997	4012	4070	3749	3343
Percentage of Capacity Utilitized	34%	34%	35%	39%	39%	39%	39%	38%	43%	49%
Wastewater Treatment										
Miles of Sewer Mains	163	163	163	163	162	162	162	162	162	162
Number of Pump Stations	12	12	12	12	12	12	12	12	12	12
Number of Treatment Plants	2	2	2	2	2	2	2	2	2	2
Treatment Capacity (MGD)	9	9	9	9	9	9	9	9	9	9
Amount Treated Annually (MG)	1202	1296	1144	1330	1501	1631	1543	1587	1403	1551
Unused Capacity (MG)	2083	1989	2141	1955	1784	1654	1742	1698	1882	1734
Percentage of Capacity Utilitized	37%	39%	35%	40%	46%	50%	47%	48%	43%	47%

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