

**CITY OF ORANGEBURG,  
SOUTH CAROLINA**

**ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

**CITY OF ORANGEBURG, SOUTH CAROLINA**  
**ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

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**TABLE OF CONTENTS**

	<b>Page Number</b>
<b>FINANCIAL SECTION</b>	
Independent Auditor’s Report.....	1 - 3
Management’s Discussion and Analysis.....	4 - 13
<b>Basic Financial Statements:</b>	
<b>Government-wide Financial Statements</b>	
Statement of Net Position .....	14
Statement of Activities.....	15
<b>Fund Financial Statements</b>	
Balance Sheet – Governmental Funds.....	16
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position .....	17
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds .....	18
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	19
Statement of Net Position - Proprietary Funds .....	20
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds .....	21
Statement of Cash Flows – Proprietary Funds .....	22 and 23
Statement of Fiduciary Assets and Liabilities – Agency Fund.....	24
Notes to Financial Statements .....	25 - 64
<b>Required Supplementary Information:</b>	
General Fund – Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – GAAP Basis.....	65
Schedule of Funding Progress – Other Post-employment Benefits.....	66
Schedule of City’s Proportionate Share of the Net Pension Liability.....	67
Schedule of City Contributions.....	68
<b>Other Supplementary Information:</b>	
Schedule of Revenues – General Fund – Budget (GAAP Basis) and Actual .....	69
Schedule of Expenditures – General Fund – Budget (GAAP Basis) and Actual .....	70 - 74
Department of Public Utilities Fund – Statement of Revenues, Expenses and Changes in Net Position – Budget (GAAP Basis) and Actual.....	75
Combining Balance Sheet – Nonmajor Governmental Funds.....	76 and 77
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds .....	78 and 79
Schedules of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual Budgetary Comparison Schedule – Local Hospitality and Accommodation Tax Fund .....	80

**CITY OF ORANGEBURG, SOUTH CAROLINA**  
**ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

---

**TABLE OF CONTENTS**

	Page Number
<b>FINANCIAL SECTION (CONTINUED)</b>	
Budgetary Comparison Schedule – Victims Advocate Fund .....	81
Combining Statement of Net Position – Nonmajor Proprietary Funds.....	82
Combining Statement of Revenues, Expenses and Changes in Net Position – Nonmajor Proprietary Funds .....	83
Combining Statement of Cash Flows – Nonmajor Proprietary Funds.....	84 and 85
Summary Schedule of Court Fines, Assessments and Surcharges.....	86
<b>COMPLIANCE SECTION</b>	
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 <i>Government Auditing Standards</i> .....	87 and 88
Independent Auditor’s Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance.....	89 and 90
Schedule of Expenditures of Federal Awards .....	91
Notes to Schedule of Expenditures of Federal Awards .....	92
Schedule of Findings and Questioned Costs.....	93 and 94

## **FINANCIAL SECTION**



## INDEPENDENT AUDITOR'S REPORT

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**The Honorable Mayor and Members  
of the City Council  
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, 2017, 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.

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## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Orangeburg, South Carolina, as of September 30, 2017, 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 through 13), the Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund (on page 65), the Schedule of Funding Progress – Other Postemployment Benefits (on page XX), the Schedule of City's Proportionate Share of the Net Pension Liability (on page 67), and the Schedule of City Contributions (on page 68) 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 of Orangeburg, South Carolina's basic financial statements. The Schedules of Revenues and Expenditures – General Fund – Budget (GAAP Basis) and Actual (on pages 69 through 74), the Statement of Revenues, Expenditures and Changes in Net Position – Budget and Actual – Public Utilities Fund, and the combining and individual nonmajor fund financial statements and schedules (on page 75) are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Summary Schedule of Court Fines, Assessments and Surcharges (on page 86) is presented for purposes of additional analysis as required by the State of South Carolina, and is not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance), and is also not a required part of the basic financial statements.

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The Schedules of Revenues and Expenditures – General Fund – Budget (GAAP Basis) and Actual, the Statement of Revenues, Expenditures and Changes in Net Position – Budget and Actual – Public Utilities Fund, the combining and individual nonmajor fund financial statements and schedules, the Schedule of Court Fines, Assessments and Surcharges, 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 Schedules of Revenues and Expenditures – General Fund – Budget (GAAP Basis) and Actual, the Statement of Revenues, Expenditures and Changes in Net Position – Budget and Actual – Public Utilities Fund, the combining and individual nonmajor fund financial statements, the Summary Schedule of Court Fines, Assessments and Surcharges, 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 June 25, 2018, on our consideration of the City of Orangeburg, South Carolina’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 of Orangeburg, South Carolina’s internal control over financial reporting and compliance.

*Mauldin & Jenkins, LLC*

Columbia, South Carolina  
June 25, 2018

# CITY OF ORANGEBURG, SOUTH CAROLINA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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The Management's Discussion and Analysis of the Annual Financial Statements of the City of Orangeburg, South Carolina (the "City") provides an overall narrative and analysis of the City's financial statements for the fiscal year ended September 30, 2017. This discussion and analysis is designed to look at the City's financial performance as a whole. Readers should also review the financial statements with notes, which follow this narrative, to enhance their understanding of the City's financial performance.

The City is comprised of many departments that are included in the City's general fund: Executive (City Council), 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 include Election, Hillcrest Golf Course, Board of Zoning Appeals, Construction Board of Adjustments and Appeals, Aviation, Planning, Grievance, and Accommodations Tax Advisory.

