

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA

Annual Financial Statements
and Supplementary Information
with Single Audit Section
Year Ended September 30, 2014
and Independent Auditor's Report

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA

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INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Orangeburg, South Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Orangeburg, South Carolina (the City) as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-17, budgetary comparison information on pages 58-61 and schedule of funding progress for the retiree health plan on page 62 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other

records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

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

J. W. Hunt and Company, LLP

February 12, 2015

City of Orangeburg
Orangeburg, South Carolina
Management's Discussion and Analysis (Unaudited)
September 30, 2014

The City of Orangeburg is presenting this analytical overview of the government's financial activities for the City for the Fiscal Year ended September 30, 2014. This overview should be read in conjunction with the financial statements that follow and the audit should be reviewed for more detailed information.

The City is comprised of many Departments which are included in the City's General Fund; Executive, Finance, Administration, Public Works, Public Safety, Parks & Recreation, Non-Operating and Service. The City has enterprise funds including the Department of Public Utilities, Airport, Pro Shop and the Municipal Golf Course as well as other Boards and Commissions. The Boards and Commissions are: Election, Hillcrest Golf Course, Board of Zoning Appeals, Construction Board of Adjustments and Appeals, Aviation, Planning, Grievance, and Accommodations Tax Advisory.

Priorities and Projects

The City of Orangeburg's accomplishments for the past fiscal year included:

- Improvements to the Livingston House which is the Parks & Recreation's headquarters. Building was in need of repair, painting and a new roof.
- Improvements to the Canteen Building were completed which is a building that is used for Bingo, Senior Activities and Clogging.
- Surveillance cameras have been installed throughout the City for safety concerns and to broadcast live on our website the Edisto Memorial Gardens.
- The green pedestrian bridge over the Edisto River was refurbished and child friendly bars were installed.

The City of Orangeburg is presenting this analytical overview of the government's financial activities for the City for the Fiscal Year ended September 30, 2014. This overview should be read in conjunction with the financial statements that follow and the audit should be reviewed for more detailed information.

The City is comprised of many Departments as well as Divisions which are included in the City's General Fund; Executive, Finance, Administration, Public Works, Public Safety, Parks & Recreation, Non-Operating and Service. The City has enterprise funds including the Department of Public Utilities, Airport, Pro Shop and the Municipal Golf Course as well as other Boards and Commissions. The Boards and Commissions are: Election, Hillcrest Golf Course, Board of Zoning Appeals, Construction Board of Adjustments and Appeals, Aviation, Planning, Grievance, and Accommodations Tax Advisory.

Rates and Changes

The City of Orangeburg maintains its revenues to support the citizens and its activities. The principal revenues streams are tax collections and business licenses not considering the transfer from the Department of Public Utilities. It is important to note that some of our fees are very low compared to other cities or entities in the state. All charges and fees are related to the costs of providing its services to the City. The City reviews its rates annually during the budget process. An aggressive process of seeking the collection of delinquent accounts is maintained.

The mill rate is currently 90 mills. It has been 90 mills since 2012.

Residential Sanitation fees are currently \$12 per month. Services include the pick-up of garbage and yard debris. Commercial Sanitation varies depending on the size of container and the number of times per week it is picked up.

There was a 3% Cost Of Living Increase for eligible employees during this fiscal year and no new positions were funded.

Employee insurance continues to be an issue anticipating increases each year. There was a 10% increase in insurance for fiscal year 2013-14 and for dependent insurance. There will not be an increase for FY 2014-15 due to lower claims.

There were several retirement payouts in this fiscal year of employees that retired and we had to pay them their annual leave that was \$128,762.

To purchase capital equipment, the City borrowed \$646,300 to buy vehicles and equipment for Lease Purchase.

Areas of Growth

The Hospitality and Accommodations Tax Fund continues to grow. This area of revenue has steadily increased due to audits and increased collections.

Property taxes increase generally on assessed values. Some areas have been annexed which increases our tax base and collections; but this also increases costs in other areas such as police and fire protection, street maintenance and sanitation services.

Financial Highlights from FY 2013-2014

As of September 30, 2014, the end of the fiscal year, the Government Wide assets of the City of Orangeburg exceeded its liabilities by \$35,122,300. Of this amount \$15,561,991 may be used to meet the government's ongoing needs.

Also, as of September 30, 2014, the total general fund balance is \$13,030,681; the unassigned fund balance for the General Fund was \$10,674,190. The unreserved fund balance is also undesignated and represents a traditional fund balance reserve that may be utilized for operating deficits, emergencies, liquidity, unforeseen needs and overall financial strength. City Council has indicated that expenditures of even a portion of this fund's balance for operational costs should be on a limited basis. Reserves may be used in the future to supplement capital projects. It may be necessary to expend a limited amount of fund balance in the upcoming years; however, projections focus on a positive economic outlook due to new construction.

The City governmental activities had a total of \$4,687,974 long term obligations beginning October 1, 2013 and issued \$946,750 debt for FY 2013-2014, including accrued annual leave. Long term obligations were reduced by the amount of \$2,064,920 leaving a total of \$3,569,804. Capital lease debt financed by BB&T of \$646,300 is secured by the equipment acquired. Accrued annual leave is the other major form of debt in the amount of \$1,162,219. The City does try to lower this debt by allowing employees to sell a portion of their annual leave at half price. Retired employees returning to work are not allowed to accrue annual leave for sale.

The City has adopted Governmental Accounting Standards Board Statement 45 *Accounting for Other Post-Employment Benefits* (GASB 45) for financial reporting for Other Post-Employment Benefits (OPEB) which includes retiree health, dental and vision insurance, prescription, long-term care insurance, life insurance and other benefits. The City has decided not to fund this GASB prescribed liability as it has

successfully formulated and funded, on a pay as you go basis, an annual retiree medical plan for thirty years. Employees hired after December 31, 2009, will not have any health insurance post-employment benefits funded by the City which has greatly reduced the GASB liability. A Health Savings Account (HSA) is being offered. We continue to offer exceptional benefits to its employees and are looking at funding an onsite clinic.

Overview of the Financial Statements

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and the required supplementary information. This discussion and analysis is intended to serve as an introduction and provide an analytical overview of the financial activities. The City's basic financial statements consist of three parts: (1) government wide financial statements, (2) fund financial statements, and (3) notes to the financial statements themselves.

Government Wide Financial Statements - The government wide financial statements (Statement of Net Position and Statement of Activities) are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business. These statements include all assets and liabilities using the accrual basis of accounting used by most private-sector businesses. The Statement of Net Position and Statement of Activities report the City's net position and changes in net position. The change in net position is important because it tells the reader that, for the City as a whole, the financial position of the City has either improved or diminished.

The government-wide financial statements can be found on pages 19-21 of this report.

Fund Financial Statements - A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds - Most of the City's basic services are included in the governmental funds, which generally focus on (1) how cash and other financial assets can readily be converted to cash flow in and (2) the balance left at year-end that is available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the fund financial statements.

Proprietary Fund - Services for which the City charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide statements.

Fiduciary Funds - The City is the trustee, or fiduciary, for assets that belong to others. The City is responsible for ensuring that assets reported in this fund are used only for its intended purpose and by those to whom the asset belongs. The City excludes these activities from the government-wide financial statements because it cannot use these assets to finance operations.

Notes to the Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 32-57 of this report.

All of these funds are explained in greater detail in the upcoming sections of this analysis.

Revenues by Category (Fiscal Year to Year Comparisons)

	<u>2014</u>	<u>2013</u>	<u>2012</u>
General Fund			
Property Taxes	\$ 3,300,417	\$ 3,362,198	\$ 3,226,119
Franchise Fees	145,380	141,595	144,447
Business Licenses	2,828,224	2,768,748	2,619,134
Permits	93,706	27,326	36,143
Intergovernmental	789,478	459,800	1,047,774
Fire Service	827,949	813,218	811,316
Sanitation Fees	1,093,887	1,076,914	1,005,394
Recreation	145,625	128,411	128,323
Fines & Forfeitures	623,122	645,400	673,806
Interest	15,151	20,809	27,798
Rentals	24,000	26,502	25,680
Miscellaneous Revenue	83,692	95,340	102,255
Other Financing Sources	646,300	551,303	762,218
Interfund Transfers	5,139,855	5,131,027	4,482,594
Sale of Fixed Assets	1,250,330	40,641	65,894
Enterprise Funds			
Airport	558,949	846,587	642,719
Pro Shop	91,961	111,008	128,157
Hillcrest Golf Course	367,031	417,566	469,984

Government-Wide Statements

Condensed Statement of Net Position:

As of September 30, 2014 and September 30, 2013

	2014 Governmental Activities	2014 Business Type Activities	2013 Governmental Activities	2013 Business Type Activities
Current and other assets	\$ 21,689,087	\$ 89,970,967	\$ 19,637,695	\$ 58,244,683
Capital assets (net)	19,612,084	221,507,371	20,215,020	213,646,832
Total assets	<u>41,301,171</u>	<u>311,478,338</u>	<u>39,852,715</u>	<u>271,891,515</u>
Other liabilities	1,663,872	22,775,466	2,504,446	16,161,129
Long term debt outstanding	4,514,999	34,361,109	4,579,636	7,135,660
Total liabilities	<u>6,178,871</u>	<u>57,136,575</u>	<u>7,084,082</u>	<u>23,296,789</u>
Net position:				
Invested in capital assets, net of debt	17,204,501	190,150,693	16,696,777	208,552,676
Restricted	2,355,808	5,504,220	2,139,652	1,015,425
Unrestricted (deficit)	<u>15,561,991</u>	<u>58,686,850</u>	<u>13,932,204</u>	<u>39,026,625</u>
Total net assets	<u>\$ 35,122,300</u>	<u>\$ 254,341,763</u>	<u>\$ 32,768,633</u>	<u>\$ 248,594,726</u>

Condensed Statement of Activities:

For the years ended September 30, 2014 and September 30, 2013

Revenues:	2014 Governmental Activities	2014 Business Type Activities	2013 Governmental Activities	2013 Business Type Activities
Program revenues:				
Charges for services	\$ 5,783,421	\$ 102,821,817	\$ 5,729,362	\$ 96,486,011
Operating grants	879,687	-	526,837	-
Capital grants	133,095	1,058,054	155,596	471,011
General revenues:				
Property taxes	3,314,034	-	3,389,051	-
Other taxes	1,451,163	-	2,152,122	-
Franchise fees	145,380	-	141,595	-
Other revenues	1,414,981	(98,757)	65,236	58,772
Total revenues	<u>13,121,761</u>	<u>103,781,114</u>	<u>12,159,799</u>	<u>97,015,794</u>
Expenses:				
General government	2,495,888	-	2,394,915	-
Public Works	2,647,039	-	7,349,993	-
Public Safety	7,501,456	-	2,691,699	-
Culture/recreation	2,196,875	-	2,242,371	-
Service	648,506	-	617,120	-
Interest/long term debt	109,990	-	147,476	-
Public Utilities	-	91,364,476	-	85,995,006
Airport	-	1,232,279	-	1,227,443
Pro Shop	-	51,189	-	59,830
Golf Course	-	554,473	-	591,483
Total expenses	<u>15,599,754</u>	<u>93,202,417</u>	<u>15,443,574</u>	<u>87,873,762</u>
Increase (decrease) in net position before transfers	(2,477,993)	10,578,697	(3,283,775)	9,142,032
Transfers	<u>4,831,660</u>	<u>(4,831,660)</u>	<u>4,767,109</u>	<u>(4,767,109)</u>
Increase in net position	\$ 2,353,667	\$ 5,747,037	\$ 1,483,334	\$ 4,374,923
Beginning net position	<u>32,768,633</u>	<u>248,594,726</u>	<u>31,285,299</u>	<u>244,219,803</u>
Ending net position	<u>\$ 35,122,300</u>	<u>\$ 254,341,763</u>	<u>\$ 32,768,633</u>	<u>\$ 248,594,726</u>

The City's mid-year budget cuts, as well as departments watching their budgets allowed revenues to come in over expenditures this fiscal year adding \$2,005,753 to the City's governmental fund balance reserves. It is important to note that the City had originally anticipated using \$600,000 which was originally budgeted and then was reduced and amended to \$0 in the general fund. It should be noted that even with State budget cuts, the City continues to maintain services and has not increased fees.

The City's Utility Fund plays a large role in the funding of governmental services. The General Fund reported a \$5,403,531 deficit before the transfer of \$5,164,855 from the Department of Public Utilities. After the transfer, sale of assets and lease proceeds of \$1,896,630, the General Fund had a net increase of \$1,632,954 to Fund Balance. DPU traditionally initiates a significant transfer to the City which is

approved in the budget process by City Council. The overall stability of the business activities is of utmost consideration when transfers are set. In fact, the City's Department of Public Utilities has some of the lowest electric rates in the state and has very competitive rates on sewer, water, and natural gas. As the City continues to annex property, many customers are receiving a reduced water and sewer rate, the electric and natural gas rates are not affected.

The Municipal Airport had an operating loss of \$764,898 which includes depreciation of \$692,342 and a decrease in net position of \$673,330. The Hillcrest Golf Course and Pro Shop had a combined operating loss of \$194,308 including depreciation of \$83,600 and a decrease in net position of \$187,442.

DPU has presented a separate management discussion and analysis in the DPU financial statement section. It is important that DPU fully fund its operating costs through fees and rates to realize a net income allowing a return on investment to the citizens and taxpayers of the City.

Budget Analysis

Moderate revenue increases are normal from one budget year to the next. Property taxes increase mainly due to reassessments; however with the millage cap restrictions that the State has imposed on local governments and the 15% cap on increases in real property for assessment purposes, real growth in property values are not always reflected in tax revenues. Business licenses have in the past generally increased due to new businesses and new construction. However, in the past several years, this has not held true. This is monitored monthly by the Finance Department to check the ebbs and flows in revenues.

The City has a system in place to assure that total expenditures do not exceed revenues. As we begin the budget cycle for the upcoming year, there are only a few months remaining in the current fiscal year. It is at this point that we have a much clearer picture of projected year-end revenues and expenditures. These projections are reviewed with the Department Heads of the City and the expenditures are adjusted to bring them in line, as closely as possible, with conservative new projected revenues to minimize expending reserve funds. These changes are then adopted by City Council as an amended budget. City Council should be credited with allowing staff to manage finances, while providing responsible oversight and sound policy decisions.

Fiduciary Funds are used to account for resources held for the benefit of parties outside the City. They are not reflected in the government wide statement. The City acts as a fiduciary for funds from delinquent property tax sales. Currently, as of September 30, 2014 the amount of \$22,027 is due trust fund holders as shown in Statement of Net Position, Fiduciary Funds.

The governmental activities of the City had a decrease of \$1,756,958 in outstanding debt during the last fiscal year. Debt is mainly in the form of capital equipment lease purchase items such as police cars, fire trucks, tractor and other equipment and capital projects from the Hospitality and Accommodations Tax Fund.

The Business type activities of the City had a decrease in debt of \$9,971 excluding accrued annual leave. Ending balance as of September 30, 2014 is \$8,513. Accrued annual leave is also shown under the General Fund Debt and Business Type Activities Debt.

In Other Government Funds, these funds had a net increase of \$372,799. The beginning balance for the year was \$7,469,735 and the ending balance was \$7,842,534.

Departmental Expenses (Fiscal Year to Year Comparisons)

	<u>2014</u>	<u>2013</u>	<u>2012</u>
General Fund			
Executive	\$ 373,676	\$ 390,824	\$ 353,030
Finance	668,772	741,548	633,954
Administration	545,084	538,836	517,972
Public Works	2,281,655	2,170,994	2,265,021
Public Safety	6,688,023	6,700,539	6,968,314
Parks and Recreation	1,794,917	1,833,055	1,768,447
Non Operating Admin Service	2,435,153	2,070,783	1,870,471
	586,882	562,161	607,581
Enterprise Funds			
Airport	1,232,279	1,226,301	1,328,937
Pro Shop	91,961	111,008	128,157
Hillcrest Golf Course	554,473	591,483	640,886

Closing

With increases in expenses and cuts in local government funding, it is extremely difficult for the City not to diminish some fund balance yearly in order to balance the budget annually. This year we were lucky again and we were able to add to our fund balance. Our fund balance is available for access to continue the delivery of essential public services. It is important to note that the City has not had a lay off, furloughed employees, or reduced benefits.

During fiscal year 2014-2015, the City will be required to report a net pension liability for its participation in the South Carolina Retirement System and the Police Officer's Retirement System. It is anticipated that the liability will materially decrease the City's unrestricted net position. This is discussed in more detail in Note 1 of the financial statements.