### Financial Highlights

Key financial highlights for the year ended September 30, 2017, are as follows:

- The Government's combined net position totaled \$280.1 million.
- The Government's total net position increased by \$6.2 million, primarily due to continued positive operating trends as it related to the Department of Public Utilities.
- The City added major capital items including a new fire truck and a new garbage truck.
- The required contribution rates for the South Carolina Retirement System (SCRS) and South Carolina Police Officers Retirement System (PORS) increased effective July 1, 2017.
- The City implemented a \$1.00 increase in monthly residential sanitation fees.
- A 2% cost of living increase was given to all applicable full-time employees effective October 1, 2017
- There were two new positions budgeted in the Parks & Recreation and Gardens divisions. Additionally, there were also funds allocated for seasonal help in both the Gardens Division and the Service Department.
- State mandated body cameras and new radios added over \$45,000 to the maintenance costs of the Department of Public Safety as an annual, recurring cost.
- CJIS compliance with SLED continues to average over \$70,000 per year to the Department of Public Safety's annual budget.
- The City pledged \$1 million to South Carolina State University for its road infrastructure.



## MANAGEMENT'S DISCUSSION AND ANALYSIS

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### Basic Financial Statements

The first two statements in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the City's financial status.

The next statements are the **Fund Financial Statements**. These statements focus on the activities of the individual parts of the City. These statements provide more detail than the government-wide statements. There are four parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; 3) the proprietary fund statements; and 4) the fiduciary fund statement.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **supplementary information** is provided to show details about the City's, pension and OPEB plans, additional budgetary comparison schedules, non-major governmental funds and proprietary funds (all of which are added together in one column on the appropriate basic financial statements), and information required by South Carolina State law.

### Government-wide Financial Statements

The government-wide financial statements provide a broad view of the City's operations in a manner similar to a private-sector business. The statements provide both short-term and long-term information about the City's financial position, which assists in assessing the economic condition at the end of the fiscal year. These statements are prepared using the flow of economic resources measurement focus and the accrual basis of accounting. This means the statements take into account all revenues and expenses connected with the fiscal year even if cash involved has not been received or paid. The government-wide financial statements include the following two statements:

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

The **Statement of Activities** presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave). This statement also presents a comparison between direct expense and program revenues for each function of the City.

The government-wide statements are divided into two categories: 1) governmental activities and 2) business-type activities. The governmental activities include most of the City's basic services such as general administration, judicial services, public safety, public works, culture and recreation, housing and development, tourism, and non-departmental. Property taxes, charges for services, and state and federal grant funds finance most of these activities. The business-type activities are those services that the City charges a fee to customers in order to provide. These include Public Utilities (water, sewer, electricity, and natural gas), Municipal Airport, Pro Shop, and Hillcrest Golf Course.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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### Fund Financial Statements

A Fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The fund financial statements focus on individual parts of the City reporting the City's operations in more detail than the government-wide statements. All of the funds of the City can be divided into three categories: 1) governmental funds, 2) proprietary funds and 3) fiduciary funds. These fund categories use different accounting approaches and should be interpreted differently.

#### *Governmental Funds*

Most of the basic services provided by the City are financed through governmental funds. Governmental funds are used to account for essentially the same functions reported as government activities in the government-wide financial statements. However, unlike the government-wide statements, these funds focus on how assets can readily be converted into cash and the amount of funds left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting*, which focuses on current financial resources. Such information may be useful in evaluating the City's short-term financing requirements. These statements provide a detailed short-term view of the City's finances that assists in determining whether there will be adequate financial resources available to meet the Government's current needs. The relationship between governmental activities in the government-wide financial statements and the governmental funds financial statements is described in a reconciliation that is a part of the fund financial statements.

The Government has three governmental fund types: 1) the General Fund, 2) Special Revenue Funds, and 3) the Capital Projects Funds. The Government reported one major governmental fund: the General Fund.

#### *Proprietary Funds*

The City has two types of proprietary funds used to account for activities that operate similar to commercial enterprises found in the private sector. Funds that charge fees for services provided to outside customers including other local governments are known as Enterprise Funds. These funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Proprietary funds use the accrual basis of accounting, thus there is no reconciliation needed between the government-wide financial statements for business-type activities and the proprietary fund financial statements.

The City has four enterprise funds: Department of Public Utilities, Municipal Airport, Pro Shop, and Hillcrest Golf Course. The Department of Public Utilities Fund is the only fund being considered a major fund for presentation purposes.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### *Fiduciary Funds*

The Fiduciary Fund is used to account for assets held by the City as an agent for individuals, private organizations, other governments and other departments. The City is responsible for ensuring that the assets reported in this fund is used only for their intended purposes and only by those to whom the assets belong. This fund is not reflected in the government-wide financial statements because the resources are not available to support the City's operations or programs.

### *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 immediately after the City's basic financial statements.

### Government-Wide Financial Analysis

	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
	2017	2017	2017	2016	2016	2016
Current and other assets	\$ 18,637,116	\$ 75,816,467	\$ 94,453,583	\$ 21,906,670	\$ 73,352,998	\$ 95,259,668
Capital assets	24,741,378	252,855,980	277,597,358	24,261,559	245,990,341	270,251,900
Total assets	<u>43,378,494</u>	<u>328,672,447</u>	<u>372,050,941</u>	<u>46,168,229</u>	<u>319,343,339</u>	<u>365,511,568</u>
Deferred outflow s of resources	2,316,959	2,637,119	4,954,078	2,778,640	3,638,191	6,416,831
Long-term liabilities	20,023,799	52,798,687	72,822,486	20,154,966	51,817,818	71,972,784
Other liabilities	2,779,468	20,647,286	23,426,754	2,066,102	22,124,717	24,190,819
Total liabilities	<u>22,803,267</u>	<u>73,445,973</u>	<u>96,249,240</u>	<u>22,221,068</u>	<u>73,942,535</u>	<u>96,163,603</u>
Deferred inflow s of resources	376,367	256,374	632,741	675,271	1,119,067	1,794,338
Net position:						
Net investment in capital assets	22,605,862	225,756,662	248,362,524	21,954,039	214,865,657	236,819,696
Restricted	8,106,539	2,058,479	10,165,018	7,985,030	2,038,553	10,023,583
Unrestricted	<u>(8,196,582)</u>	<u>29,792,078</u>	<u>21,595,496</u>	<u>(3,888,539)</u>	<u>31,015,718</u>	<u>27,127,179</u>
Total net position	<u>\$ 22,515,819</u>	<u>\$ 257,607,219</u>	<u>\$ 280,123,038</u>	<u>\$ 26,050,530</u>	<u>\$ 247,919,928</u>	<u>\$ 273,970,458</u>

### Net Position

Net position may serve over time as one useful indicator of a City's financial condition. The assets and deferred outflows of resources of the City exceeded liabilities and deferred inflows of resources by \$280,123,038 as of September 30, 2017.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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The largest portion of the City's net position, \$248.4 million or 88.7%, reflects its net investment in capital assets such as land, buildings, equipment and infrastructure (road, bridges, sidewalks, water lines and sewer lines) less any related debt used to acquire those assets that is still outstanding. This portion of net position includes both the City's governmental activities and its business-type activities (including the Department of Public Utilities).

The City uses these capital assets to provide services to its citizens; therefore, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position, \$10.2 million or 3.6% represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$21.6 million or 7.7% may be used to meet the City's ongoing obligations to citizens and creditors.

### Changes in Net Position

**Governmental activities.** Governmental activities decreased the City's net position by \$3.5 million. Key elements of this increase are as follows:

**Governmental Revenues** Charges for services (30%), property tax (27%) and other taxes (27%) continue as the main source of revenue of the City amounting to 83.5% in 2017, compared to 91.5% in 2016.

**Governmental Functional Expenses:** As reflected in the summary of Changes in Net Position, the Government expended 47.5% of the appropriations for judicial and public safety expenditures. The Government continues to commit substantial financial resources for the safety of its citizens. Other expenditures accounted for the remaining 52.5%.

**Business-type activities:** Business-type activities increased the Government's net position by approximately \$9.7 million. A significant portion (approximately \$7.9 million) of the increase was the result of the revenues received in the Department of Public Utilities Fund, which rose in 2017 to approximately \$98.6 million from \$96.4 million in 2016.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### The City's Changes in Net Position

	Governmental			Business-type		
	Activities	Activities	Total	Activities	Activities	Total
	2017	2017	2017	2016	2016	2016
Revenues:						
Program revenues:						
Charges for services	\$ 3,841,871	\$ 97,986,268	\$ 101,828,139	\$ 5,796,052	\$ 96,268,882	\$ 102,064,934
Operating grants and contributions	699,989	-	699,989	736,973	-	736,973
Capital grants and contributions	1,307,594	1,040,025	2,347,619	234,226	1,077,364	1,311,590
General revenues:						
Property taxes	3,466,982	-	3,466,982	3,589,850	-	3,589,850
Other taxes	3,537,639	-	3,537,639	2,808,869	-	2,808,869
Unrestricted investment earnings	131,959	135,389	267,348	93,308	246,566	339,874
Miscellaneous	-	400,388	400,388	72,182	16,502	88,684
Total revenues	<u>12,986,034</u>	<u>99,562,070</u>	<u>112,548,104</u>	<u>13,331,460</u>	<u>97,609,314</u>	<u>110,940,774</u>
Expenses:						
General government	2,323,690	-	2,323,690	3,796,363	-	3,796,363
Judicial	305,636	-	305,636	-	-	-
Public safety	8,817,815	-	8,817,815	8,537,897	-	8,537,897
Public works	2,981,233	-	2,981,233	3,014,608	-	3,014,608
Culture and recreation	3,039,459	-	3,039,459	2,553,526	-	2,553,526
Housing and development	38,775	-	38,775	-	-	-
Tourism	21,635	-	21,635	-	-	-
Non-departmental	1,614,611	-	1,614,611	-	-	-
Interest on long-term debt	70,014	-	70,014	72,683	-	72,683
Public utilities	-	85,338,901	85,338,901	-	81,388,145	81,388,145
Municipal airport	-	1,187,574	1,187,574	-	1,115,944	1,115,944
Pro shop	-	89,682	89,682	-	86,394	86,394
Golf course	-	566,499	566,499	-	630,882	630,882
Total expenses	<u>19,212,868</u>	<u>87,182,656</u>	<u>106,395,524</u>	<u>17,975,077</u>	<u>83,221,365</u>	<u>101,196,442</u>
Increase (decrease) in net position before transfers	(6,226,834)	12,379,414	6,152,580	(4,643,617)	14,387,949	9,744,332
Transfers	<u>2,692,123</u>	<u>(2,692,123)</u>	<u>-</u>	<u>5,108,610</u>	<u>(5,108,610)</u>	<u>-</u>
Change in net position	(3,534,711)	9,687,291	6,152,580	464,993	9,279,339	9,744,332
Net position, beginning	<u>26,050,530</u>	<u>247,919,928</u>	<u>273,970,458</u>	<u>25,585,537</u>	<u>238,640,589</u>	<u>264,226,126</u>
Net position, ending	<u>\$ 22,515,819</u>	<u>\$ 257,607,219</u>	<u>\$ 280,123,038</u>	<u>\$ 26,050,530</u>	<u>\$ 247,919,928</u>	<u>\$ 273,970,458</u>

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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### Financial Analysis of the City's Individual Funds

The City uses fund accounting to demonstrate compliance with finance-related legal requirements.

#### Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of usable resources. Such information is useful in assessing the City's financial requirements. In particular, the unassigned fund balance may serve as a useful measure of a City's net resources available for spending at the end of the fiscal year. The combined fund balance of all the governmental funds is \$17.4 million, of which \$9.0 million, or 52%, is unassigned.

#### General Fund

The General Fund is the primary operating fund of the City. At the end of the current fiscal year, total fund balance of the General Fund was \$9.5 million, of which \$9.0 million or 94.4% was unassigned. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance to total fund expenditures. As of September 30, 2017, total unassigned fund balance, represents 49.2% of total general fund expenditures.

The fund balance of the General Fund decreased by \$3.8 million, or 28.6%. Key factors to this result include transfers out to the Municipal Airport fund and the Hillcrest Golf Course fund of \$1,184,471 and \$1,492,316, respectively, to offset prior years' operating deficits. Additionally, increases in expenditures from 2016 to 2017 relative to debt service of approximately \$237,000, non-departmental of approximately \$444,000, and public safety of \$468,895 attributed to the decrease in the fund balance of the General Fund during fiscal year 2017.