This analysis is intended to provide the reader a brief overview of the City's financial position. The audit should be reviewed for more detailed information and full explanation. Each annual budget is reviewed by staff and City Council in planning sessions and workshops to ensure good financial planning is ongoing and continues each year even during our mid-year projections. If you have any questions or need additional information, please contact me at 803-539-3713 at 979 Middleton Street, Orangeburg SC 29115 or email at Cjohnson@orangeburg.sc.us.

Thank you,

Carrie Johnson
Finance Director

City of Orangeburg
Orangeburg, South Carolina
Department of Public Utilities
Management's Discussion and Analysis (Unaudited)
September 30, 2014

Within this section of the Department of Public Utilities' (Department) annual financial report, the Department's management provides narrative discussion and analysis of the financial activities of the Department for the year ending September 30, 2014.

The Department is comprised of four separate operating Divisions: Electric, Natural Gas, Water and Wastewater. Each Division supports its operations through its own sales, revenues and fees.

Overview of Basic Financial Statements

The Department is deemed an enterprise fund of the City of Orangeburg. The financial statement within the annual report for the Department provides information using an accrual basis of accounting similar to those used by the private sector. Detailed basic financial statements include: (1) Statement of Net Position which include all of the Department's assets and liabilities. Increases or decreases in the net position may serve as an indicator of whether the financial condition of the Department is improving or deteriorating, (2) Statement of Revenues, Expenses, and Changes in Net Position provides information to determine the Department's profitability and whether the Department successfully recovered all its costs through its rates and fees, (3) Statements of Cash Flows which report net changes in cash resulting from operations, investing and financing activities. Included within this analysis is a condensed version of the above noted statements with supporting comments. (4) Transfers to the City which are determined by City Council and are allocated per division based on each division's percentage of the Department's total sales.

Condensed Statements of Net Position

	<u>FY 2014</u>	<u>FY 2013</u>
Current assets	\$ 84,789,171	\$ 54,091,640
Non-current assets	5,504,220	4,258,740
Non-current assets (other)	1,512,500	1,512,500
Capital assets (net)	<u>212,752,416</u>	<u>204,264,038</u>
Total assets	<u><u>\$ 304,558,307</u></u>	<u><u>\$ 264,126,918</u></u>
Current liabilities	22,804,535	16,206,813
Non-current liabilities	<u>34,186,713</u>	<u>6,960,855</u>
Total liabilities	<u><u>56,991,248</u></u>	<u><u>23,167,668</u></u>
Invested in capital assets, net of related debt	181,395,738	199,169,882
Restricted	5,504,220	4,258,740
Unrestricted	<u>60,667,101</u>	<u>37,530,628</u>
Total net position	<u><u>\$ 247,567,059</u></u>	<u><u>\$ 240,959,250</u></u>

Income before contributions and transfers totaled \$10,480,221. This represents a 4.0% return on equity to the citizens of Orangeburg. Total net position grew by \$6,607,809 during fiscal year 2014. The Department continues the safe and reliable delivery of utilities at the lowest reasonable price.

The Department has nearly completed the deployment of all electric meters and natural gas modules of the AMI (Advanced Metering Infrastructure) project and is midway through the first phase of the enterprise software conversion project. Each of these projects has multi-year timelines for completion. The goal of these projects is to provide more robust and reliable service to the citizens of Orangeburg as well as improved customer service.

The Department has also begun construction on the rehabilitation of the wastewater treatment plant and the preparation for construction of a new roof over one of the two finished water holding basins. These projects are aimed at maintaining a high quality of service for both water and wastewater customers.

The Department is awaiting construction of a six inch plastic natural gas line which will extend natural gas service from the intersection of US Hwy 176 and 301, north along US Hwy 301 to I-95. The Orangeburg County Development Commission has identified this area as the Global Logistics Triangle for its high growth potential regarding commercial and industrial development. The Department feels this investment in infrastructure will bolster sales growth for future periods.

Condensed Statement of Revenues, Expenses and Changes in Net Position by Division

Electric Division

	<u>FY 2014</u>	<u>FY 2013</u>
Operating revenues	\$ 77,614,402	\$ 73,646,442
Non-operating revenues (expenses)	(244,926)	2,000
Contributed Capital	638,181	-
Total revenues	<u>78,007,657</u>	<u>73,648,442</u>
Electricity purchased	57,462,868	53,807,303
Depreciation expense	3,788,211	3,432,829
Other operating expense	8,068,105	8,060,492
Total expenses	<u>69,319,184</u>	<u>65,300,624</u>
Income before transfers	8,688,473	8,347,818
Transfers to City	<u>3,699,095</u>	<u>3,690,794</u>
Change in net position	<u>\$ 4,989,378</u>	<u>\$ 4,657,024</u>

Electric Division sales increased slightly in volume between fiscal year 2013 and 2014. Electric Division operating revenues were up only slightly year over year due to this increase in consumption. Total customers for the electric division fell slightly year over year in almost all rate classes. This trend is a worrisome economic indicator for the Department as the Electric Division generates the vast majority of the Department's free cash flow. Non-operating expenses increased during the year due mainly to charges associated with disposals and abandonments of certain obsolete assets.

The marginal cost of purchased electricity increased slightly due to our suppliers' increased fuel costs. The existing rate schedules contain provisions that automatically pass increases and decreases in purchase costs to customers so that the Department's margin on the service remains unchanged. Low non-operating revenue is due, in part, to continued low interest rates. Based upon the continued economic conditions, new construction expenses have been replaced by general maintenance project expense.

Because of the Energy Act of 2005, the FERC has mandated that electric suppliers such as the Electric Division must become compliant with numerous new regulations tied to homeland security issues. Failure to meet compliance deadlines could subject the Division to extensive fines. The Division is working to continue to be compliant under all regulations pertaining to the Division. There are significant costs involved in remaining compliant under such regulations.

The Department has not increased the electric distribution or service charges in nearly seven years. These distribution and service charges generate all the Electric Division net operating profits. Due to the increasing cost of regulation, capital, maintenance, labor and changes agreed to in the Department's energy supply contract with South Carolina Electric and Gas, increases in these charges will become necessary in the near future. The Department is aware of the impact rate increases have on the local economy and has maintained the lowest electric rates in the state and will continue to do so even through possible rate increases.

Condensed Statement of Revenues, Expenses and Changes in Net Position by Division

Gas Division

	<u>FY 2014</u>	<u>FY 2013</u>
Operating revenues	\$ 10,945,861	\$ 9,798,369
Non-operating revenues (expenses)	27,494	4,749
Contributed Capital	-	23,459
Total revenues	<u>10,973,355</u>	<u>9,826,577</u>
Natural gas purchased	6,727,743	5,960,188
Depreciation expense	594,232	594,486
Other operating expense	1,919,056	1,849,090
Total expenses	<u>9,241,031</u>	<u>8,403,764</u>
Income before transfers	1,732,324	1,422,813
Transfers to City	<u>521,679</u>	<u>491,045</u>
Change in net position	<u>\$ 1,210,645</u>	<u>\$ 931,768</u>

Gas Division sales increased approximately 2% in volume and revenues increased nearly 12% between fiscal years 2013 and 2014. Operating revenues are modified over a period of time to levelize bills to customers, which contributed to part of the current year increase in revenues. Natural gas volumetric sales increases are a welcome bright spot in the overall picture for the Department. Historically low natural gas prices have driven the demand for natural gas deliveries and are currently the only area of meaningful growth for the Department.

Five large industrial customers purchase their own natural gas on the open market. The Department collects sales and profits solely from transportation of natural gas for these customers. There continues to be a risk of losing some industrial gas customers due to the effect of competition with alternate fuels, the delivery restrictions on the interstate pipeline infrastructure, and the reorganization of the gas business in this state. While this remains a concern, continued strong demand for natural gas and the acquisition of additional capacity on a supplying pipeline allowed the Department to meet these increased demand with adequate supply. The Department will be monitoring the sale of Carolina Gas Transmission to Dominion for effects on the business. Over half of the Gas Division's profits come from industrial sales. Since November 1, 2006 the Department has been responsible for purchasing and arranging transportation for its entire load of natural gas.

The Division participates in the underground storage of natural gas to mitigate extreme price or demand fluctuations. Presently, the Division has the capacity to store approximately 167,000 dekatherms of natural gas. Storage gas is normally used during high price or high demand periods and replenished during low price or low demand periods. Federal regulations for safety and operations continue to increase and affect the way that natural gas utilities operate. Rate increases may be necessary to fund future compliance activities.

Condensed Statement of Revenues, Expenses and Changes in Net Position by Division

Water Division

	<u>FY 2014</u>	<u>FY 2013</u>
Operating revenues	\$ 7,678,300	\$ 6,935,455
Non-operating revenues (expenses)	292,259	241,664
Contributed capital	4,895	40,308
Total revenues	<u>7,975,454</u>	<u>7,217,427</u>
Depreciation expense	2,236,607	2,181,839
Other operating expense	5,546,259	5,176,824
Total expenses	<u>7,782,866</u>	<u>7,358,663</u>
Income (loss) before transfers	192,588	(141,236)
Transfers to City	<u>365,947</u>	<u>347,570</u>
Change in net position	<u>\$ (173,359)</u>	<u>\$ (488,806)</u>

Water Division sales increased nearly 6% by volume. Operating revenues increased by approximately 10% due to increased volumetric consumption and rate increases enacted by City Council in April 2014. The Water Division had very little contributed capital during the prior two years, mainly as a result of the lack of construction projects in the area. The Water Division has seen very little total customer growth since the mid-2000's due to slower than average economic conditions.

The increase to other operating expenses is due to general inflation of consumables such as chemicals, utilities and miscellaneous products coupled with increasing repair expenditures as a result of the Division's aging infrastructure. Increased rains during the spring and summer of 2013 increased treatment costs and decreased sales for residential customers. Weather factors during 2014 were a return to the average which was part of the increase in volumetric consumption.

Additions and improvements to the Water Plant in 2004 provide the Division with adequate water producing capacity for the foreseeable future. The Water Division is currently preparing for construction of a new roof over one of the two finished water holding basins. This project is expected to be completed in the upcoming fiscal year. As with most cities, the Division recognizes that it has considerable exposure from its aged distribution system and is addressing the challenges. With the increasing costs of maintaining aging infrastructure and lower sales volumes, future rate increases are necessary to maintain the quality of drinking water for the Orangeburg area.

Condensed Statement of Revenues, Expenses and Changes in Net Position by Division

Wastewater Division

	<u>FY 2014</u>	<u>FY 2013</u>
Operating revenues	\$ 5,285,115	\$ 4,743,081
Non-operating revenues (expenses)	158,091	68,774
Contributed capital	323,121	73,329
Total revenues	<u>5,766,327</u>	<u>4,885,184</u>
Depreciation expense	1,650,573	1,630,197
Other operating expense	3,282,721	3,187,577
Total expenses	<u>4,933,294</u>	<u>4,817,774</u>
Income before transfers	833,033	67,410
Transfers to City	<u>251,888</u>	<u>237,700</u>
Change in net position	<u>\$ 581,145</u>	<u>\$ (170,290)</u>

Wastewater Division sales increased by approximately 4.5% due to higher volumes of water consumption. Operating revenues increased by approximately 11% due to increased consumption and rate increases enacted by City Council in April 2014. Non-operating revenues increased slightly over the prior year due to increases in tap and impact fees. Contributed capital increased due to the Orangeburg County Penny Projects. These projects vary year to year according to County Council's direction. The wastewater plant is thirty-seven years old and has been in need of major renovations. These renovations began during the year and are expected to be completed during 2016.

As with most cities, the Division recognizes that it has considerable exposure from its aged distribution and treatment systems and is addressing the challenges. Projects aimed at addressing these problems, such as the wastewater treatment plant rehabilitation, require very large capital outlays. Rate increases will continue to be necessary in future years in order to maintain compliance with State and Federal regulations and continue to provide reliable service to the Orangeburg area.

Condensed Statement of Cash Flows

	<u>FY 2014</u>	<u>FY 2013</u>
Cash flow from operating activities	\$ 25,338,079	\$ 20,208,780
Transfer to the City and other entities	(4,838,609)	(4,767,109)
Cash flow for capital assets	(17,672,605)	(10,240,527)
Cash flow from financing and grants	1,793,196	(761,227)
Cash flow from investing activities	<u>1,894,440</u>	<u>31,709</u>
	6,514,501	4,471,626
Beginning cash and cash investments	<u>14,369,050</u>	<u>9,897,424</u>
Ending cash and cash investments	<u>\$ 20,883,551</u>	<u>\$ 14,369,050</u>

Budgeted spending on multi-year capital projects in fiscal year 2015 is anticipated to be approximately \$22,567,000, which is higher than spending in 2014. Of these anticipated capital expenditures, approximately \$14,500,000 involving the rehabilitation of the wastewater treatment plant will be reimbursed by the SC State Revolving Fund through a drawdown bond which was issued in April 2014 to finance the project. Budgeted capital projects include the Administrative Division enterprise planning and customer service software, the Electric Division AMI or Advanced Metering Infrastructure, the Natural Gas Division six inch plastic gas line extension north along US Hwy 301, the Water Division rehabilitation of the 1974 clearwell roof, and the Wastewater Division rehabilitation of the wastewater treatment plant.

The Department expects project expenditures to increase significantly for the next three years. These increases will address expanding services, aging infrastructure and software improvements in an effort to provide more reliable services and improved customer service. All the Department's investments are comprised of United States Treasury bills and United States Agency bonds of limited term durations. Management is aware that major layoffs or industry relocations could cause significant reduction of revenue and or loss of collections. If significant economic problems occur, management is poised to suspend any and all projects.

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA

GOVERNMENT-WIDE STATEMENT OF NET POSITION
SEPTEMBER 30, 2014

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and equivalents	\$ 2,957,761	\$ 15,454,839	\$ 18,412,600
Investments	15,904,717	28,593,837	44,498,554
Receivables:			
Bond proceeds	-	25,819,294	25,819,294
Current taxes	27,150	-	27,150
Delinquent taxes	150,698	-	150,698
State of South Carolina	133,847	-	133,847
Unbilled customer accounts	-	5,702,954	5,702,954
Other	424,462	5,065,773	5,490,235
Internal balances	1,965,280	(1,965,280)	-
Inventory	125,172	4,282,830	4,408,002
Total current assets	<u>21,689,087</u>	<u>82,954,247</u>	<u>104,643,334</u>
Noncurrent assets:			
Restricted assets:			
Cash and investments:			
Customer deposits	-	3,437,040	3,437,040
Bond repayment	-	1,992,172	1,992,172
Self insurance fund	-	75,008	75,008
Capital assets, net	19,612,084	221,507,371	241,119,455
Other assets	-	1,512,500	1,512,500
Total noncurrent assets	<u>19,612,084</u>	<u>228,524,091</u>	<u>248,136,175</u>
Total Assets	<u>41,301,171</u>	<u>311,478,338</u>	<u>352,779,509</u>
LIABILITIES			
Current liabilities:			
Accounts payable	493,181	12,462,825	12,956,006
Bank overdraft	93,328	-	93,328
Over billings	-	5,502,992	5,502,992
Withholdings and accrued expenses	100,793	565,125	665,918
Compensated absences, current	307,962	610,110	918,072
Lease payable, current	668,608	8,513	677,121
Revenue bond payable, current	-	188,861	188,861
Total current liabilities	<u>1,663,872</u>	<u>19,338,426</u>	<u>21,002,298</u>
Current liabilities (payable from restricted assets):			
Customer deposits	-	3,437,040	3,437,040
Total current liabilities (payable from restricted net assets)	<u>-</u>	<u>3,437,040</u>	<u>3,437,040</u>
Noncurrent liabilities:			
Compensated absences	854,257	599,239	1,453,496
Lease payable	1,738,977	-	1,738,977
Revenue bond payable	-	31,167,817	31,167,817
Other post employment benefits payable	1,921,765	2,594,053	4,515,818
Total noncurrent liabilities	<u>4,514,999</u>	<u>34,361,109</u>	<u>38,876,108</u>
Total Liabilities	<u>6,178,871</u>	<u>57,136,575</u>	<u>63,315,446</u>

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA
GOVERNMENT-WIDE STATEMENT OF NET POSITION

	Primary Government		
	Governmental Activities	Business-type Activities	Total
NET POSITION			
Net investment in capital assets	\$ 17,204,501	\$ 190,150,693	\$ 207,355,194
Restricted for:			
Self insurance fund	180,412	75,008	255,420
Customer deposits		3,437,040	3,437,040
Bond repayment	-	1,992,172	1,992,172
Inventory	125,172	-	125,172
Fire Equipment	151,212	-	151,212
Amount due from Hillcrest	1,054,929	-	1,054,929
Amount due from Municipal Airport	844,083	-	844,083
Unrestricted	15,561,991	58,686,850	74,248,841
	<hr/>	<hr/>	<hr/>
Total Net Position	\$ 35,122,300	\$ 254,341,763	\$ 289,464,063
	<hr/>	<hr/>	<hr/>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA

GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2014

Program Activities	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Assets		
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 2,495,888	\$ 14,443	\$ 687,087	\$ -	\$ (1,794,358)	\$ -	\$ (1,794,358)
Public works	2,647,039	4,046,973	19,146	60,966	1,480,046	-	1,480,046
Public safety	7,501,456	1,580,052	103,826	72,129	(5,745,449)	-	(5,745,449)
Parks and recreation	2,196,875	141,953	69,628	-	(1,985,294)	-	(1,985,294)
Service	648,506	-	-	-	(648,506)	-	(648,506)
Interest on long-term debt	109,990	-	-	-	(109,990)	-	(109,990)
Total governmental activities	<u>15,599,754</u>	<u>5,783,421</u>	<u>879,687</u>	<u>133,095</u>	<u>(8,803,551)</u>	<u>-</u>	<u>(8,803,551)</u>
Business-type activities:							
Public utilities	91,364,476	101,943,454	-	966,197	-	11,545,175	11,545,175
Municipal airport	1,232,279	467,009	-	91,857	-	(673,413)	(673,413)
Pro shop	51,189	91,961	-	-	-	40,772	40,772
Golf	554,473	319,393	-	-	-	(235,080)	(235,080)
Total business-type activities	<u>93,202,417</u>	<u>102,821,817</u>	<u>-</u>	<u>1,058,054</u>	<u>-</u>	<u>10,677,454</u>	<u>10,677,454</u>
Total government	<u>\$ 108,802,171</u>	<u>\$ 108,605,238</u>	<u>\$ 879,687</u>	<u>\$ 1,191,149</u>	<u>(8,803,551)</u>	<u>10,677,454</u>	<u>1,873,903</u>
General revenues:							
					3,314,034	\$ -	\$ 3,314,034
					1,451,163	-	1,451,163
					145,380	-	145,380
					23,119	139,509	162,628
					1,233,162	(238,266)	994,896
					158,700	-	158,700
					4,831,660	(4,831,660)	-
					2,353,667	5,747,037	8,100,704
					32,768,633	248,594,726	281,363,359
					<u>\$ 35,122,300</u>	<u>\$ 254,341,763</u>	<u>\$ 289,464,063</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and equivalents	\$ 178,419	\$ 2,779,342	\$ 2,957,761
Investments	10,866,320	5,038,397	15,904,717
Receivables (net of allowance for uncollectibles)	724,498	11,659	736,157
Due from other funds	70,407	96,560	166,967
Advances to other funds	1,899,012	-	1,899,012
Inventory	125,172	-	125,172
	<u>\$ 13,863,828</u>	<u>\$ 7,925,958</u>	<u>\$ 21,789,786</u>
LIABILITIES			
Accounts payable	\$ 413,896	\$ 79,285	\$ 493,181
Bank overdrafts	93,328	-	93,328
Withholdings and accrued expenses	100,793	-	100,793
Due to other funds	96,560	4,139	100,699
Total Liabilities	<u>704,577</u>	<u>83,424</u>	<u>788,001</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	128,570	-	128,570
Total deferred inflows of resources	<u>128,570</u>	<u>-</u>	<u>128,570</u>
FUND BALANCES			
Nonspendable:			
Inventory	125,172	-	125,172
Amount due from Hillcrest Golf Course	1,054,929	-	1,054,929
Amount due from Municipal Airport	844,083	-	844,083
Restricted for:			
Capital projects	-	5,983,679	5,983,679
Tourism related expenditures	-	1,524,564	1,524,564
Law enforcement	-	38	38
Self insurance	181,095	-	181,095
Committed for:			
Firemen's equipment	151,212	93,065	244,277
Law enforcement	-	118,801	118,801
Capital projects	-	22,164	22,164
Cemetery maintenance	-	89,241	89,241
Other purposes	-	10,982	10,982
Unassigned	10,674,190	-	10,674,190
Total fund balances	<u>13,030,681</u>	<u>7,842,534</u>	<u>20,873,215</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 13,863,828</u>	<u>\$ 7,925,958</u>	<u>\$ 21,789,786</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2014

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balances - governmental funds	\$ 20,873,215
Delinquent taxes receivable will be collected after year-end, but are not available soon enough to pay for current period's expenditures and, therefore, are reported as deferred revenue in the funds.	128,570
Capital assets used in governmental activities are not financial resources, and are not reported in the funds.	19,612,084
Long-term liabilities are not due and payable in the current period, and are not reported in the funds:	
Capital leases	(2,407,585)
Accrued annual leave	(1,162,219)
Other post-employment benefits	<u>(1,921,765)</u>
Net position of governmental activities	<u><u>\$ 35,122,300</u></u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES			
Property taxes	\$ 3,300,417	\$ -	\$ 3,300,417
Sales taxes	-	1,451,163	1,451,163
Franchise taxes	145,380	-	145,380
Licenses and permits	2,921,930	-	2,921,930
Fines and forfeitures	623,122	-	623,122
Charges for services	2,067,461	21,927	2,089,388
Interest income	15,151	7,968	23,119
Miscellaneous	107,692	3,449	111,141
Contributions	-	63,185	63,185
Intergovernmental	789,478	197,960	987,438
Total revenues	<u>9,970,631</u>	<u>1,745,652</u>	<u>11,716,283</u>
EXPENDITURES			
Current:			
General government	2,498,664	-	2,498,664
Public works	1,964,255	-	1,964,255
Public safety	6,405,103	251,909	6,657,012
Parks and recreation	1,703,432	90,678	1,794,110
Service	563,518	2,204	565,722
Debt service:			
Principal	1,414,031	342,927	1,756,958
Interest	109,990	-	109,990
Capital outlay:			
Public works	317,400	-	317,400
Public safety	282,920	376,940	659,860
Parks and recreation	91,485	-	91,485
Service	23,364	-	23,364
Total expenditures	<u>15,374,162</u>	<u>1,064,658</u>	<u>16,438,820</u>
Excess (deficiency) of revenues over expenditures	<u>(5,403,531)</u>	<u>680,994</u>	<u>(4,722,537)</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers in	5,164,855	25,000	5,189,855
Operating transfers out	(25,000)	(333,195)	(358,195)
Lease proceeds	646,300	-	646,300
Sale of general capital assets	1,250,330	-	1,250,330
Total other financing sources (uses)	<u>7,036,485</u>	<u>(308,195)</u>	<u>6,728,290</u>
Net change in fund balances	1,632,954	372,799	2,005,753
FUND BALANCES, BEGINNING OF YEAR	<u>11,397,727</u>	<u>7,469,735</u>	<u>18,867,462</u>
FUND BALANCES, END OF YEAR	<u>\$ 13,030,681</u>	<u>\$ 7,842,534</u>	<u>\$ 20,873,215</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2014

Amounts reported for governmental activities in the statement of activities

Net changes in fund balances - total governmental funds		\$ 2,005,753
<p>Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:</p>		
Capital asset purchases	\$ 1,092,109	
Depreciation expenses	<u>(1,836,576)</u>	(744,467)
<p>Governmental funds report only proceeds received from the sale of capital assets without any consideration for the net book value of asset(s) that were sold. The statement of activities reports gains or losses based on the proceeds and the net book value of the asset(s) sold.</p>		
		(17,169)
<p>In the statement of activities, revenue from capital assets contributed to the City is reported. Since such contributions result in neither the receipt nor the use of current financial resources, they are not reflected in the fund statements.</p>		
		158,700
<p>Repayment of debt principal is an expenditure in the governmental funds while the repayment reduces long-term liabilities in the statement of net assets. Lease proceeds provide current financial resources to governmental funds, but incurring debt increases long-term liabilities in the statement of net assets:</p>		
Capital lease proceeds	(646,300)	
Capital lease obligation principal payments	1,356,958	
Note payable principal payments	<u>400,000</u>	1,110,658
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:</p>		
Accrued annual leave	7,512	
Other post-employment benefits obligation	<u>(180,936)</u>	(173,424)
<p>Some property taxes will not be collected for several months after the City's fiscal year-end. They are not considered "available" revenue in governmental funds.</p>		
Amounts not meeting prior year availability criteria are recognized in governmental funds in the current year.	(114,954)	
Amounts not meeting current year availability criteria are not recognized in governmental funds in the current year.	<u>128,570</u>	<u>13,616</u>
Change in net position of governmental activities		<u><u>\$ 2,353,667</u></u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA

STATEMENT OF NET POSITION - PROPRIETARY FUNDS
SEPTEMBER 30, 2014

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Public</u> <u>Utilities</u>	<u>Other</u> <u>Enterprise</u> <u>Funds</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and equivalents	\$ 15,454,339	\$ 500	\$ 15,454,839
Investments	28,593,837	-	28,593,837
Accounts receivable, net	4,910,173	26,029	4,936,202
Unbilled customer accounts receivable	5,702,954	-	5,702,954
Bond proceeds receivable	25,819,294	-	25,819,294
Other receivables	129,571	-	129,571
Inventories	4,179,003	103,827	4,282,830
Due from other funds	-	24,518	24,518
Total current assets	<u>84,789,171</u>	<u>154,874</u>	<u>84,944,045</u>
Noncurrent assets:			
Restricted assets:			
Cash:			
Customer deposits	3,437,040	-	3,437,040
Bond repayment	1,992,172	-	1,992,172
Investments:			
Self insurance fund	75,008	-	75,008
Capital assets:			
Property, plant and equipment net of accumulated depreciation	194,855,689	6,923,465	201,779,154
Property, plant, and equipment not being depreciated	17,896,727	1,831,490	19,728,217
Other noncurrent assets	1,512,500	-	1,512,500
Total noncurrent assets	<u>219,769,136</u>	<u>8,754,955</u>	<u>228,524,091</u>
Total Assets	<u>304,558,307</u>	<u>8,909,829</u>	<u>313,468,136</u>

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA
STATEMENT OF NET POSITION - PROPRIETARY FUNDS

	Business-type Activities - Enterprise Funds		
	Public Utilities	Other Enterprise Funds	Total
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 12,419,731	\$ 43,094	\$ 12,462,825
Over billings	5,502,992	-	5,502,992
Due to other funds	90,786	-	90,786
Accrued sales tax payable	25,501	-	25,501
Withholdings and accrued expenses	539,624	-	539,624
Accrued compensated absences	600,000	10,110	610,110
Current portion of capital lease obligation	-	8,513	8,513
Current portion of revenue bonds payable	188,861	-	188,861
Total current liabilities	<u>19,367,495</u>	<u>61,717</u>	<u>19,429,212</u>
Current liabilities (payable from restricted assets):			
Customer deposits	3,437,040	-	3,437,040
Total current liabilities (payable from restricted net assets)	<u>3,437,040</u>	<u>-</u>	<u>3,437,040</u>
Noncurrent liabilities:			
Advances from other funds	-	1,899,012	1,899,012
Accrued compensated absences	527,164	72,075	599,239
Bonds payable	31,167,817	-	31,167,817
Other post employment benefit obligation	2,491,732	102,321	2,594,053
Total noncurrent liabilities	<u>34,186,713</u>	<u>2,073,408</u>	<u>36,260,121</u>
Total Liabilities	<u>56,991,248</u>	<u>2,135,125</u>	<u>59,126,373</u>
NET POSITION			
Invested in capital assets, net of related debt	181,395,738	8,754,955	190,150,693
Restricted for self insurance	75,008	-	75,008
Restricted for customer deposits	3,437,040	-	3,437,040
Restricted for bond repayment	1,992,172	-	1,992,172
Unrestricted	60,667,101	(1,980,251)	58,686,850
Total Net Position	<u>\$ 247,567,059</u>	<u>\$ 6,774,704</u>	<u>\$ 254,341,763</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION -
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Business-type Activities - Enterprise Funds		
	Public Utilities	Other Enterprise Funds	Total
OPERATING REVENUES:			
Utility sales and wastewater service	\$ 101,523,678	\$ -	\$ 101,523,678
Pro shop sales	-	65,427	65,427
Food sales	-	26,046	26,046
Oil and fuel sales	-	394,903	394,903
Rentals and other	-	72,594	72,594
Green fees, cart rentals and memberships	-	305,236	305,236
Capital projects revenue	-	14,157	14,157
Total operating revenues	<u>101,523,678</u>	<u>878,363</u>	<u>102,402,041</u>
OPERATING EXPENSES:			
Cost of goods sold	65,500,120	364,705	65,864,825
Operating and maintenance	8,793,737	237,395	9,031,132
Administrative	8,712,895	459,527	9,172,422
Depreciation and amortization	8,269,623	775,942	9,045,565
Total operating expenses	<u>91,276,375</u>	<u>1,837,569</u>	<u>93,113,944</u>
OPERATING INCOME (LOSS)	<u>10,247,303</u>	<u>(959,206)</u>	<u>9,288,097</u>
NON-OPERATING REVENUES (EXPENSES):			
Gain (loss) on disposal of property	(238,266)	-	(238,266)
Water impact and tap fees	250,845	-	250,845
Wastewater impact and tap fees	168,931	-	168,931
Interest income	139,509	-	139,509
Interest expense	(88,101)	(372)	(88,473)
Total non-operating revenues (expenses)	<u>232,918</u>	<u>(372)</u>	<u>232,546</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	<u>10,480,221</u>	<u>(959,578)</u>	<u>9,520,643</u>
Capital contributions - grants	966,197	91,857	1,058,054
Transfers in	-	47,721	47,721
Transfers out	(4,838,609)	(40,772)	(4,879,381)
CHANGES IN NET POSITION	<u>6,607,809</u>	<u>(860,772)</u>	<u>5,747,037</u>
NET POSITION - BEGINNING OF YEAR	<u>240,959,250</u>	<u>7,635,476</u>	<u>248,594,726</u>
NET POSITION - END OF YEAR	<u>\$ 247,567,059</u>	<u>\$ 6,774,704</u>	<u>\$ 254,341,763</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Business-type Activities - Enterprise Funds		
	Public Utilities	Other Enterprise Funds	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ 101,945,046	\$ 887,840	\$ 102,832,886
Cash payments to suppliers for goods and services	(67,693,101)	(601,306)	(68,294,407)
Cash payments to employees	(8,913,866)	(448,795)	(9,362,661)
Net cash provided (used) by operating activities	<u>25,338,079</u>	<u>(162,261)</u>	<u>25,175,818</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Due to others	-	221,903	221,903
Transfers out	(4,838,609)	6,949	(4,831,660)
Net cash provided (used) by noncapital financing activities	<u>(4,838,609)</u>	<u>228,852</u>	<u>(4,609,757)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition and construction of capital assets	(17,672,605)	(148,105)	(17,820,710)
Proceeds from sale of capital assets	52,096	-	52,096
Proceeds from bonds	1,635,406	-	1,635,406
Principal payment of capital leases	-	(9,971)	(9,971)
Principal paid on capital debt	(1,192,178)	-	(1,192,178)
Interest paid on capital debt	(88,101)	-	(88,101)
Interest payments on lease	-	(372)	(372)
Water impact and tap fees	250,845	-	250,845
Wastewater impact and tap fees	168,931	-	168,931
Proceeds from capital grants	966,197	91,857	1,058,054
Net cash used by capital and related financing activities	<u>(15,879,409)</u>	<u>(66,591)</u>	<u>(15,946,000)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investment interest	139,509	-	139,509
Purchaes of investments	(45,692,998)	-	(45,692,998)
Proceeds from maturity of investments	47,447,929	-	47,447,929
Net cash provided by investing activities	<u>1,894,440</u>	<u>-</u>	<u>1,894,440</u>
NET INCREASE IN CASH AND EQUIVALENTS	6,514,501	-	6,514,501
CASH AND EQUIVALENTS AT BEGINNING OF YEAR	14,369,050	500	14,369,550
CASH AND EQUIVALENTS AT END OF YEAR	\$ 20,883,551	\$ 500	\$ 20,884,051

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

	Business-type Activities - Enterprise Funds		
	Public Utilities	Other Enterprise Funds	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating income (loss)	\$ 10,247,303	\$ (959,206)	\$ 9,288,097
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	8,893,865	775,942	9,669,807
Changes in assets and liabilities:			
(Increase) decrease in:			
Customer accounts receivable	8,244	-	8,244
Unbilled receivables	(39,189)	-	(39,189)
Other receivables - operating	(769,221)	9,477	(759,744)
Inventories	(576,435)	(15,564)	(591,999)
Employee benefits	12,454	-	12,454
Increase (decrease) in:			
Accounts payable	5,803,253	16,358	5,819,611
Over billing	1,027,809	-	1,027,809
Sales tax payable	(1,809)	-	(1,809)
Withholdings and accrued expenses	97,577	-	97,577
Accrued compensated absences	(43,428)	1,906	(41,522)
Accrued salaries	442,047	-	442,047
Other post employment benefits obligation	40,972	8,826	49,798
Due to City of Orangeburg - General Fund	912	-	912
Customer deposits payable	193,725	-	193,725
Net cash provided (used) by operating activities	\$ 25,338,079	\$ (162,261)	\$ 25,175,818
RECONCILIATION OF TOTAL CASH AND CASH INVESTMENTS:			
Cash on hand and in bank	15,454,339	500	15,454,839
Restricted cash - customer deposits	3,437,040	-	3,437,040
Restricted cash - bond repayment	1,992,172	-	1,992,172
Total cash and cash equivalents	\$ 20,883,551	\$ 500	\$ 20,884,051

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA

STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2014

	<u>Delinquent Tax Collector Agency Fund</u>
ASSETS	
Cash	<u>\$ 22,027</u>
Total assets	<u>22,027</u>
LIABILITIES	
Due to trust fund holders	<u>22,027</u>
Total liabilities	<u>22,027</u>
NET POSITION	<u><u>\$ -</u></u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES:

REPORTING ENTITY:

The City of Orangeburg, South Carolina (City) was incorporated under an Act of the General Assembly of the State of South Carolina (State) on December 24, 1883, and operates under the Council form of government.