During the year, the City revised the budget on several occasions. Generally, budget amendments fall into one of four categories: 1) amendments made to adjust the estimates that are used to prepare the original budget resolution once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and state grants; 3) increases in appropriations that become necessary to maintain services; and 4) amendments to transfer appropriations between departments. The fifth category has no effect on the final budget and, therefore, is not addressed in this narrative.

#### General Fund Budgetary Highlights

The actual operating revenues for the General Fund were lower than the budgeted amount by approximately \$1,209,000 or (10.5%). The individual sources within the revenues fluctuated both positively and negatively.

The actual operating expenditures for the General Fund were lower than the budgeted amount by approximately \$341,000 or 1.8%. The individual departments within the General Fund show both positive and negative fluctuations, with the positive fluctuations outweighing the negative. Net other financing sources for the General Fund were lower than the budgeted amounts by approximately \$2,954,000 which are the result of (1) fewer than anticipated transfers in to the General Fund from the City's other funds of approximately \$1.1 million and (2) more than anticipated transfers out to the City's other funds of approximately \$1.7 million.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Proprietary Funds

The activities of the City that render services to the general public on a user charge basis, or that require periodic determination of revenues for public policy are accounted for as Enterprise Funds. The City's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position at the end of the year were as follows: Department of Public Utilities Fund, \$31 million. Nonmajor Enterprise funds, (\$566,000) deficit as follows: Municipal Airport, (\$170,000) deficit; Pro Shop Fund \$50,000; and Hillcrest Golf Course Fund (\$715,875) deficit. The total growth in net position for previously mentioned funds were \$8.0 million and \$1.8 million for total nonmajor enterprise funds enumerated as follows: \$460,000, \$0, and \$1,325,000, respectively. Other factors concerning the finances of these funds have already been addressed in the discussion of the Government's business-type activities.

### Capital Assets and Debt Administration

#### Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2017, amounts to \$278 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, equipment, infrastructure and construction in progress. Infrastructure assets are items that are normally immovable and of value only to the City, such as roads, bridges, streets and sidewalks, drainage systems, utility systems and other similar items.

Major capital asset transactions during the year included construction of infrastructure, buildings, acquisition of public safety vehicles, recreation facilities, and construction of utility systems.

#### *The City's Capital Assets (net of depreciation)*

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
Land	\$ 2,131,614	\$ 3,792,707	\$ 5,924,321
Land and site improvements	1,266,063	3,356,340	4,622,403
Buildings	8,968,855	6,124,436	15,093,291
Building improvements	1,822,419	-	1,822,419
Utility systems	-	212,503,744	212,503,744
Infrastructure	5,660,045	-	5,660,045
Vehicles, machinery and equipment	3,161,195	7,109,974	10,271,169
Construction in progress	1,731,187	19,968,779	21,699,966
	<u>\$ 24,741,378</u>	<u>\$ 252,855,980</u>	<u>\$ 277,597,358</u>

Additional information on the City's capital assets can be found in Note 5 of the notes to the financial statements of this report.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Long-Term Debt

As of September 30, 2017, the City had a total of \$76.6 million in outstanding long-term debt including the City's portion of the SCRS and PORS net pension liabilities as well as the City's net OPEB obligation. Of this amount, \$27.1 million consists of notes payable backed by the revenues of the Department of Public Utilities, \$47.4 million represents the City's liabilities for pensions and OPEB benefits, and \$2.1 million consists of capital lease financing outstanding for the acquisition of capital assets. A table of the City's outstanding debt can be found below.

#### *The City's Outstanding Debt*

	Governmental Activities		Businesss-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Notes payable	\$ -	\$ -	\$ 27,099,318	\$ 27,274,320	\$ 27,099,318	\$ 27,274,320
Capital leases	2,135,516	2,307,520	-	-	2,135,516	2,307,520
Other long-term obligations	19,518,324	19,101,755	27,853,520	26,797,251	47,371,844	45,899,006
<b>Total debt</b>	<b>\$ 21,653,840</b>	<b>\$ 21,409,275</b>	<b>\$ 54,952,838</b>	<b>\$ 54,071,571</b>	<b>\$ 76,606,678</b>	<b>\$ 75,480,846</b>

Of the total debt outstanding as September 30, 2017, no portion constitutes general obligation debt or is attributable to the City's legal debt limit as set forth in the South Carolina State Code of Laws.

Additional information regarding the City's long-term debt can be found in Note 6 of the notes to the financial statements of this report.

### Economic Factors and Next Year's Budget and Rates

The SC retirement and Police Officers retirement rates for employer portions will increase again on July 1, 2018, 1% each. This causes the City to come up with additional resources to continue this required benefit.

Continuous cuts to our State Local Government funding add an additional burden to our budget as well as we continue to maintain right-of-ways in state maintained roads in the City.

With the addition in 2017-18 of our new Recreational Complex, we will be adding additional positions in order to operate this facility as well as additional maintenance and supply costs that will add to the budget of the Parks & Recreation Department. These will be annual costs in order to maintain and stock this facility for the citizens.

With the addition of several anticipated building projects in the City, added revenues to the City's tax base as well as business license increases are anticipated to help alleviate certain budgetary constraints. Generally, the City's historical tax revenues have remained relatively unchanged from year to year and the City has realized moderate increases in general business licenses and hospitality taxes.



## MANAGEMENT'S DISCUSSION AND ANALYSIS

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### **Economic Factors and Next Year's Budget (Continued)**

There are over \$100,000 in payouts budgeted for annual leave for those retiring in FY 2017-18. With the increasing age of some of the City's employees, City management anticipates this to continue. The City does offer a buyback at half price each year for those who have annual leave over their maximum in order to relieve the City of part of this liability.

### **Requests for Information**

This report is designed to provide an overview of the City's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Finance Director, City of Orangeburg, South Carolina, 979 Middleton Street, Orangeburg, South Carolina 29115.