The financial statements of the City have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles in the United States of America. All applicable GASB statements have been implemented.

The City has been defined as a primary government under the criteria established by GASB. The criteria include an elected governing body by the citizens of the City of Orangeburg, a legally separate entity and fiscally independent of other state and local government entities.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS:

Government-wide Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non fiduciary activities of the City. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities demonstrates the degree to which the direct expenses of a given function or business-type activity are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or activity and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or activity. Taxes and other items not properly included among program revenues are reported instead as general revenues.

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

Fund Financial Statements

The fund financial statements provide information about the City's funds, including its fiduciary funds. Separate statements for each fund category - governmental, proprietary, and fiduciary - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non major funds.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT
PRESENTATION:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Expenses are recognized at the time the liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to earned vacation pay, other post-employment benefits, and claims and judgments, are recorded only when payment is due.

The revenues susceptible to accrual are property taxes, franchise fees, licenses, charges for service, interest income and intergovernmental revenues. Sales taxes collected and held by the state at year end on behalf of the government are also recognized as revenue. All other governmental fund revenues are recognized when received.

The government reports the following major governmental fund:

General Fund

The general fund is the primary operating fund of the City. It is used to account for all financial resources of the general government, except those required to be accounted for in other funds.

The government reports the following major enterprise fund:

Public Utilities

The public utilities fund accounts for the user charges, fees, and other resources and all costs associated with the operation of the water and sewer systems and the electricity and gas systems of the City.

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

The government reports the following non major enterprise funds:

Municipal Airport

The municipal airport fund accounts for the fuel sales, hangar rents, and grant income and all costs associated with the operations of the municipal airport of the City.

Pro Shop

The pro shop fund accounts for merchandise and food sales and rentals related to the golf course of the City along with all costs associated with the operation of the pro shop.

Golf Course

The golf course fund accounts for user fees and all costs associated with the operation of the City's golf course.

Additionally, the government reports the following fund types:

Capital Projects

The capital projects fund accounts for the acquisition and construction of the City's major capital facilities, other than those financed by proprietary funds.

Debt Service

The debt service fund is used to account for the accumulation of resources that are restricted, committed, or assigned for the payment of principal and interest on long-term obligations of governmental funds.

Special Revenue

The special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The term "proceeds of specific revenue sources" establishes that one or more specific restricted or committed revenues should be the foundation for a special revenue fund.

Fiduciary Funds

The delinquent tax collector fund accounts for the City's collection of delinquent taxes. This agency fund accounts for monies held on behalf of others.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payment-in-lieu of taxes and other charges between the City's water and sewer function and various other City functions.

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

Elimination of these charges would distort costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Therefore, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the costs of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET
POSITION/FUND BALANCE:**

Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits and certificates of deposit with initial maturities of three months or less.

Deposits and Investments

The City is authorized by South Carolina state law to invest in the following types of investments:

1. Obligations of the United States and its agencies.
2. Obligations issued by the Federal Financing Bank, Federal Farm Credit Bank, the Bank of Cooperatives, the Federal Intermediate Credit Bank, the Federal Land Banks, the Federal Home Loan Banks, the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Housing Administration, and the Farmers Home Administration, if, at the time of investment, the obligor has a debt rating in one of the top two ratings categories.
3. General obligations of the State of South Carolina or any of its political units or revenue obligations of the State of South Carolina or its political units with appropriate credit ratings
4. Savings and loan associations to the extent that the same are insured by an agency of the Federal government.
5. Certificates of deposit which are secured by securities described in (1) and (2) above held by a third party custodian, of a market value not less than the face value of the certificate, including accrued interest; however such collateral shall not be required to the extent the certificates are insured by an agency of the Federal government.
6. Repurchase agreements when collateralized as outlined above.

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

7. Certain no load open-end or closed-end management type investment companies or trusts registered under the Investment Company Act of 1940 or operating in a manner consistent with that Act.
8. A political subdivision receiving Medicaid funds appropriated by the General Assembly may utilize appropriated funds to participate in principal protected investments in the form of notes, bonds, guaranteed investment contracts, debentures or other contracts issued by a bank chartered in the United States or agency of a bank if chartered in the United States. No more than forty percent of the appropriated funds may be invested in the manner provided in this item.

State law also requires the City to secure its deposits with either Federal Deposit Insurance, surety bonds, pledged securities as described above or a qualified irrevocable letter of credit.

Receivables and Payables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Estimated unbilled revenues are recognized at the end of each fiscal year on a pro rata basis. The estimated amount is based on billings during the month following the close of the fiscal year.

Interfund Receivables, Payables and Transfers

Activity between funds that are representative of lending and borrowing arrangements outstanding at the end of the year are referred to as due to/from other funds (current inter-fund loans) or advances to/from other funds (non-current portion of inter-fund loans).

Advances between funds are offset by a fund balance reserve account in the applicable government funds to indicate that they are not available for appropriation and are not available financial resources.

Inter-fund transfers represent permanent reallocation of resources between funds. Inter-fund transfers are eliminated in the statement of activities.

Reserve for Bad Debts

The recorded reserve is approximately 1.24% of accounts receivable at September 30, 2014, which management feels is a reasonable estimate. The provision for bad debts is reported as a reduction in operating revenues, not as an expense.

Inventory

The City's inventories are valued at the lower of cost or market (first-in, first-out). The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased. Amounts reported as inventory in the General Fund are equally offset by a fund balance reserve, which indicates that they do not constitute "available spendable resources" even though they are a component of assets. Inventories in the Municipal Airport and Hillcrest Pro Shop proprietary funds consist of supplies and items held for resale.

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

Inventories in the Department of Public Utilities proprietary fund consist of fuel for sale and materials for operating and maintenance and improving property and plant and are recorded at average cost.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. streets, sidewalks, water and sewer delivery systems and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$3,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of the donation.

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

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

Governmental funds capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Useful Life (Years)</u>
Building and machinery	40
Water and sewer systems	50
Infrastructure	25
Major improvements	20
Furniture and fixtures	5
Equipment	5-10

Amortization of capital leases is included in depreciation expense.

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

The buildings, equipment and vehicles in other proprietary funds are depreciated using the straight-line method. Estimated useful lives are as follows:

<u>Assets</u>	<u>Useful Life (Years)</u>
Airport:	
Building	30-39
Runways	20
Vehicles	5
Equipment	3-20
Pro Shop:	
Buildings	30-39
Vehicles	5
Equipment	3-20
Public Utilities:	
Electric system	25-50
Gas system	35-50
Water system	30-100
Wastewater system	40-60
Buildings	45
Warehouse	25
Fiber optics and SCADA systems (part of the electric system)	12-30
Tools	3-7
Furniture and fixtures	3-20

Accrued Annual Leave

The City's policy is to permit employees to accumulate leave depending upon length of service. The maximum leave which may be accrued is 1,080 hours for persons with twenty or more years of service (calculated as hours earned times hourly rate). There is no liability for unpaid accumulated sick leave since the City does not have a policy to pay any amounts when employees separate from service. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements.

Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type statement of net position.

Fund Balance

The usefulness of fund balance information is enhanced by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

fund type definitions. Fund balance classifications comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in the governmental funds.

The City classifies governmental fund balances as follows:

Nonspendable - includes amounts that inherently cannot be spent either because they are not in spendable form (i.e. prepaids, inventories, long-term portion of loans receivable, etc.) or because of legal or contractual requirements (i.e., principal on an endowment, etc.).

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

Committed - includes amounts that are constrained for specific purposes that are internally imposed by the government through formal action taken by the City Council, which is the highest level of decision making authority, before the end of the reporting period. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

Assigned - includes amounts that are intended to be used for specific purposes that are neither considered restricted nor committed; in addition, such assignments are made by the City manager.

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

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

Net Assets

Net assets represent the difference between assets and liabilities. Net assets are classified as invested in capital assets net of related debt, restricted, and unrestricted. Net assets invested in capital assets, net of related debt, consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings, including accrued interest, used for the

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

acquisition, construction or improvement of those assets. Outstanding debt which has not been spent is included in the same net assets component as the unspent proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments.

Estimates

Management uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenditures. Actual results could vary from the estimates that were used. Material estimates that are particularly susceptible to significant changes in the near term relate to the determination of unbilled customer accounts receivable and the calculation of post employment benefits other than pension.

SUBSEQUENT EVENTS:

The City has considered subsequent events through February 12, 2015, the date of issuance, in preparing the financial statements and notes.

RECENT ACCOUNTING PRONOUNCEMENTS:

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* (Statement), was issued by the GASB in June 2012. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local government employers about financial support for pensions that are provided by other entities. In addition, state and local governments who participate in a cost-sharing multiple employer plan will now be required to recognize a liability for their proportionate share of the net pension liability of that plan. It is GASB's intention that this new Statement will provide citizens and other users of the financial statements with a clearer picture of the size and nature of the City's financial obligations to current and former employees for past services rendered.

In particular, the City will be required to report a net pension liability for its participation in the South Carolina Retirement System (SCRS) and the Police Officers' Retirement System (PORS) on financial statements prepared on the economic resources measurement focus and accrual basis of accounting (i.e., the Statement of Net Position) and present more extensive note disclosures. In general, it should not have a significant impact on the City's governmental funds.

The effect of implementation of this Statement has not been determined at this time, but it is anticipated that it will materially decrease the City's unrestricted net position. This Statement is required to be implemented by the City no later than the fiscal year ending September 30, 2015.

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 - CASH, CASH EQUIVALENTS, AND INVESTMENTS:

At September 30, 2014 the City had the following investments:

	Amortized <u>Cost</u>	Fair <u>Value</u>	Weighted Average Maturity <u>(Years)</u>
Money Market Funds	\$ 737,295	\$ 737,295	
U.S. Treasuries Bills	8,626,542	8,628,330	0.43
U.S. Treasuries Bonds and Notes	10,150,489	10,110,560	0.52
U.S. Agency Securities	9,154,519	9,119,070	1.03
State Treasurer's investment pool	15,904,717	15,904,717	
	<u>\$ 44,573,562</u>	<u>\$ 44,499,972</u>	
Total investments			

Investments are carried at amortized cost which approximates market value. The City invests in the State Treasurer's South Carolina Local Government Investment Pool which is an unrated investment trust fund, not required to register with the Securities and Exchange Commission. The fair value of the investment in the pool is the same as the value of the pool shares.

Interest Rate Risk

The City does not have a formal investment policy that would limit investment maturities as a means of managing its exposure to fair value arising from increasing interest rates. However, the City limits its risk by restricting its investment maturities to no more than one year.

Credit Risk

The City has no investment policy that would limit its investment choices other than those that are mandated by State law.

Concentration of Credit Risk

The City places no limit on the amount that can be invested with any one issuer.

Custodial Credit Risk for Deposits

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the City's deposits might not be recovered. The City's custodial credit risk policy is to use only high quality financial institutions for its deposits. In addition, its policy is to comply with the State's collateralization statutes. At September 30, 2014, City deposits totaled \$21,769,041 and the bank balance was \$22,125,826. Of the bank balance, \$932,654 was covered by Federal depository insurance. The balance is collateralized by obligations of the United States of America and its agencies (as required by state law) and is held at the Federal Reserve under the City's control via book entry or by the pledging banks in the City's name.

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 3 - PROPERTY TAXES:

Property taxes are levied on real and personal properties owned on the preceding December 31 of the City's fiscal year ended September 30. Liens attach to the property at the time the taxes are levied, which is usually in November of each year.

These taxes are due without penalty through January 15. After January 15, penalties are added and taxes become delinquent. After March 16, the taxes go into execution.

The levy date for motor vehicle taxes is the first day of the month in which the motor vehicle license expires. These taxes are due by the last day of the same month.

Delinquent taxes uncollected at September 30, 2014 are \$128,570 and are not considered available to liquidate current period liabilities. Accordingly, the City has provided deferred revenue equal to that amount in the fund financial statements.

NOTE 4 - ACCOUNTS RECEIVABLE:

Proprietary fund accounts receivable consist primarily of amounts billed to customers for electric, gas and water utilities and wastewater services which were not collected as of the end of the year. The balance is net of an allowance for doubtful accounts of \$60,756. Delinquent taxes have an allowance for doubtful accounts of \$37,674.

NOTE 5 - INTERFUND BALANCES:

Individual fund interfund receivable and payable balances at September 30, 2014 were as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Due from/to other funds:		
General Fund	\$ 70,407	\$ 96,560
Special Revenue Funds:		
Accommodations Tax Fund	-	4,139
Hospitality and Accommodations Tax Fund	96,560	-
Enterprise funds:		
Pro Shop	24,518	
Department of Public Utilities	-	90,786
Total due from/to other funds	<u>191,485</u>	<u>191,485</u>
Advances to/from other funds:		
General Fund	1,899,012	-
Enterprise funds:		
Municipal Airport	-	1,054,929
Hillcrest	-	844,083
Total advances to/from other funds	<u>1,899,012</u>	<u>1,899,012</u>
Total interfund receivables and payables	<u>\$ 2,090,497</u>	<u>\$ 2,090,497</u>

CITY OF ORANGEBURG
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Individual fund operating transfers for the year ended September 30, 2014 were as follows:

	<u>Transfers out</u>	<u>Transfers in</u>
General fund	\$ 25,000	\$ 5,164,855
Nonmajor funds:		
Accomodations Tax Fund	25,746	-
Hospitality and Accomodations Tax Fund	271,949	-
Victims' Advocate Fund	35,500	-
Stevenson Auditorium	-	25,000
Enterprise funds:		
Municipal Airport	-	83
Pro Shop	40,772	-
Hillcrest	-	47,638
Department of Public Utilities	4,838,609	-
	<hr/>	<hr/>
Total	<u>\$ 5,237,576</u>	<u>\$ 5,237,576</u>

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 6 - CAPITAL ASSETS:

Capital asset activity for the year ended September 30, 2014 was as follows:

<u>Governmental Activities</u>	<u>Balance</u> <u>9/30/2013</u>	<u>Additions</u>	<u>Transfers/ Adjustments</u>	<u>Deletions</u>	<u>Balance</u> <u>9/30/2014</u>
Capital assets not being depreciated:					
Land	\$ 2,093,777	\$ -	\$ -	\$ (5,411)	\$ 2,088,366
Construction in progress	1,147,301	123,131	(44,217)	-	1,226,215
Total	<u>3,241,078</u>	<u>123,131</u>	<u>(44,217)</u>	<u>(5,411)</u>	<u>3,314,581</u>
Capital assets being depreciated:					
Buildings	9,850,495	-	-	-	9,850,495
Building improvements	2,848,543	41,556	-	-	2,890,099
Land improvements	4,380,283	114,983	-	-	4,495,266
Infrastructure	7,773,737	9,995	-	-	7,783,732
Vehicles	5,097,707	188,655	1,877,722	(416,378)	6,747,706
Furniture and fixtures	1,561,731	26,984	53,290	(2,453)	1,639,552
Machinery and equipment	830,913	16,618	378,583	-	1,226,114
Computer equipment	1,335,753	75,499	44,217	(31,129)	1,424,340
Assets under capital lease	2,776,670	595,886	(2,314,073)	-	1,058,483
Tools and other	1,269,141	57,502	4,478	(15,716)	1,315,405
Total	<u>37,724,973</u>	<u>1,127,678</u>	<u>44,217</u>	<u>(465,676)</u>	<u>38,431,192</u>
Less accumulated depreciation:					
Buildings	4,857,787	277,173	-	-	5,134,960
Building improvements	875,395	78,501	-	-	953,896
Land improvements	2,550,817	250,701	-	-	2,801,518
Infrastructure	1,999,673	317,324	-	-	2,316,997
Vehicles	4,917,777	475,905	903,168	(416,378)	5,880,472
Furniture and fixtures	1,412,435	61,401	24,642	(2,453)	1,496,025
Machinery and equipment	779,647	92,100	123,049	-	994,796
Computer equipment	1,082,126	97,584	-	(30,734)	1,148,976
Assets under capital lease	1,108,679	141,412	(1,050,859)	-	199,232
Tools and other	1,166,696	44,475	-	(4,354)	1,206,817
Total accumulated depreciation	<u>20,751,032</u>	<u>1,836,576</u>	<u>-</u>	<u>(453,919)</u>	<u>22,133,689</u>
Total capital assets being depreciated, net	<u>16,973,941</u>	<u>(708,898)</u>	<u>44,217</u>	<u>(11,757)</u>	<u>16,297,503</u>
Governmental activities capital assets, net	<u>\$ 20,215,019</u>	<u>\$ (585,767)</u>	<u>\$ -</u>	<u>\$ (17,168)</u>	<u>\$ 19,612,084</u>