**CITY OF ORANGEBURG, SOUTH CAROLINA**

**STATEMENT OF NET POSITION  
SEPTEMBER 30, 2017**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business- Type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 17,408,490	\$ 24,327,014	\$ 41,735,504
Investments	-	29,815,088	29,815,088
Taxes receivable, net of allowances	124,374	-	124,374
Accounts receivable, net of allowances	436,810	9,856,429	10,293,239
Notes receivable	-	1,161,759	1,161,759
Due from other governments	182,601	-	182,601
Internal balances	378,567	(378,567)	-
Inventories	106,274	4,348,107	4,454,381
Prepaid expenses	-	396,288	396,288
Restricted assets, cash and cash equivalents	-	6,290,349	6,290,349
Capital assets			
Nondepreciable	3,862,801	23,761,486	27,624,287
Depreciable, net of accumulated depreciation	20,878,577	229,094,494	249,973,071
Total assets	<u>43,378,494</u>	<u>328,672,447</u>	<u>372,050,941</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension	2,316,959	2,637,119	4,954,078
Total deferred outflows of resources	<u>2,316,959</u>	<u>2,637,119</u>	<u>4,954,078</u>
<b>LIABILITIES</b>			
Accounts payable	607,554	9,283,989	9,891,543
Accrued liabilities	541,873	614,303	1,156,176
Unearned revenue	-	4,337,973	4,337,973
Payable from restricted assets - customer deposits	-	4,256,870	4,256,870
Other postemployment benefit obligation	2,261,651	2,899,200	5,160,851
Note payable due within one year	-	1,267,261	1,267,261
Note payable due in more than one year	-	25,832,057	25,832,057
Capital leases due within one year	1,176,754	-	1,176,754
Capital leases due in more than one year	958,762	-	958,762
Compensated absences due within one year	453,287	886,890	1,340,177
Compensated absences due in more than one year	453,288	247,594	700,882
Net pension liability due in more than one year	16,350,098	23,819,836	40,169,934
Total liabilities	<u>22,803,267</u>	<u>73,445,973</u>	<u>96,249,240</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension	376,367	256,374	632,741
Total deferred inflows of resources	<u>376,367</u>	<u>256,374</u>	<u>632,741</u>
<b>NET POSITION</b>			
Net investment in capital assets	22,605,862	225,756,662	248,362,524
Restricted for:			
Public safety	209,174	-	209,174
Public works	84,918	-	84,918
Culture and recreation	1,595,564	-	1,595,564
Housing and development	16,259	-	16,259
Tourism	36,146	-	36,146
Capital outlay	6,164,478	-	6,164,478
Self insurance	-	25,000	25,000
Debt service	-	2,033,479	2,033,479
Unrestricted	(8,196,582)	29,792,078	21,595,496
Total net position	<u>\$ 22,515,819</u>	<u>\$ 257,607,219</u>	<u>\$ 280,123,038</u>

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

**CITY OF ORANGEBURG, SOUTH CAROLINA**

**STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

<u>Functions/Programs</u>	<u>Program Revenues</u>				<u>Net (Expense) Revenue and Changes in Net Position</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>Primary government:</b>							
Governmental activities:							
General government	\$ 2,323,690	\$ 42,204	\$ 561,167	\$ -	\$ (1,720,319)	\$ -	\$ (1,720,319)
Judicial	305,636	-	-	-	(305,636)	-	(305,636)
Public safety	8,817,815	1,331,558	35,338	125,161	(7,325,758)	-	(7,325,758)
Public works	2,981,233	2,308,561	22,076	200,000	(450,596)	-	(450,596)
Culture and recreation	3,039,459	159,548	774	982,433	(1,896,704)	-	(1,896,704)
Housing and development	38,775	-	-	-	(38,775)	-	(38,775)
Tourism	21,635	-	80,634	-	58,999	-	58,999
Non-departmental	1,614,611	-	-	-	(1,614,611)	-	(1,614,611)
Interest on long-term debt	70,014	-	-	-	(70,014)	-	(70,014)
Total governmental activities	<u>19,212,868</u>	<u>3,841,871</u>	<u>699,989</u>	<u>1,307,594</u>	<u>(13,363,414)</u>	<u>-</u>	<u>(13,363,414)</u>
Business-type activities:							
Public utilities	85,338,901	97,049,430	-	1,024,995	-	12,735,524	12,735,524
Municipal airport	1,187,574	448,324	-	15,030	-	(724,220)	(724,220)
Pro shop	89,682	134,271	-	-	-	44,589	44,589
Golf course	566,499	354,243	-	-	-	(212,256)	(212,256)
Total business-type activities	<u>87,182,656</u>	<u>97,986,268</u>	<u>-</u>	<u>1,040,025</u>	<u>-</u>	<u>11,843,637</u>	<u>11,843,637</u>
Total primary government	<u>\$ 106,395,524</u>	<u>\$ 101,828,139</u>	<u>\$ 699,989</u>	<u>\$ 2,347,619</u>	<u>\$ (13,363,414)</u>	<u>\$ 11,843,637</u>	<u>\$ (1,519,777)</u>
General revenues:							
Property taxes					3,466,982	-	3,466,982
Franchise taxes					144,896	-	144,896
Other taxes					3,392,743	-	3,392,743
Unrestricted investment earnings					131,959	135,389	267,348
Miscellaneous					-	400,388	400,388
Transfers					2,692,123	(2,692,123)	-
Total general revenues and transfers					<u>9,828,703</u>	<u>(2,156,346)</u>	<u>7,672,357</u>
Change in net position					<u>(3,534,711)</u>	<u>9,687,291</u>	<u>6,152,580</u>
Net position, beginning of year					<u>26,050,530</u>	<u>247,919,928</u>	<u>273,970,458</u>
Net position, end of year					<u>\$ 22,515,819</u>	<u>\$ 257,607,219</u>	<u>\$ 280,123,038</u>

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

# CITY OF ORANGEBURG, SOUTH CAROLINA

## BALANCE SHEET GOVERNMENTAL FUNDS SEPTEMBER 30, 2017

	General	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 9,655,460	\$ 7,753,030	\$ 17,408,490
Taxes receivable, net of allowance	124,374	-	124,374
Accounts receivable	436,810	-	436,810
Due from other governments	161,867	20,734	182,601
Due from other funds	359,386	119,032	478,418
Inventory	106,274	-	106,274
Total assets	\$ 10,844,171	\$ 7,892,796	\$ 18,736,967
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 580,673	\$ 26,881	\$ 607,554
Accrued liabilities	541,843	30	541,873
Due to other funds	98,176	1,675	99,851
Total liabilities	1,220,692	28,586	1,249,278
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue - property taxes	80,321	-	80,321
Total deferred inflows of resources	80,321	-	80,321
<b>FUND BALANCES</b>			
Nonspendable:			
Inventory	106,274	-	106,274
Restricted for:			
Housing and development	-	16,259	16,259
Public safety	-	209,174	209,174
Public works	-	84,918	84,918
Culture and recreation	-	1,595,564	1,595,564
Tourism	-	36,146	36,146
Capital outlay	242,329	5,922,149	6,164,478
Committed to:			
Capital outlay	212	-	212
Assigned to:			
Self insurance reserve	184,674	-	184,674
Unassigned	9,009,669	-	9,009,669
Total fund balances	9,543,158	7,864,210	17,407,368
Total liabilities, deferred inflows of resources, and fund balances	\$ 10,844,171	\$ 7,892,796	\$ 18,736,967

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

**CITY OF ORANGEBURG, SOUTH CAROLINA**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION**

**SEPTEMBER 30, 2017**

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Total fund balances - governmental funds	\$	17,407,368
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Amounts reported for governmental activities in the statement of net position are different because of the following:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds:

Cost of assets	\$	51,389,113	
Accumulated depreciation		<u>(26,647,735)</u>	
			24,741,378

Revenues in the statement of activities that do not provide current financial resources are reported as unavailable revenues in the funds:		80,321
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Certain long-term liabilities are not due and payable in the current period and are therefore not reported in the funds:

Capital leases payable	\$	(2,135,516)	
Net pension liability, net of deferred outflows of resources and deferred inflows of resources		(14,409,506)	
Net other postemployment benefits obligation		(2,261,651)	
Compensated absences payable		<u>(906,575)</u>	
			<u>(19,713,248)</u>

Net position of governmental activities	\$	<u><u>22,515,819</u></u>
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**The accompanying notes are an integral part of these financial statements.**

**CITY OF ORANGEBURG, SOUTH CAROLINA**

**STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>			
Property taxes	\$ 3,490,038	\$ -	\$ 3,490,038
Franchise taxes	144,896	-	144,896
Other taxes	2,126,995	1,265,748	3,392,743
Licenses and permits	1,083,083	-	1,083,083
Intergovernmental	618,855	1,110,122	1,728,977
Charges for services	2,150,877	25,775	2,176,652
Fines and forfeitures	435,359	32,947	468,306
Interest revenue	100,172	31,787	131,959
Other revenues	113,830	278,606	392,436
Total revenues	<u>10,264,105</u>	<u>2,744,985</u>	<u>13,009,090</u>
<b>Expenditures</b>			
Current:			
General government	2,252,227	-	2,252,227
Judicial	288,455	-	288,455
Public safety	8,438,056	84,439	8,522,495
Public works	2,486,983	-	2,486,983
Housing and development	-	64,935	64,935
Culture and recreation	2,154,925	574,912	2,729,837
Tourism	-	21,635	21,635
Non-departmental	1,614,611	-	1,614,611
Capital outlay	-	1,062,149	1,062,149
Debt service:			
Principal	1,049,670	291,961	1,341,631
Interest	19,048	50,966	70,014
Total expenditures	<u>18,303,975</u>	<u>2,150,997</u>	<u>20,454,972</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(8,039,870)</u>	<u>593,988</u>	<u>(7,445,882)</u>
<b>Other financing sources (uses):</b>			
Proceeds from issuance of capital lease	1,169,627	-	1,169,627
Transfers in	5,724,694	45,000	5,769,694
Transfers out	<u>(2,676,787)</u>	<u>(400,784)</u>	<u>(3,077,571)</u>
Total other financing sources (uses)	<u>4,217,534</u>	<u>(355,784)</u>	<u>3,861,750</u>
Net change in fund balances	(3,822,336)	238,204	(3,584,132)
<b>Fund balance, beginning of year</b>	<u>13,365,494</u>	<u>7,626,006</u>	<u>20,991,500</u>
<b>Fund balance, end of year</b>	<u>\$ 9,543,158</u>	<u>\$ 7,864,210</u>	<u>\$ 17,407,368</u>

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

**CITY OF 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 FISCAL YEAR ENDED SEPTEMBER 30, 2017**

Net change in fund balances - total governmental funds. \$ (3,584,132)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlay	\$ 2,491,906	
Depreciation expense	<u>(2,012,087)</u>	479,819

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (23,056)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

Capital lease financing	\$ (1,169,627)	
Principal repayments	<u>1,341,631</u>	172,004

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. The net changes are as follows:

Compensated absences	\$ 355,252	
Net pension liability	(859,040)	
Net other postemployment benefits obligation	<u>(75,558)</u>	<u>(579,346)</u>

Change in net position of governmental activities \$ (3,534,711)