CITY OF ORANGEBURG
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NOTES TO THE FINANCIAL STATEMENTS

Depreciation expense was charged to function/programs of the governmental activities as follows:

Executive	\$ 3,110
Finance	26,920
Administrative	17,056
Public works	643,464
Public safety	705,265
Parks and recreation	382,023
Services	<u>58,738</u>
Total depreciation expense - governmental activities	<u>\$ 1,836,576</u>

Business type capital asset activity for the year ended September 30, 2014 was as follows:

<u>Business-type Activities</u>	<u>Balance</u> <u>9/30/2013</u>	<u>Additions</u>	<u>Transfers/</u> <u>Adjustments</u>	<u>Deletions</u>	<u>Balance</u> <u>9/30/2014</u>
Capital assets not being depreciated:					
Land	\$ 3,660,354	\$ -	\$ -	\$ -	\$ 3,660,354
Construction in progress	7,109,018	17,890,567	-	(8,931,723)	16,067,862
Total	<u>10,769,372</u>	<u>17,890,567</u>	<u>-</u>	<u>(8,931,723)</u>	<u>19,728,216</u>
Capital assets being depreciated:					
Buildings and improvements	9,074,372	26,154	-	-	9,100,526
Electric Division	122,022,989	5,174,890	-	(2,051,433)	125,146,446
Gas Division	25,335,126	1,258,543	-	(191,134)	26,402,535
Water Division	101,144,532	695,740	-	(259,562)	101,580,710
Wastewater Division	72,422,981	1,269,794	-	(681,776)	73,010,999
Land improvements	12,728,920	6,866	-	-	12,735,786
Tools and equipment	5,600,006	343,997	-	(1,333,653)	4,610,350
Furniture and fixtures	1,262,601	-	-	(378,275)	884,326
Assets under capital lease	301,737	-	-	-	301,737
Total	<u>349,893,264</u>	<u>8,775,984</u>	<u>-</u>	<u>(4,895,833)</u>	<u>353,773,415</u>
Less: accumulated depreciation	(147,015,804)	(9,669,807)	-	4,691,351	(151,994,260)
Total capital assets being depreciated, net	<u>202,877,460</u>	<u>(893,823)</u>	<u>-</u>	<u>(204,482)</u>	<u>201,779,155</u>
Business-type activities capital assets, net	<u>\$ 213,646,832</u>	<u>\$ 16,996,744</u>	<u>\$ -</u>	<u>\$ (9,136,205)</u>	<u>\$ 221,507,371</u>

Proprietary Fund capital assets are recorded at cost, and transfers from other funds and donated assets are recorded at their estimated fair value at the time of transfer and contribution. Repairs and maintenance are recorded as expenses. The sale or disposal of fixed assets is recorded by removing the cost and accumulated depreciation from the accounts and charging the resulting gain or loss to income.

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

The following is a summary of the proprietary fund type capital assets at September 30, 2014:

	Municipal Airport	Golf Pro Shop	Golf Course	Department of Public Utilities	Total
Land	\$ 1,315,952	\$ -	\$ -	\$ 2,344,402	\$ 3,660,354
Construction in progress	515,537	-	-	15,552,325	16,067,862
Buildings and improvements	1,549,683	-	464,558	7,086,285	9,100,526
Electric Division	-	-	-	125,146,446	125,146,446
Gas Division	-	-	-	26,402,535	26,402,535
Water Division	-	-	-	101,580,710	101,580,710
Wastewater Division	-	-	-	73,010,999	73,010,999
Land improvements	12,151,671	-	584,115	-	12,735,786
Tools and equipment	660,060	1,295	408,283	3,540,712	4,610,350
Furniture and fixtures	36,396	-	26,970	820,960	884,326
Assets under capital lease	197,962	-	103,775	-	301,737
	<hr/>				
Total	16,427,261	1,295	1,587,701	355,485,374	373,501,631
Less: accumulated depreciation	(8,086,061)	(1,295)	(1,173,946)	(142,732,958)	(151,994,260)
	<hr/>				
Net capital assets					
- proprietary funds	\$ 8,341,200	\$ -	\$ 413,755	\$ 212,752,416	\$ 221,507,371
	<hr/> <hr/>				

Depreciation and amortization expense was charged to function/programs of the proprietary funds as follows:

Department of Public Utilities	
Electric Division	\$ 4,412,453
Gas Division	594,232
Water Division	2,236,607
Wastewater Division	1,650,573
	<hr/>
Total Department of Public Utilities	8,893,865
	<hr/>
Municipal Airport	692,342
Golf Course	83,600
	<hr/>
Total	\$ 9,669,807
	<hr/> <hr/>

Included in these amounts is depreciation on electric and turbine generators of \$624,242 for the year ended September 30, 2014, and is included as a part of cost of goods sold on the financial statements.

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 7 - LONG-TERM OBLIGATIONS:

Long-term obligations as of September 30, 2014 were as follows:

<u>Governmental Activities</u>	<u>9/30/2013</u>	<u>Additions</u>	<u>Retirements</u>	<u>9/30/2014</u>	<u>Due Within One Year</u>
Capital leases payable	\$ 3,118,243	\$ 646,300	\$ (1,356,958)	\$ 2,407,585	\$ 668,608
Accrued compensated absences	1,169,731	300,450	(307,962)	1,162,219	307,962
General obligation bond	400,000	-	(400,000)	-	-
	<hr/>				
Total governmental activities	<u>\$ 4,687,974</u>	<u>\$ 946,750</u>	<u>\$ (2,064,920)</u>	<u>\$ 3,569,804</u>	<u>\$ 976,570</u>
<u>Business-type Activities</u>					
Capital leases payable	\$ 18,484	\$ -	\$ (9,971)	\$ 8,513	\$ 8,513
Accrued compensated absences	1,250,871	797,938	(839,460)	1,209,349	610,110
Combined Public Utilities System Revenue Bond	5,094,156	27,454,700	(1,192,178)	31,356,678	188,861
	<hr/>				
Total business-type activities	<u>\$ 6,363,511</u>	<u>\$ 28,252,638</u>	<u>\$ (2,041,609)</u>	<u>\$ 32,574,540</u>	<u>\$ 807,484</u>

CITY OF ORANGEBURG
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<u>Governmental Activities</u>	<u>Outstanding 9/30/2013</u>	<u>Issued</u>	<u>Repaid</u>	<u>Outstanding 9/30/2014</u>
Capital leases:				
Various equipment financed by South Carolina Bank & Trust; four annual payments of \$213,827 principal and interest at a rate of 2.30% through September 1, 2014. The lease is secured by equipment acquired.	\$ 180,335	\$ -	\$ (180,335)	\$ -
Capital projects for the City financed by BB&T in the amount of \$3,787,058. The City financed several capital projects through a lease purchase. These projects included construction of several parking lots, cart paths at the golf course, Stevenson Auditorium renovation, improvements of two buildings, a spray fountain, and a downtown streetscape. This lease was refinanced in October 2004. Payments of \$342,927 including principal and interest at 4.1% for 15 years. The lease is secured by the pledge of certain sales tax revenue.	2,051,763	-	(258,804)	1,792,959
Vehicles and equipment financed by South Carolina Bank & Trust; three annual payments of \$256,521 principal with interest and a final payment of \$293,327 principal with interest at a rate of 1.60% through September 1, 2014. The lease is secured by equipment acquired.	289,154	-	(289,154)	-
Vehicles and equipment financed by First Citizens; three annual payments of \$215,600 principal and interest at a rate of 2.65% through September 1, 2014. The lease is secured by equipment acquired.	229,474	-	(229,474)	-
Vehicles and equipment financed by First Citizens; due in three annual payments of \$183,758 principal with interest at a rate of 1.08% and maturing August 1, 2015. The lease is secured by equipment acquired.	367,517	-	(183,758)	183,759
Vehicles and equipment financed by BB&T; due in three annual payments of \$215,433 principal with interest at a rate of 0.93% and maturing September 1, 2016. The lease is secured by equipment acquired.	-	646,300	(215,433)	430,867
Bonds payable:				
\$2,000,000 general obligation bond of 2003 payable November 1, 2004 through 2013; interest rate at 3.5% payable twice a year in May and November.	400,000	-	(400,000)	-
Total	<u>\$ 3,518,243</u>	<u>\$ 646,300</u>	<u>\$ (1,756,958)</u>	<u>\$ 2,407,585</u>

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

The following is a schedule of future debt repayments capital leases for the governmental activities as of September 30, 2014.

<u>September</u>	<u>Capital Leases</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 668,608	\$ 81,493	\$ 750,101
2016	495,895	64,469	560,364
2017	291,961	50,966	342,927
2018	303,931	38,996	342,927
2019	316,393	26,535	342,928
2020	330,797	12,131	342,928
Total	<u>\$ 2,407,585</u>	<u>\$ 274,591</u>	<u>\$ 2,682,176</u>

The South Carolina Constitution limits local unit borrowing power to 8 percent of its assessed property value. The limitation excludes bonded indebtedness existing on December 1, 1977 (date of the Constitutional amendment), certain special levies assessed on properties located in an area receiving special benefits and other prescribed indebtedness approved by the voters. Lease purchases are also excluded from this limitation. As of September 30, 2014, the City's bonded indebtedness was below the Constitutional limits as follows:

Real property assessed value	\$ 28,191,648
Other personal property assessed value	1,114,626
Vehicles assessed value	<u>2,998,632</u>
Total taxable assessed value	<u>\$ 32,304,906</u>
Debt limit - eight percent (8%) of total taxable assessed value	\$ 2,584,392
Amount of debt applicable to limit	<u>-</u>
Legal debt margin	<u>\$ 2,584,392</u>

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA
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<u>Business-type Activities</u>	<u>Outstanding 9/30/2013</u>	<u>Issued</u>	<u>Repaid</u>	<u>Outstanding 9/30/2014</u>
Capital leases:				
Municipal Airport:				
Facilities lease for the construction and equipping of a hangar building on the property of the Airport; 20 annual payments of \$9,971 principal with interest at 5.19% through August 1, 2015. The cost of \$197,961 is included in assets under capital leases. The lease is secured by the property leased.	\$ 18,484	\$ -	(9,971)	\$ 8,513
Bonds payable:				
Public Utilities:				
\$9,500,000 Series of 2004; payable April 1, 2004 through 2014; interest at 3% payable each April 1 and October 1.	950,000	-	(950,000)	-
\$982,514 Series of 2009, payable May 21, 2010 through 2030; interest at 1.68% payable quarterly.	757,920	-	(45,039)	712,881
\$4,280,163 Series of 2009, payable May 1, 2010 through 2030 - interest at 1.84% payable quarterly.	3,386,236	-	(197,139)	3,189,097
\$27,454,700 Series of 2014, payable November 1, 2016 through 2036 - interest at 1.68% payable quarterly.	-	27,454,700	-	27,454,700
Total	<u>\$ 5,112,640</u>	<u>\$ 27,454,700</u>	<u>\$(1,202,149)</u>	<u>\$ 31,365,191</u>

The bond ordinances stipulate that all bonds issued for the public utilities system are revenue bonds. The bonds are payable solely from the revenues of the operations of the system. All issuances of the bonds are parity bonds and have equal standing. The bonds are secured by all revenues which remain after paying the cost of the operation and maintenance of the system of the Department.

The bond ordinances require the Department to maintain various funds as long as the bonds are outstanding. The gross revenue fund, the operating and maintenance fund, the debt service fund, the depreciation fund and the contingent fund are maintained to provide for payment of principal, interest, operating contingencies and depreciation. These funds are invested in obligations of the U.S. Government. As of September 30, 2014, balances in all funds meet bond requirements.

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Additional bonds can be issued only if (1) there are no defaults in payments of interest and principal of any existing bond having claim on the revenues of the system, (2) existing bonds' cushion funds have been maintained as required, and (3) the net earnings of the system for the fiscal year in which bonds are to be issued should not be less than 120% of the highest combined annual principal requirements of any succeeding fiscal year on all bonds then proposed to be issued.

The following is a schedule of future debt repayments under bonds and capital leases for business-type activities as of September 30, 2014.

<u>September</u>	<u>Bonds and Notes</u>		<u>Capital Leases</u>		<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ 188,861	\$ 59,779	\$ 8,513	\$ 517	\$ 197,374	\$ 60,296
2016	229,738	61,974	-	-	229,738	61,974
2017	1,399,689	510,902	-	-	1,399,689	510,902
2018	1,422,758	487,833	-	-	1,422,758	487,833
2019	1,446,299	464,292	-	-	1,446,299	464,292
2020-2024	7,601,878	1,951,078	-	-	7,601,878	1,951,078
2025-2029	8,267,682	1,585,274	-	-	8,267,682	1,585,274
2030-2034	7,622,616	604,192	-	-	7,622,616	604,192
2035-2036	3,177,157	60,603	-	-	3,177,157	60,603
Total	\$ 31,356,678	\$ 5,785,927	\$ 8,513	\$ 517	\$ 31,365,191	\$ 5,786,444

NOTE 8 - LEASES:

LESSEE:

During 2010, the Department of Public Utilities signed a 60-month lease for six copiers. The monthly payment is \$984. Lease expense under the lease was \$11,808 in 2014. Future minimum lease payments under the lease are as follows:

<u>Years Ending September 30:</u>	
2015	<u>\$ 10,824</u>
Total	<u>\$ 10,824</u>

LESSOR:

The Department of Public Utilities has a five-year contract to lease space on top of a water tank to a company for a telecommunication tower. Lease income was \$14,548 in 2014 and 2013. There are two years remaining in the lease term with annual payments totaling \$14,548.

CITY OF ORANGEBURG
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NOTE 9 - RETIREMENT PLAN:

Substantially all full-time employees of the City are covered under the SCRS, with the exception of the public safety departments, which are covered by the PORS. The SCRS and PORS are cost-sharing multiple-employer defined benefit pension plans. Effective July 1, 2012, the South Carolina General Assembly transferred administration of the SCRS and the PORS to the newly created South Carolina Public Employee Benefit Authority (PEBA). The PEBA has the authority to establish and amend benefits and funding policy.

Both the City and its covered employees are required to contribute to the SCRS and PORS at rates established under the authority of Title 9 of the South Carolina Code of Laws. Covered payroll for the current year was \$14,801,442. The rates, shown as of July 1 of each fiscal year, are as follows:

	2014		2013		2012	
	<u>Employer</u>	<u>Employee</u>	<u>Employer</u>	<u>Employee</u>	<u>Employer</u>	<u>Employee</u>
SCRS	10.450%	8.00%	10.450%	7.50%	10.450%	7.00%

In addition to the above rates, participating employees of the SCRS contribute .15% of payroll to provide a group life insurance benefit for their participants. Participating employees under the PORS also contribute .2% of payroll to provide an accidental death benefit for their participants. All employees contribute at the actuarially required contribution rate.

Both plans provide annuity benefits as well as disability and group-life insurance benefits to eligible employees, retirement and disability benefits, cost of living adjustments on a ad-hoc basis, life insurance benefits and survivor benefits.

Plan benefits are established under the authority of Title 9 of the SC Code of Laws. A Comprehensive Annual Financial Report containing financial statements and required supplementary information for the SCRS and PORS is publicly available by writing the South Carolina Public Employee Benefits Authority, Post Office Box 11960, Columbia, South Carolina 29211-1960.

Information as to employee and employer contributions to the plans is as follows:

	2014		2013		2012	
	<u>SCRS</u>	<u>PORS</u>	<u>SCRS</u>	<u>PORS</u>	<u>SCRS</u>	<u>PORS</u>
Employer	\$ 1,430,256	\$ 411,711	\$ 1,394,960	\$ 383,192	\$ 1,229,243	\$ 392,016
Employee	1,031,527	253,219	947,495	222,687	839,324	218,355

The City contributed 100% of the required contributions for the current year and each of the two preceding years.