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

**CITY OF ORANGEBURG, SOUTH CAROLINA**

**STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
SEPTEMBER 30, 2017**

	<b>Department of Public Utilities</b>	<b>Nonmajor Enterprise Funds</b>	<b>Total</b>
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$ 24,326,514	\$ 500	\$ 24,327,014
Investments	29,815,088	-	29,815,088
Accounts receivable, net of allowance	9,838,784	17,645	9,856,429
Due from other funds	-	28,672	28,672
Prepaid expenses	396,288	-	396,288
Inventory	4,287,862	60,245	4,348,107
Restricted cash	6,290,349	-	6,290,349
Total current assets	<u>74,954,885</u>	<u>107,062</u>	<u>75,061,947</u>
<b>NONCURRENT ASSETS</b>			
Note receivable	1,161,759	-	1,161,759
Capital assets:			
Nondepreciable	22,435,534	1,325,952	23,761,486
Depreciable, net of accumulated depreciation	223,226,595	5,867,899	229,094,494
Total noncurrent assets	<u>246,823,888</u>	<u>7,193,851</u>	<u>254,017,739</u>
Total assets	<u>321,778,773</u>	<u>7,300,913</u>	<u>329,079,686</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension	<u>2,551,457</u>	<u>85,662</u>	<u>2,637,119</u>
Total deferred outflows of resources	<u>2,551,457</u>	<u>85,662</u>	<u>2,637,119</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Payable from current assets:			
Accounts payable	9,252,824	31,165	9,283,989
Unearned revenue	4,323,145	14,828	4,337,973
Accrued expenses	596,715	17,588	614,303
Due to other funds	357,711	49,528	407,239
Compensated absences - current portion	856,187	30,703	886,890
	<u>15,386,582</u>	<u>143,812</u>	<u>15,530,394</u>
Payable from restricted assets:			
Customer deposits	4,256,870	-	4,256,870
Notes payable - current portion	1,267,261	-	1,267,261
	<u>5,524,131</u>	<u>-</u>	<u>5,524,131</u>
Total current liabilities	<u>20,910,713</u>	<u>143,812</u>	<u>21,054,525</u>
<b>NONCURRENT LIABILITIES</b>			
Notes payable - long term portion	25,832,057	-	25,832,057
Net pension liability	23,132,703	687,133	23,819,836
Other postemployment benefit obligation	2,774,159	125,041	2,899,200
Compensated absences - long term portion	199,356	48,238	247,594
Total long term liabilities	<u>51,938,275</u>	<u>860,412</u>	<u>52,798,687</u>
Total liabilities	<u>72,848,988</u>	<u>1,004,224</u>	<u>73,853,212</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension	<u>231,297</u>	<u>25,077</u>	<u>256,374</u>
Total deferred outflows of resources	<u>231,297</u>	<u>25,077</u>	<u>256,374</u>
<b>NET POSITION</b>			
Net investment in capital assets	218,562,811	7,193,851	225,756,662
Restricted for self insurance	25,000	-	25,000
Restricted for debt service	2,033,479	-	2,033,479
Unrestricted	30,628,655	(836,577)	29,792,078
Total net position	<u>\$ 251,249,945</u>	<u>\$ 6,357,274</u>	<u>\$ 257,607,219</u>

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



**CITY OF ORANGEBURG, SOUTH CAROLINA**

**STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

	<b>Department of Public Utilities</b>	<b>Nonmajor Enterprise Funds</b>	<b>Total</b>
<b>OPERATING REVENUES</b>			
Charges for services	\$ 97,049,430	\$ 920,428	\$ 97,969,858
Miscellaneous	-	16,410	16,410
Total operating revenues	<u>97,049,430</u>	<u>936,838</u>	<u>97,986,268</u>
<b>OPERATING EXPENSES</b>			
Cost of sales and service	51,508,818	372,882	51,881,700
Operations and maintenance	10,426,882	29,295	10,456,177
Administration	11,984,118	662,124	12,646,242
Depreciation expense	10,270,461	779,454	11,049,915
Total operating expenses	<u>84,190,279</u>	<u>1,843,755</u>	<u>86,034,034</u>
Operating income (loss)	<u>12,859,151</u>	<u>(906,917)</u>	<u>11,952,234</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Loss on disposal of assets	(661,564)	-	(661,564)
Interest expense	(487,058)	-	(487,058)
Interest income	135,389	-	135,389
Other nonoperating income	400,388	-	400,388
Total nonoperating expenses, net	<u>(612,845)</u>	<u>-</u>	<u>(612,845)</u>
Income (loss) before contributions and transfers	<u>12,246,306</u>	<u>(906,917)</u>	<u>11,339,389</u>
<b>CAPITAL CONTRIBUTIONS</b>	<u>1,024,995</u>	<u>15,030</u>	<u>1,040,025</u>
<b>TRANSFERS</b>			
Transfers in	-	2,721,376	2,721,376
Transfers out	(5,368,910)	(44,589)	(5,413,499)
Total transfers	<u>(5,368,910)</u>	<u>2,676,787</u>	<u>(2,692,123)</u>
Change in net position	7,902,391	1,784,900	9,687,291
<b>NET POSITION, beginning of year</b>	<u>243,347,554</u>	<u>4,572,374</u>	<u>247,919,928</u>
<b>NET POSITION, end of year</b>	<u>\$ 251,249,945</u>	<u>\$ 6,357,274</u>	<u>\$ 257,607,219</u>