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NOTES TO THE FINANCIAL STATEMENTS

Both the employer and employee contributions will increase in the coming year. The SCRS employer and employee contribution rates will increase to 10.91% and 8.16%, respectively. The PORS employer and employee contribution rates will increase to 13.34% and 8.41%, respectively.

NOTE 10 - POST-RETIREMENT HEALTH BENEFITS:

PLAN DESCRIPTION:

The City administers a Retiree Medical and Prescription Drug Plan (the Plan) as a single-employer defined benefit Other Post Employment Benefit Plan (OPEB). The Plan provides for continuation of medical insurance benefits for certain retirees and can be amended by action of the City. The Plan does not issue a stand alone financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan.

FUNDING POLICY:

The City pays the cost of the postemployment health care benefits for the retirees between the ages of 60 and 65. Upon reaching Medicare eligibility, the City will pay up to \$100 per month toward the cost of a Medicare supplement. The City will also reimburse out of pocket prescription costs exceeding \$2,000 per year up to a total annual benefit of \$840. Surviving spouses of retirees may elect to continue health care benefits at their own expense. Substantially all of the City's employees may become eligible for these benefits if they reach normal retirement age while working for the government.

The obligation of employer is established by action of the City's Council. The required contribution rate of the employer varies depending on the applicable agreement. The City currently contributes enough money to the plan to satisfy current obligations on a pay-as-you-go basis. The costs of administering the plan are paid by the City.

ANNUAL OPEB COST AND NET OPEB OBLIGATION:

The City's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC). The City has engaged an actuary to calculate the ARC for employers in plans with more than one hundred total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and the City's net OPEB obligation to the Retiree Health Plan at September 30, 2014:

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

Annual OPEB cost:	
Normal cost	\$ 243,631
Amortization of unfunded actuarial accrued liability	<u>238,276</u>
Total annual required contribution	481,907
OPEB contributions and implicit rate subsidy during the year	<u>251,173</u>
Current year increase in OPEB obligation	230,734
Net OPEB obligation, beginning of year	<u>4,285,084</u>
Net OPEB obligation, end of year	<u><u>\$ 4,515,818</u></u>

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

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Current Year Increase	Net OPEB Obligation
2012	\$ 673,797	34.10%	\$ 444,026	\$ 3,903,159
2013	633,098	39.67%	381,925	4,285,084
2014	481,907	52.12%	230,734	4,515,818

FUNDED STATUS AND FUNDING PROGRESS:

As of September 30, 2014, the actuarial accrued liability for benefits was \$6,403,785, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$11,428,278, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 56.0% percent.

The projection of future benefit payments for an ongoing plan involves 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 annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS

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 sharing of benefit costs between the employer and plan members. The 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 most recent actuarial valuation dated October 1, 2013, the actuarial cost method is the projected unit cost method. The amortization method is the level dollar open method and the remaining amortization period is 30 years. The actuarial assumptions include a 4% return on investments, which includes inflation at 2.75%, and an annual healthcare cost trend rate of 8.5% initially reduced by decrements to an ultimate rate of 5% after 5 years.

NOTE 11 - FUND BALANCES AND NET ASSETS:

RESTRICTED NET ASSETS:

The Department of Public Utilities reserved a portion of the net assets for the following purposes:

Restricted for self insurance	\$ 75,008
Restricted for customer deposits	3,437,040
Restricted for bond repayment	<u>1,992,172</u>
Total	<u><u>\$ 5,504,220</u></u>

OTHER:

The golf course has a negative fund balance of \$813,754 as of September 30, 2014. The fund balance is expected to return to a positive position as the economy improves.

NOTE 12 - RISK MANAGEMENT:

The City is exposed to various risks of loss and maintains elements of both self-insurance and purchased insurance policies divided into coverage for workers' compensation, property and casualty, general tort liability, employee dishonesty, and employee health insurance. Management believes such coverage is sufficient to preclude any significant uninsured losses for the covered risks. The insurers promise to pay to or on behalf of the insured for covered economic losses sustained during the policy period in accordance with insurance policy and benefit program limits.

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NOTES TO THE FINANCIAL STATEMENTS

Several State funds accumulate assets and the State itself assumes substantially all risks for the following:

- 1) Claims of covered public employees for long-term disability and group-life insurance benefits (Retirement System);

The City assumes the risk for unemployment compensation benefits by paying directly to the Department of Employment and Workforce actual claims filed against them.

The City and other entities pay premiums to the State's Insurance Reserve Fund which issues policies, accumulates assets to cover risk of loss, and pays claims incurred for covered losses related to the following assets and activities:

- 1) Theft of, damage to, or destruction of assets;
- 2) Real property, its contents, and other equipment;
- 3) Auto liability;
- 4) General tort liability.

The City, excluding the Department, carries collision insurance on its motor vehicles. However, after the motor vehicles are five years old the collision insurance is no longer carried. The City also has a self-insurance fund that pays for any vehicle repair or replacement not covered by insurance. Insurance coverage on the electric substations and on all utility system transmission and distribution lines is not available.

The City participates in the South Carolina Municipal Insurance Trust/Workers' Compensation Pool, a public entity risk pool for its workers' compensation coverage. Pool members are subject to a supplemental assessment in the event of deficiencies.

The City obtains coverage through a commercial insurer for employee fidelity bond insurance for all employees for losses arising from theft or misappropriation.

The Department of Public Utilities has set aside and reserved \$75,008 to cover excess cost to clean up contamination surrounding its three underground storage tanks that may not be covered under the Super Fund provisions in the Clean Water Act legislation. The South Carolina Department of Health and Environmental Control established the amount set aside. The Department is not required to purchase outside insurance for this coverage as long as it has these funds reserved as such.

The Department of Public Utilities has allocated insurance premium payments to the appropriate divisions. All claims are expected to be covered up to the deductibles. These risks of loss (the deductibles) have not been transferred to a commercial insurer.

In management's opinion, supplemental premium assessments, if any, would not be significant enough to have a material adverse effect on the financial position of the City.

Beginning January 1, 2014, the City implemented a partial self-insurance program for medical insurance coverage for its employees. The City's health insurance plan has an individual stop

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NOTES TO THE FINANCIAL STATEMENTS

loss insurance amount of \$125,000. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported.

NOTE 13 - COMMITMENTS AND CONTINGENCIES:

The City participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the City had not complied with the rules and regulations governing the grants, refunds of any money received may be required. In the opinion of the City, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

Projected costs to complete current projects in progress for the Department of Public Utilities are expected to be approximately \$22,567,000.

The City entered into an agreement with Orangeburg County (County) and the State to provide financial assistance to the Orangeburg County/City Industrial Park Commission to acquire a building to induce new businesses to locate in the County. The City has offered to provide \$1.6 million of the total \$5.2 million in financial assistance.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES				
Taxes:				
Ad valorem	\$ 3,446,488	\$ 3,342,326	\$ 3,300,417	\$ (41,909)
Sales	1,146,000	1,192,000	-	(1,192,000)
Franchise	148,500	143,500	145,380	1,880
Licenses and permits	2,844,306	2,867,803	2,921,930	54,127
Fines and forfeitures	777,500	697,500	623,122	(74,378)
Charges for services	2,094,971	2,058,050	2,067,461	9,411
Interest income	22,000	16,000	15,151	(849)
Miscellaneous	685,550	98,773	107,692	8,919
Intergovernmental	450,526	795,526	789,478	(6,048)
Total revenues	<u>11,615,841</u>	<u>11,211,478</u>	<u>9,970,631</u>	<u>(1,240,847)</u>
EXPENDITURES				
Current:				
General government:				
Executive	380,403	387,268	373,676	(13,592)
Finance	697,994	699,829	668,772	(31,057)
Administrative	549,610	603,857	545,084	(58,773)
Non-departmental	883,754	909,084	911,132	2,048
Total general government	<u>2,511,761</u>	<u>2,600,038</u>	<u>2,498,664</u>	<u>(101,374)</u>
Public works	2,361,949	2,400,924	2,281,655	(119,269)
Public safety	7,469,519	7,199,402	6,688,023	(511,379)
Parks and recreation	1,923,428	1,856,607	1,794,917	(61,690)
Service	571,700	599,758	586,882	(12,876)
Debt service:				
Principal	1,541,393	1,520,929	1,414,031	(106,898)
Interest	-	-	109,990	109,990
Total debt service	<u>1,541,393</u>	<u>1,520,929</u>	<u>1,524,021</u>	<u>3,092</u>
Total expenditures	<u>16,379,750</u>	<u>16,177,658</u>	<u>15,374,162</u>	<u>(901,778)</u>
Excess (deficiency) of revenues over expenditures	<u>(4,763,909)</u>	<u>(4,966,180)</u>	<u>(5,403,531)</u>	<u>(339,069)</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	5,177,609	5,134,609	5,164,855	30,246
Operating transfers out	(1,100,000)	(1,217,000)	(25,000)	1,192,000
Lease proceeds	646,300	646,290	646,300	10
Sale of general capital assets	40,000	1,265,000	1,250,330	(14,670)
Total other financing sources (uses)	<u>4,763,909</u>	<u>5,828,899</u>	<u>7,036,485</u>	<u>1,207,586</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 862,719</u>	1,632,954	<u>\$ 770,235</u>
Fund balance - beginning			<u>11,397,727</u>	
Fund balance - ending			<u>\$ 13,030,681</u>	

*THE ACCOMPANYING NOTE TO THE BUDGETARY COMPARISON SCHEDULE
IS AN INTEGRAL PART OF THIS STATEMENT*

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA

NOTE TO THE BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

NOTE 1 - BUDGET PROCESS:

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to September 30, the City Administrator and Finance Director submit to City Council a proposed operating budget for the fiscal year commencing October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted at City Hall to obtain taxpayer comments.
3. The budget is legally enacted through passage of an ordinance.
4. The City Administrator is authorized to administer the budget and may authorize the transfer of appropriated funds within and between departments and funds as necessary to achieve the goals of the budget. All appropriations are legally controlled at the departmental level for the General Fund.
5. Expenditures may not legally exceed budgeted appropriations at the fund level.
6. Formal budgetary integration is employed as a management control device during the year for the General Fund.
7. The budget for the General Fund is adopted on a basis consistent with accounting principles generally accepted in the United States. All budgets are presented on the modified accrual basis of accounting.
8. The budget at the end of the year for the General Fund represents the budget adopted and amended by City Council.
9. All unexpended appropriations lapse at year-end unless they are committed.

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE – DEPARTMENT OF PUBLIC UTILITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Over (Under)
	Original	Final		
OPERATING REVENUES:				
Charges for services and fees	\$ 96,763,184	\$ 96,763,184	\$ 101,523,678	\$ 4,760,494
OPERATING EXPENSES:				
Electricity purchased	54,815,208	54,815,208	57,462,868	2,647,660
Natural gas purchased	5,929,974	5,929,974	6,727,743	797,769
Operating and maintenance	8,301,425	8,301,425	8,793,737	492,312
Administrative	8,820,038	8,820,038	10,022,404	1,202,366
Depreciation and amortization	7,935,005	7,935,005	8,269,623	334,618
Total operating expenses	<u>85,801,650</u>	<u>85,801,650</u>	<u>91,276,375</u>	<u>5,474,725</u>
Operating income	<u>10,961,534</u>	<u>10,961,534</u>	<u>10,247,303</u>	<u>(714,231)</u>
NON-OPERATING REVENUES (EXPENSES):				
Gain on disposal of property	-	-	(238,266)	(238,266)
Water impact and tap fees	201,000	201,000	250,845	49,845
Wastewater impact and tap fees	150,000	150,000	168,931	18,931
Interest income	289,689	289,689	139,509	(150,180)
Interest expense	(81,503)	(81,503)	(88,101)	(6,598)
Total non-operating revenues (expenses)	<u>559,186</u>	<u>559,186</u>	<u>232,918</u>	<u>(326,268)</u>
Income before contributions and transfers	11,520,720	11,520,720	10,480,221	(1,040,499)
Contributions	-	-	966,197	966,197
Transfers	(4,838,609)	(4,838,609)	(4,838,609)	-
Changes in net assets	<u>\$ 6,682,111</u>	<u>\$ 6,682,111</u>	<u>\$ 6,607,809</u>	<u>\$ (74,302)</u>

*THE ACCOMPANYING NOTE TO THE BUDGETARY COMPARISON SCHEDULE
IS AN INTEGRAL PART OF THIS STATEMENT*

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA
DEPARTMENT OF PUBLIC UTILITIES

NOTE TO THE BUDGETARY COMPARISON SCHEDULE - ENTERPRISE FUND

NOTE 1 - BUDGET PROCESS:

The Department follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to September 30, the Department Manager submits to City Council a proposed operating budget for the fiscal year commencing October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted at City Hall to obtain taxpayer comments.
3. The budget is legally enacted through passage of an ordinance.
4. The Department Manager is authorized to administer the budget and may authorize the transfer of appropriated funds within and between departments as necessary to achieve the goals of the budget. All appropriations are legally controlled at the departmental level for the Enterprise Fund.
5. Expenditures may not legally exceed budgeted appropriations at the fund level.
6. Formal budgetary integration is employed as a management control device during the year for the Enterprise Fund.
7. The budget for the Enterprise Fund is adopted on a basis consistent with accounting principles generally accepted in the United States. All budgets are presented on the accrual basis of accounting.
8. The budget at the end of the year for the Enterprise Fund represents the budget adopted by City Council.

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA

SCHEDULE OF FUNDING PROGRESS FOR RETIREE HEALTH PLAN
YEAR ENDED SEPTEMBER 30, 2014

The following is the schedule of funding progress per the most recent actuarial valuation dated October 1, 2013:

	Actuarial Valuation Date <u>10/01/13</u>
Schedule of funding progress:	
Current retiree liability	\$ 1,915,756
Activities employees eligible to retire	1,997,277
Activities employees not yet eligible	<u>2,490,752</u>
Actuarial accrued liability	6,403,785
Actuarial value of assets	<u>-</u>
Unfunded actuarial accrued liability	6,403,785
Funded ratio	0%
Annual covered payroll	<u><u>\$ 11,428,278</u></u>
Ratio of unfunded actuarial accrued liability to covered payroll	56.0%

The City's annual Other Post Employment Benefits Plan (OPEB) cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014 are as follows:

Fiscal Year <u>Ended</u>	Annual OPEB <u>Cost</u>	Percentage of Annual OPEB Cost <u>Contributed</u>	Current Year <u>Increase</u>	Net OPEB <u>Obligation</u>
2012	\$ 673,797	34.10%	\$ 444,026	\$ 3,903,159
2013	633,098	39.67%	381,925	4,285,084
2014	481,907	52.12%	230,734	4,515,818

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA

GENERAL FUND - SCHEDULE OF REVENUES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Over (Under)
	Original	Final		
Taxes:				
Ad valorem:				
Current	\$ 2,845,000	\$ 2,749,778	\$ 2,700,714	\$ (49,064)
Delinquent	195,500	222,310	222,190	(120)
Other	405,988	370,238	377,513	7,275
Total ad valorem tax	<u>3,446,488</u>	<u>3,342,326</u>	<u>3,300,417</u>	<u>(41,909)</u>
Sales:				
Hospitality and accommodations	1,146,000	1,192,000	-	(1,192,000)
Total sales tax	<u>1,146,000</u>	<u>1,192,000</u>	<u>-</u>	<u>(1,192,000)</u>
Franchise taxes	<u>148,500</u>	<u>143,500</u>	<u>145,380</u>	<u>1,880</u>
Licenses and permits:				
Business licenses	1,100,700	1,099,500	1,057,666	(41,834)
Insurance	1,711,000	1,711,000	1,770,558	59,558
Building permits	32,606	57,303	93,706	36,403
Total licenses and permits	<u>2,844,306</u>	<u>2,867,803</u>	<u>2,921,930</u>	<u>54,127</u>
Fines and forfeitures	<u>777,500</u>	<u>697,500</u>	<u>623,122</u>	<u>(74,378)</u>
Charges for services:				
Sanitation - commercial	404,225	402,000	395,872	(6,128)
Sanitation - residential	691,396	697,000	698,015	1,015
Fire service contracts	880,000	835,000	827,949	(7,051)
Recreation programs	96,350	104,050	124,754	20,704
Recreation department fees	23,000	20,000	20,871	871
Total charges for services	<u>2,094,971</u>	<u>2,058,050</u>	<u>2,067,461</u>	<u>9,411</u>
Interest income	<u>22,000</u>	<u>16,000</u>	<u>15,151</u>	<u>(849)</u>
Miscellaneous:				
Rentals	24,000	24,000	24,858	858
Miscellaneous	661,550	74,773	82,834	8,061
Total miscellaneous	<u>685,550</u>	<u>98,773</u>	<u>107,692</u>	<u>8,919</u>

CITY OF ORANGEBURG
 ORANGEBURG, SOUTH CAROLINA
 GENERAL FUND - SCHEDULE OF REVENUES - BUDGET AND ACTUAL

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Over (Under)
	Original	Final		
Intergovernmental:				
Local:				
SRO reimbursement	\$ 31,000	\$ 31,000	\$ 30,262	\$ (738)
Total local	<u>31,000</u>	<u>31,000</u>	<u>30,262</u>	<u>(738)</u>
State:				
Local government fund	315,000	325,000	340,202	15,202
Total state	<u>315,000</u>	<u>325,000</u>	<u>340,202</u>	<u>15,202</u>
Federal:				
Federal grants	104,526	439,526	419,014	(20,512)
Total federal	<u>104,526</u>	<u>439,526</u>	<u>419,014</u>	<u>(20,512)</u>
Total intergovernmental	<u>450,526</u>	<u>795,526</u>	<u>789,478</u>	<u>(6,048)</u>
Total revenues	<u>\$ 11,615,841</u>	<u>\$ 11,211,478</u>	<u>\$ 9,970,631</u>	<u>\$ (1,240,847)</u>

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA

GENERAL FUND - SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Over (Under)
	Original	Final		
Executive Department:				
Administrative Division:				
Personnel	\$ 89,160	\$ 89,151	\$ 87,670	\$ (1,481)
Utility expense	3,000	3,467	3,829	362
Property and tort	14	14	14	-
Operating expenses	53,800	55,310	61,280	5,970
Total Administrative Division	<u>145,974</u>	<u>147,942</u>	<u>152,793</u>	<u>4,851</u>
Election Division:				
Property and tort	75	75	75	-
Total Election Division	<u>75</u>	<u>75</u>	<u>75</u>	<u>-</u>
Municipal Court Division:				
Personnel	210,078	213,483	203,056	(10,427)
Property and tort	476	473	473	-
Operating expenses	23,800	25,295	17,279	(8,016)
Total Municipal Court Division	<u>234,354</u>	<u>239,251</u>	<u>220,808</u>	<u>(18,443)</u>
Total Executive Department	<u>380,403</u>	<u>387,268</u>	<u>373,676</u>	<u>(13,592)</u>
Finance Department:				
Finance and Records Division:				
Personnel	359,529	360,888	343,261	(17,627)
Utility expense	4,400	4,400	3,419	(981)
Property and tort	2,314	2,139	2,139	-
Operating expenses	52,523	56,511	55,334	(1,177)
Total Finance and Records Division	<u>418,766</u>	<u>423,938</u>	<u>404,153</u>	<u>(19,785)</u>
Information Technology Division:				
Personnel	208,075	209,337	201,063	(8,274)
Utility expense	2,500	1,700	1,642	(58)
Property and tort	1,391	1,601	1,601	-
Operating expenses	67,262	63,253	60,313	(2,940)
Total Data Processing Division	<u>279,228</u>	<u>275,891</u>	<u>264,619</u>	<u>(11,272)</u>
Total Finance Department	<u>697,994</u>	<u>699,829</u>	<u>668,772</u>	<u>(31,057)</u>
Administrative Department:				
Administration Division:				
Personnel	341,135	419,665	369,929	(49,736)
Utility expense	6,500	5,650	5,650	-
Property and tort	1,278	1,278	1,278	-
Operating expenses	18,228	20,759	19,752	(1,007)
Total Administration Division	<u>367,141</u>	<u>447,352</u>	<u>396,609</u>	<u>(50,743)</u>

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA
GENERAL FUND - SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Over (Under)
	Original	Final		
Administrative Department (continued):				
Community Planning and Development Division				
Personnel	\$ 140,495	\$ 141,834	\$ 137,232	\$ (4,602)
Utility expense	1,700	1,700	1,070	(630)
Property and tort	1,197	1,194	1,194	-
Operating expenses	39,077	11,777	8,979	(2,798)
Total Community Planning and Development Division	182,469	156,505	148,475	(8,030)
Total Administrative Department	549,610	603,857	545,084	(58,773)
Public Works Department:				
Administrative Division:				
Personnel	236,914	238,135	229,633	(8,502)
Utility expense	3,500	4,008	3,933	(75)
Property and tort	1,355	1,119	1,119	-
Operating expenses	18,583	16,752	11,303	(5,449)
Total Administrative Division	260,352	260,014	245,988	(14,026)
Building Inspection Division:				
Personnel	121,829	117,224	110,985	(6,239)
Utility expense	3,500	3,000	1,599	(1,401)
Property and tort	1,016	1,016	1,016	-
Operating expenses	27,627	15,145	10,330	(4,815)
Total Building Inspection Division	153,972	136,385	123,930	(12,455)
Garage Division:				
Personnel	281,617	293,289	280,424	(12,865)
Utility expense	20,000	20,109	20,102	(7)
Property and tort	2,116	2,363	2,363	-
Operating expenses	34,895	50,936	55,273	4,337
Capital outlay	16,500	15,923	15,923	-
Total Garage Division	355,128	382,620	374,085	(8,535)
Municipal Buildings Division:				
Personnel	58,216	55,017	53,761	(1,256)
Utility expense	30,000	32,626	32,581	(45)
Property and tort	4,921	5,629	5,629	-
Operating expenses	19,885	37,443	29,928	(7,515)
Capital outlay	-	3,350	3,350	-
Total Municipal Buildings Division	113,022	134,065	125,249	(8,816)
Parking Facilities Division:				
Property and tort	78	78	78	-
Operating expenses	5,980	4,980	4,980	-
Total Parking Facilities Division	6,058	5,058	5,058	-

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA
GENERAL FUND - SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Over (Under)
	Original	Final		
Public Works Department (continued):				
Sanitation Division:				
Personnel	\$ 838,402	\$ 862,705	\$ 813,298	\$ (49,407)
Utility expense	5,000	5,878	5,878	-
Property and tort	5,541	5,693	5,693	-
Operating expenses	264,282	278,352	265,145	(13,207)
Capital outlay	320,000	300,000	298,127	(1,873)
Total Sanitation Division	1,433,225	1,452,628	1,388,141	(64,487)
Street and Maintenance Division:				
Property and tort	692	654	654	-
Operating expenses	39,500	29,500	18,550	(10,950)
Total Street and Maintenance Division	40,192	30,154	19,204	(10,950)
Total Public Works Division	2,361,949	2,400,924	2,281,655	(119,269)
Public Safety Department:				
Administrative Division:				
Personnel	206,069	204,197	194,083	(10,114)
Utility expense	132,000	130,385	124,576	(5,809)
Property and tort	15,000	15,282	15,282	-
Operating expenses	572,300	580,965	542,009	(38,956)
Capital outlay	21,000	18,000	18,240	240
Total Administrative Division	946,369	948,829	894,190	(54,639)
Patrol Division:				
Personnel	2,602,278	2,580,981	2,370,398	(210,583)
Property and tort	49,119	51,351	51,351	-
Operating expenses	280,535	310,742	303,305	(7,437)
Capital outlay	114,000	104,994	104,994	-
Total Patrol Division	3,045,932	3,048,068	2,830,048	(218,020)
Special Operations Division:				
Personnel	1,624,399	1,475,090	1,363,359	(111,731)
Property and tort	16,522	15,950	15,950	-
Operating expenses	258,000	208,117	198,309	(9,808)
Capital outlay	123,500	105,705	105,524	(181)
Total Special Operations Division	2,022,421	1,804,862	1,683,142	(121,720)
Investigation Division:				
Personnel	919,363	845,598	765,893	(79,705)
Property and tort	15,714	13,482	13,482	-
Operating expenses	77,200	79,435	77,857	(1,578)
Capital outlay	55,000	54,162	54,162	-
Total Investigation Division	1,067,277	992,677	911,394	(81,283)

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA
GENERAL FUND - SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Over (Under)
	Original	Final		
Public Safety Department (continued):				
Highway Safety DUI Special Enforcement:				
Personnel	\$ 45,986	\$ 60,544	\$ 57,869	\$ (2,675)
Property and tort	1,131	1,131	1,131	-
Operating expenses	41,670	41,670	31,047	(10,623)
Total Highway Safety DUI Special Enforcement Division	88,787	103,345	90,047	(13,298)
Forensic Services Unit				
Personnel	238,818	254,398	231,925	(22,473)
Property and tort	2,715	2,715	2,715	-
Operating expenses	57,200	44,508	44,562	54
Total Forensic Services Unit	298,733	301,621	279,202	(22,419)
Total Public Safety Department	7,469,519	7,199,402	6,688,023	(511,379)
Parks and Recreation Department:				
Administrative Division:				
Personnel	213,687	171,087	163,815	(7,272)
Utility expense	11,500	13,800	13,525	(275)
Property and tort	4,000	3,474	3,474	-
Operating expenses	12,700	12,512	11,810	(702)
Total Administrative Division	241,887	200,873	192,624	(8,249)
Recreation Division:				
Personnel	231,100	221,413	209,897	(11,516)
Utility expense	28,521	32,027	32,027	-
Property and tort	4,484	4,595	4,595	-
Operating expenses	136,905	138,728	149,757	11,029
Total Recreation Division	401,010	396,763	396,276	(487)
Gardens Division:				
Personnel	414,472	412,622	388,894	(23,728)
Utility expense	46,500	53,517	53,517	-
Property and tort	20,528	21,714	21,714	-
Operating expenses	86,213	87,148	86,426	(722)
Capital outlay	38,200	41,700	41,605	(95)
Total Gardens Division	605,913	616,701	592,156	(24,545)
Parks and Cemetery Division:				
Personnel	507,562	468,264	443,452	(24,812)
Utility expense	15,000	13,559	13,559	-
Property and tort	14,490	15,692	15,692	-
Operating expenses	90,566	94,755	91,278	(3,477)
Capital outlay	47,000	50,000	49,880	(120)
Total Parks and Cemetery Division	674,618	642,270	613,861	(28,409)
Total Parks and Recreation Department	1,923,428	1,856,607	1,794,917	(61,690)

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA
GENERAL FUND - SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Over (Under)
	Original	Final		
Service Department:				
Administrative Division:				
Personnel	\$ 465,110	\$ 467,266	\$ 450,659	\$ (16,607)
Utility expense	6,000	7,229	7,664	435
Property and tort	10,044	12,377	12,377	-
Operating expenses	72,246	90,186	92,818	2,632
Capital outlay	18,300	22,700	23,364	664
Total Administrative Division	<u>571,700</u>	<u>599,758</u>	<u>586,882</u>	<u>(12,876)</u>
Total Service Department	<u>571,700</u>	<u>599,758</u>	<u>586,882</u>	<u>(12,876)</u>
Non-Departmental:				
Ice Storm Recovery	-	50,000	43,923	(6,077)
Employee Christmas	16,000	17,859	17,859	-
Building code enforcement	10,000	10,000	4,648	(5,352)
Annexation covenants	15,000	26,981	28,633	1,652
Operating/insurance coverage	125,159	18,500	15,414	(3,086)
Municipal Association	50,000	53,332	53,823	491
Commercial sanitation fees	226,500	237,897	248,308	10,411
Unemployment insurance	5,000	1,500	9,302	7,802
Special projects	35,000	89,503	83,824	(5,679)
Downtown revitalization	25,000	25,000	25,000	-
Retirees - group insurance	55,000	63,500	63,116	(384)
Setoff debt	1,250	1,772	1,772	-
CDL drug and alcohol testing	500	120	120	-
Employee shots	3,200	64	64	-
Street lights	280,000	280,000	282,270	2,270
Christmas lights	25,000	21,911	21,911	-
Chamber dues	1,545	1,545	1,545	-
Fiber rental expense	9,600	9,600	9,600	-
Debt service	1,134,393	1,113,929	1,117,021	3,092
Debt service - city facilities	407,000	407,000	407,000	-
Total Non-Departmental	<u>2,425,147</u>	<u>2,430,013</u>	<u>2,435,153</u>	<u>5,140</u>
Total Expenditures	<u>\$ 16,379,750</u>	<u>\$ 16,177,658</u>	<u>\$ 15,374,162</u>	<u>\$ (803,496)</u>

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA

COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014

	Special Revenue								
	Firemen's Fund	Sunnyside Cemetery	Orangeburg Cemetery	S.C. Festival of Roses	Accomodations Tax	Hospitality and Accomodations Tax	Victims' Advocate Fund	Drug Fund	
ASSETS									
Cash	\$ 93,065	\$ 67,581	\$ 21,660	\$ 1,616	\$ 12,136	\$ 1,265,292	\$ 3,208	\$ 142,942	
Investments	-	-	-	-	-	1,509,385	-	-	
Revenue receivable	-	-	-	-	11,659	-	-	-	
Due from other funds	-	-	-	-	-	96,560	-	-	
Total assets	<u>\$ 93,065</u>	<u>\$ 67,581</u>	<u>\$ 21,660</u>	<u>\$ 1,616</u>	<u>\$ 23,795</u>	<u>\$ 2,871,237</u>	<u>\$ 3,208</u>	<u>\$ 142,942</u>	
LIABILITIES									
Accrued expenditures and payables	\$ -	\$ -	\$ -	\$ -	\$ 4,477	\$ 49,091	\$ -	\$ 24,141	
Due to other funds	-	-	-	-	4,139	-	-	-	
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,616</u>	<u>49,091</u>	<u>-</u>	<u>24,141</u>	
FUND BALANCES									
Restricted for:									
Capital projects	-	-	-	-	-	1,312,761	-	-	
Tourism related expenditures	-	-	-	-	15,179	1,509,385	-	-	
Law enforcement	-	-	-	-	-	-	-	-	
Committed for:									
Firemen's equipment	93,065	-	-	-	-	-	-	-	
Law enforcement	-	-	-	-	-	-	-	118,801	
Capital projects	-	-	-	-	-	-	-	-	
Cemetery maintenance	-	67,581	21,660	-	-	-	-	-	
Other purposes	-	-	-	1,616	-	-	3,208	-	
Total fund balances	<u>93,065</u>	<u>67,581</u>	<u>21,660</u>	<u>1,616</u>	<u>15,179</u>	<u>2,822,146</u>	<u>3,208</u>	<u>118,801</u>	
Total liabilities and fund balances	<u>\$ 93,065</u>	<u>\$ 67,581</u>	<u>\$ 21,660</u>	<u>\$ 1,616</u>	<u>\$ 23,795</u>	<u>\$ 2,871,237</u>	<u>\$ 3,208</u>	<u>\$ 142,942</u>	

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA
COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS

	Special Revenue				Capital Projects		Total
	Stevenson Auditorium	Edisto Senior Games	JAG Grant	Community Development Corporation	Hillcrest Golf Course	County Capital One Percent Fund	
ASSETS							
Cash	\$ 22,699	\$ 6,158	\$ 38	\$ 78,742	\$ 19,020	\$ 1,045,185	\$ 2,779,342
Investments	-	-	-	-	-	3,529,012	5,038,397
Revenue receivable	-	-	-	-	-	-	11,659
Due from other funds	-	-	-	-	-	-	96,560
Total assets	\$ 22,699	\$ 6,158	\$ 38	\$ 78,742	\$ 19,020	\$ 4,574,197	\$ 7,925,958
LIABILITIES							
Accrued expenditures and payables	\$ 535	\$ -	\$ -	\$ -	\$ -	\$ 1,041	\$ 79,285
Due to other funds	-	-	-	-	-	-	4,139
Total liabilities	535	-	-	-	-	1,041	83,424
FUND BALANCES							
Restricted for:							
Capital projects	-	-	-	78,742	19,020	4,573,156	5,983,679
Tourism related expenditures	-	-	-	-	-	-	1,524,564
Law enforcement	-	-	38	-	-	-	38
Committed for:							
Firemen's equipment	-	-	-	-	-	-	93,065
Law enforcement	-	-	-	-	-	-	118,801
Capital projects	22,164	-	-	-	-	-	22,164
Cemetery maintenance	-	-	-	-	-	-	89,241
Other purposes	-	6,158	-	-	-	-	10,982
Total fund balances	22,164	6,158	38	78,742	19,020	4,573,156	7,842,534
Total liabilities and fund balances	\$ 22,699	\$ 6,158	\$ 38	\$ 78,742	\$ 19,020	\$ 4,574,197	\$ 7,925,958

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Firemen's Fund	Sunnyside Cemetery	Orangeburg Cemetery	S.C. Festival of Roses	Accomodations Tax	Hospitality and Accomodations Tax	Victims' Advocate Fund	Drug Fund
REVENUES								
Sales taxes	\$ -	\$ -	\$ -	\$ 4,000	\$ 39,922	1,149,607	\$ -	\$ -
Confiscated drug funds	-	-	-	-	-	-	-	-
Charges for services	-	1,000	1,250	16,247	-	-	-	-
Interest	-	-	-	-	-	2,385	-	-
Miscellaneous	-	-	-	-	-	-	-	1,329
Contributions	-	-	-	3,000	-	59,585	-	-
Intergovernmental	78,025	-	-	-	-	-	39,434	11,524
Total revenues	<u>78,025</u>	<u>1,000</u>	<u>1,250</u>	<u>23,247</u>	<u>39,922</u>	<u>1,211,577</u>	<u>39,434</u>	<u>12,853</u>
EXPENDITURES								
Public safety	71,646	-	-	-	-	124,279	879	38,043
Cultural and recreational	-	-	-	24,534	22,678	25,000	-	-
Developmental services	-	2,204	-	-	-	-	-	-
Debt service	-	-	-	-	-	342,927	-	-
Small capital outlay	-	-	-	-	-	11,342	-	561
Capital outlay	-	-	-	-	-	102,042	-	32,872
Total expenditures	<u>71,646</u>	<u>2,204</u>	<u>-</u>	<u>24,534</u>	<u>22,678</u>	<u>605,590</u>	<u>879</u>	<u>71,476</u>
Excess of revenues over (under) expenditures	6,379	(1,204)	1,250	(1,287)	17,244	605,987	38,555	(58,623)
OTHER FINANCING SOURCES (USES)								
Operating transfers in	-	-	-	-	-	-	-	-
Operating transfers out	-	-	-	-	(25,746)	(271,949)	(35,500)	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(25,746)</u>	<u>(271,949)</u>	<u>(35,500)</u>	<u>-</u>
Net change in fund balances	6,379	(1,204)	1,250	(1,287)	(8,502)	334,038	3,055	(58,623)
Fund balance, beginning of year	<u>86,686</u>	<u>68,785</u>	<u>20,410</u>	<u>2,903</u>	<u>23,681</u>	<u>2,488,108</u>	<u>153</u>	<u>177,424</u>
Fund balance, end of year	<u>\$ 93,065</u>	<u>\$ 67,581</u>	<u>\$ 21,660</u>	<u>\$ 1,616</u>	<u>\$ 15,179</u>	<u>\$ 2,822,146</u>	<u>\$ 3,208</u>	<u>\$ 118,801</u>

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS

	Special Revenue				Capital Projects		Total
	Stevenson Auditorium	Edisto Senior Games	JAG Grant	Community Development Corporation	Hillcrest Golf Course	County Capital One Percent Fund	
REVENUES							
Sales taxes	\$ -	\$ -	\$ -	\$ -	\$ -	257,634	\$ 1,451,163
Confiscated drug funds	-	-	-	-	-	-	-
Charges for services	950	2,480	-	-	-	-	21,927
Interest	-	-	-	8	-	5,575	7,968
Miscellaneous	-	-	-	-	2,120	-	3,449
Contributions	-	-	-	-	-	600	63,185
Intergovernmental	-	-	47,055	-	-	21,922	197,960
Total revenues	<u>950</u>	<u>2,480</u>	<u>47,055</u>	<u>8</u>	<u>2,120</u>	<u>285,731</u>	<u>1,745,652</u>
EXPENDITURES							
Public safety	-	-	-	-	-	-	234,847
Cultural and recreational	15,189	3,277	-	-	-	-	90,678
Developmental services	-	-	-	-	-	-	2,204
Debt service	-	-	-	-	-	-	342,927
Small capital outlay	-	-	5,159	-	-	-	17,062
Capital outlay	-	-	43,696	-	-	198,330	376,940
Total expenditures	<u>15,189</u>	<u>3,277</u>	<u>48,855</u>	<u>-</u>	<u>-</u>	<u>198,330</u>	<u>1,064,658</u>
Excess of revenues over (under) expenses	(14,239)	(797)	(1,800)	8	2,120	87,401	680,994
OTHER FINANCING SOURCES (USES)							
Operating transfers in	25,000	-	-	-	-	-	25,000
Operating transfers out	-	-	-	-	-	-	(333,195)
Total other financing sources (uses)	<u>25,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(308,195)</u>
Net change in fund balances	10,761	(797)	(1,800)	8	2,120	87,401	372,799
Fund balance, beginning of year	<u>11,403</u>	<u>6,955</u>	<u>1,838</u>	<u>78,734</u>	<u>16,900</u>	<u>4,485,755</u>	<u>7,469,735</u>
Fund balance, end of year	<u>\$ 22,164</u>	<u>\$ 6,158</u>	<u>\$ 38</u>	<u>\$ 78,742</u>	<u>\$ 19,020</u>	<u>\$ 4,573,156</u>	<u>\$ 7,842,534</u>

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA

COMBINING STATEMENT OF NET POSITION - NON-MAJOR ENTERPRISE FUNDS
SEPTEMBER 30, 2014

	Business-type Activities - Non-major Enterprise Funds			
	Municipal Airport	Pro Shop	Golf Course	Total
ASSETS				
Current assets:				
Cash and equivalents	\$ 200	\$ -	\$ 300	\$ 500
Accounts receivable - net	22,286	-	3,743	26,029
Other receivables	-	-	-	-
Inventories	76,608	27,219	-	103,827
Due from other funds	-	24,518	-	24,518
Total current assets	99,094	51,737	4,043	154,874
Noncurrent assets:				
Capital assets:				
Property, plant and equipment net of accumulated depreciation	8,341,198	-	413,757	8,754,955
Total noncurrent assets	8,341,198	-	413,757	8,754,955
Total Assets	8,440,292	51,737	417,800	8,909,829
LIABILITIES				
Current liabilities:				
Accounts payable	28,612	2,143	12,339	43,094
Accrued compensated absences	3,202	-	6,908	10,110
Current portion of capital lease obligation	-	-	-	-
Total current liabilities	31,814	2,143	19,247	53,204
Noncurrent liabilities:				
Advances from other funds	844,083	-	1,054,929	1,899,012
Accrued compensated absences	4,516	-	67,559	72,075
Capital lease obligation	8,513	-	-	8,513
Other post employment benefits obligation	12,502	-	89,819	102,321
Total noncurrent liabilities	869,614	-	1,212,307	2,081,921
Total Liabilities	901,428	2,143	1,231,554	2,135,125
NET POSITION				
Invested in capital assets, net of related debt	8,341,198	-	413,757	8,754,955
Unrestricted	(802,334)	49,594	(1,227,511)	(1,980,251)
Total Net Position	\$ 7,538,864	\$ 49,594	\$ (813,754)	\$ 6,774,704

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION -
NON-MAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Business-type Activities - Non-major Enterprise Funds			
	Municipal Airport	Pro Shop	Golf Course	Total
OPERATING REVENUES:				
Pro shop sales	\$ -	\$ 65,427	\$ -	\$ 65,427
Food sales	-	26,046	-	26,046
Oil and fuel sales	394,903	-	-	394,903
Rentals and other	72,106	488	-	72,594
Green fees, cart rentals and memberships	-	-	305,236	305,236
Capital projects revenue	-	-	14,157	14,157
Total operating revenues	467,009	91,961	319,393	878,363
OPERATING EXPENSES:				
Cost of goods sold	319,104	45,601	-	364,705
Operating and maintenance	105,408	5,588	126,399	237,395
Administrative	115,053	-	344,474	459,527
Depreciation and amortization	692,342	-	83,600	775,942
Total operating expenses	1,231,907	51,189	554,473	1,837,569
OPERATING INCOME (LOSS)	(764,898)	40,772	(235,080)	(959,206)
NON-OPERATING REVENUES (EXPENSES):				
Interest expense	(372)	-	-	(372)
Total non-operating revenues (expenses)	(372)	-	-	(372)
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(765,270)	40,772	(235,080)	(959,578)
Capital contributions - grants	91,857	-	-	91,857
Transfers in	83	-	47,638	47,721
Transfers out	-	(40,772)	-	(40,772)
CHANGES IN NET POSITION	(673,330)	-	(187,442)	(860,772)
NET POSITION - BEGINNING OF YEAR	8,212,194	49,594	(626,312)	7,635,476
NET POSITION - END OF YEAR	\$ 7,538,864	\$ 49,594	\$ (813,754)	\$ 6,774,704

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA

COMBINING STATEMENT OF CASH FLOWS - NON-MAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Business-type Activities - Non-major Enterprise Funds			
	Municipal <u>Airport</u>	Pro Shop	Golf <u>Course</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$ 476,264	\$ 91,961	\$ 319,615	\$ 887,840
Cash payments to suppliers for goods and services	(426,397)	(46,717)	(128,192)	(601,306)
Cash payments for employees	(115,459)	-	(333,336)	(448,795)
Net cash provided (used) by operating activities	(65,592)	45,244	(141,913)	(162,261)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Due to (from) others	89,559	(4,472)	136,816	221,903
Transfers in (out)	83	(40,772)	47,638	6,949
Net cash provided (used) by noncapital financing activities	89,642	(45,244)	184,454	228,852
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition of capital assets	(105,564)	-	(42,541)	(148,105)
Interest paid	(372)	-	-	(372)
Capital contributed - grants	91,857	-	-	91,857
Capital lease obligation	(9,971)	-	-	(9,971)
Net cash used by capital and related financing activities	(24,050)	-	(42,541)	(66,591)
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS	-	-	-	-
CASH AND EQUIVALENTS AT BEGINNING OF YEAR	200	-	300	500
CASH AND EQUIVALENTS AT END OF YEAR	\$ 200	\$ -	\$ 300	\$ 500

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA
COMBINING STATEMENT OF CASH FLOWS - NON-MAJOR ENTERPRISE FUNDS

	Business-type Activities - Non-major Enterprise Funds			
	Municipal <u>Airport</u>	Pro Shop	Golf <u>Course</u>	<u>Total</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating income (loss)	\$ (764,898)	\$ 40,772	\$ (235,080)	\$ (959,206)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	692,342	-	83,600	775,942
Changes in assets and liabilities:				
(Increase) decrease in:				
Accounts receivable	9,255	-	222	9,477
Inventories	(20,151)	4,587	-	(15,564)
Increase (decrease) in:				
Accounts payable	18,266	(115)	(1,793)	16,358
Accrued leave	(1,509)	-	3,415	1,906
OPEB obligation	1,103	-	7,723	8,826
Net cash provided (used) by operating activities	<u>\$ (65,592)</u>	<u>\$ 45,244</u>	<u>\$ (141,913)</u>	<u>\$ (162,261)</u>
RECONCILIATION OF TOTAL CASH AND CASH INVESTMENTS:				
Cash on hand and in bank	<u>\$ 200</u>	<u>\$ -</u>	<u>\$ 300</u>	<u>\$ 500</u>
Total cash and cash equivalents	<u>\$ 200</u>	<u>\$ -</u>	<u>\$ 300</u>	<u>\$ 500</u>

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA

SCHEDULE OF FINES AND ASSESSMENTS AND SURCHARGES REVENUES
FOR VICTIMS' SERVICES
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	<u>Total</u>
COURT FINES	
Court fines collected	\$ 189,535
Court fines retained by City	<u>189,535</u>
Court fines remitted to State Treasurer	<u>\$ -</u>
COURT ASSESSMENTS	
Court assessments collected	\$ 243,319
Court assessments retained by City	<u>28,249</u>
Court assessments remitted to State Treasurer	<u>\$ 215,070</u>
COURT SURCHARGES	
Court surcharges collected	\$ 129,005
Court surcharges retained by the City	<u>11,184</u>
Court surcharges remitted to State Treasurer	<u>\$ 117,821</u>
VICTIMS' SERVICES	
Court assessments allocated to Victims' Services	\$ 28,249
Court surcharges allocated to Victims' Services	<u>11,185</u>
Funds allocated to Victims' Services	39,434
Victims' Services expenditures	<u>36,379</u>
Funds available for carryforward	<u>\$ 3,055</u>
Beginning balance, October 1, 2013	\$ 153
Funds available for carryforward	<u>3,055</u>
Ending balance, September 30, 2014	<u>\$ 3,208</u>

SINGLE AUDIT SECTION



J. W. Hunt and Company, LLP

Certified Public Accountants

John C. Creech, Jr., CPA
Anne H. Ross, CPA
William T. Pouncey, CPA
M. Riley Creech, CPA

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

To The Honorable Mayor and City Council
City of Orangeburg
Orangeburg, South Carolina

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type entities, each major fund, and the aggregate remaining fund information of the City of Orangeburg, South Carolina (the City), as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated February 12, 2015.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 14-01 that we consider to be a significant deficiency.

Compliance and Other Matters

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

City of Orangeburg, South Carolina's Response to Findings

The City's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

f. W. Hunt and Company, LLP

February 12, 2015



J. W. Hunt and Company, LLP

Certified Public Accountants

John C. Creech, Jr., CPA
Anne H. Ross, CPA
William T. Pouncey, CPA
M. Riley Creech, CPA

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY OMB CIRCULAR A-133**

To The Honorable Mayor and City Council
City of Orangeburg
Orangeburg, South Carolina

Report on Compliance for Each Major Federal Program

We have audited City of Orangeburg, South Carolina's (the City) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2014. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2014.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

J. W. Hunt and Company, LLP

February 12, 2015

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

<u>GRANTOR</u>	<u>FEDERAL CFDA NUMBER</u>	<u>FEDERAL EXPENDITURES</u>
<u>Environmental Protection Agency</u>		
Through South Carolina Budget and Control Board State Revolving Fund:		
Capitalization Grants for Clean Water State Revolving Fund	66.458	\$ 2,142,357
<u>U.S. Department of Homeland Security</u>		
Through South Carolina Emergency Management Division:		
Federal Emergency Management Agency Disaster Grant	97.036	346,885
Federal Emergency Management Agency Disaster Grant	97.036	<u>588,181</u>
Total U.S. Department of Homeland Security		<u>935,066</u>
<u>U.S. Department of Housing and Urban Development</u>		
Direct Programs:		
Community Development Block Grant for Entitlement Communities	14.239	21,922
<u>U.S. Department of Justice</u>		
Direct Programs:		
Public Safety Partnership and Community Policing Grant	16.710	47,055
<u>U.S. Department of Transportation</u>		
Through South Carolina Department of Transportation:		
Alcohol Impaired Driving Countermeasures Incentive Grant	20.601	44,622
State and Community Highway Safety Grant	20.600	27,507
Through Federal Aviation Administration:		
Airport Improvement Program	20.106	5,754
Airport Improvement Program	20.106	<u>83,983</u>
Total U.S. Department of Transportation		<u>161,866</u>
Total expenditures of federal awards		<u><u>\$ 3,308,266</u></u>

SEE ACCOMPANYING NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

NOTE 1 - BASIS OF PRESENTATION:

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the City of Orangeburg, South Carolina under programs of the federal government for the year ended September 30, 2014. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS,
FOR THE YEAR ENDED SEPTEMBER 30, 2014

SECTION I - SUMMARY OF AUDITOR'S RESULTS:

Financial Statements

Type of auditor's report issued: unmodified

Internal control over financial reporting:

Material weaknesses identified? no

Significant deficiencies identified that are not considered
to be material weaknesses? yes

Noncompliance material to financial statements noted? no

Federal Awards

Internal control over major programs:

Material weaknesses identified? no

Significant deficiencies identified that are not considered
to be material weaknesses? no

Type of auditor's report issued on compliance for major programs: unmodified

Any audit findings disclosed that are required to be reported in accordance
with section 510(a) of Circular A-133? no

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program</u>
66.458	Capitalization Grants for Clean Water State Revolving Funds
97.036	Federal Emergency Management Agency

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? yes

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SECTION II - FINANCIAL STATEMENT FINDINGS

Finding 14-01

The limited number of the City's personnel necessarily imposed practical limitations on the effectiveness of those controls that depend on the segregation of duties. Since this condition is inherent in the size of the City, the specific weaknesses are not described herein and no corrective action has been taken or proposed by the City.

SECTION III - FINDINGS RELATED TO FEDERAL AWARDS

There were no findings related to federal awards.

CITY OF ORANGEBURG
ORANGEBURG, SOUTH CAROLINA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS,
YEAR ENDED SEPTEMBER 30, 2014

Finding 13-01

As noted in the financial statements, the City and the Department of Public Utilities discovered material misstatements in the prior year's financial statements. These misstatements have been corrected during the current year but they do represent material weaknesses in internal control over financial reporting.

We recommend the City and the Department of Public Utilities review and revise, if necessary, the controls over preparation of the financial statements.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS:

We concur with the auditor's recommendation and will review and revise, if necessary, the controls of the preparation of the financial statements.

Finding 13-02

The limited number of the City's personnel necessarily imposed practical limitations on the effectiveness of those controls that depend on the segregation of duties. Since this condition is inherent in the size of the City, the specific weaknesses are not described herein and no corrective action has been taken or proposed by the City.