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

**CITY OF ORANGEBURG, SOUTH CAROLINA**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

	<b>Department of Public Utilities</b>	<b>Nonmajor Enterprise Funds</b>	<b>Total</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers and users	\$ 93,164,207	\$ 939,312	\$ 94,103,519
Payments to suppliers	(59,346,405)	(498,613)	(59,845,018)
Payments to employees	(10,973,611)	(581,615)	(11,555,226)
Other receipts	400,388	-	400,388
Internal activity-payments from (to) other funds	265,761	(2,441,222)	(2,175,461)
Net cash provided by (used in) operating activities	<u>23,510,340</u>	<u>(2,582,138)</u>	<u>20,928,202</u>
<b>CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Transfers in	-	2,721,376	2,721,376
Transfers out	(5,368,910)	(44,589)	(5,413,499)
Principal payments on notes receivable	124,976	-	124,976
Net cash provided by (used in) noncapital and related financing activities	<u>(5,243,934)</u>	<u>2,676,787</u>	<u>(2,567,147)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisitions of capital assets	(18,807,517)	(109,679)	(18,917,196)
Proceeds from sale of capital assets	340,076	-	340,076
Proceeds from issuance of notes payable	1,175,107	-	1,175,107
Principal payments on notes payable	(1,350,109)	-	(1,350,109)
Capital grants received	1,024,995	15,030	1,040,025
Interest paid	(487,058)	-	(487,058)
Net cash (used in) capital and related financing activities	<u>(18,104,506)</u>	<u>(94,649)</u>	<u>(18,199,155)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of investments	(9,052,752)	-	(9,052,752)
Proceeds from sale of investments	9,732,249	-	9,732,249
Interest received	135,389	-	135,389
Net cash provided by investing activities	<u>814,886</u>	<u>-</u>	<u>814,886</u>
Change in cash and cash equivalents	976,786	-	976,786
<b>Cash and cash equivalents:</b>			
Beginning of year	<u>29,640,077</u>	<u>500</u>	<u>29,640,577</u>
End of year	<u>\$ 30,616,863</u>	<u>\$ 500</u>	<u>\$ 30,617,363</u>
<b>Classified as:</b>			
Cash and cash equivalents	\$ 24,326,514	\$ 500	\$ 24,327,014
Restricted cash	<u>6,290,349</u>	<u>-</u>	<u>6,290,349</u>
	<u>\$ 30,616,863</u>	<u>\$ 500</u>	<u>\$ 30,617,363</u>

(Continued)

**CITY OF ORANGEBURG, SOUTH CAROLINA**

**STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

	<u>Department of Public Utilities</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>			
Operating income (loss)	\$ 12,859,151	\$ (906,917)	\$ 11,952,234
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities			
Depreciation	10,270,461	779,454	11,049,915
Other revenues	400,388	-	400,388
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	177,041	(1,257)	175,784
Decrease in due from other funds	-	1,346	1,346
Decrease in due from other governments	-	81	81
(Increase) in prepaid expenses	(43,672)	-	(43,672)
(Increase) decrease in inventory	(258,836)	10,947	(247,889)
Decrease in deferred outflows of resources-pension	955,262	45,810	1,001,072
Increase (decrease) in accounts payable	2,751,888	(17,025)	2,734,863
Increase (decrease) in accrued expenses	(211,580)	17,588	(193,992)
Increase in customer deposits	139,915	-	139,915
Increase (decrease) in unearned revenue	(4,062,264)	3,650	(4,058,614)
Increase in due to other funds	265,761	49,528	315,289
(Decrease) in advance from other funds	-	(2,492,096)	(2,492,096)
Increase (decrease) in deferred inflows of resources-pension	(863,430)	737	(862,693)
Increase (decrease) in net pension liability	1,267,476	(86,220)	1,181,256
Increase in other post employment benefit obligation	79,457	4,178	83,635
Increase (decrease) in compensated absences	(216,678)	8,058	(208,620)
Net cash provided by (used in) operating activities	<u>\$ 23,510,340</u>	<u>\$ (2,582,138)</u>	<u>\$ 20,928,202</u>

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

**CITY OF ORANGEBURG, SOUTH CAROLINA**

**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
AGENCY FUND  
SEPTEMBER 30, 2017**

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	<b>Agency Fund</b>
<b>ASSETS</b>	
Cash	\$ 2,861
Total assets	<u>\$ 2,861</u>
<b>LIABILITIES</b>	
Due to others	\$ 2,861
Total liabilities	<u>\$ 2,861</u>

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

# CITY OF ORANGEBURG, SOUTH CAROLINA

## NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2017

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### **NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the City of Orangeburg, South Carolina (the "City") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

#### **A. Reporting Entity**

The City of Orangeburg, South Carolina operates under a charter originally granted by the State of South Carolina on December 24, 1883. The government is a municipal corporation governed by an elected Mayor and six-member council. The City provides the following services: general government (administrative services, elections, community planning and development), judicial (municipal court), public safety (police, fire, and communications), public works (building inspection, parking and municipal buildings, sanitation, and streets), and culture and recreation (parks, gardens, cemeteries, and recreation).

As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of the City of Orangeburg (the primary government) which includes all fund types of the City. Component units may be presented by two different methods. Blended component units, although legally separate entities, are, in substance, part of the City's operations. Discretely presented component units are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the City. The City reports no component units.

#### **B. Government-wide and Fund Financial 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. The effect of material interfund activity has been eliminated from these statements. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment.

# CITY OF ORANGEBURG, SOUTH CAROLINA

## NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2017

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### B. Government-wide and Fund Financial Statements (Continued)

Program revenues include 1) charges to those who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements.

#### C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Agency funds have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 City 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 compensated absences, other postemployment benefits and claims and judgments, are recorded only when payment is due.

# CITY OF ORANGEBURG, SOUTH CAROLINA

## NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2017

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Property taxes, franchise fees, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Sales, accommodations, and hospitality taxes are recorded when the underlying transaction is made. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. Shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. All other revenue items are considered to be measurable and available only when cash is received by the government.

The City reports the following major governmental fund:

The **General Fund** is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The City reports the following major proprietary fund:

The **Department of Public Utilities Fund** accounts for the user charges, fees, and other resources and all costs associated with the operations of the City's water, sewer, electricity, and gas systems.

Additionally, the City reports the following nonmajor fund types:

The **Special Revenue Funds** are used to account for the proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes.

The **Capital Projects Funds** account for the acquisition and construction of the City's major capital facilities, other than those financed by proprietary funds.

The **Enterprise Funds** are used to account for those operations that are financed and operated in a manner similar to a private business or where Council has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability. All of the City's proprietary funds are enterprise funds.

The **Fiduciary Fund** is used to account for assets held by the government in a trustee capacity or as an agent on behalf of others. The **Agency Fund** is custodial in nature and does not involve the measurement of results of operations.

# CITY OF ORANGEBURG, SOUTH CAROLINA

## NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2017

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### D. Budgets and Budgetary Accounting (Continued)

An annual budget is adopted on a basis consistent with generally accepted accounting principles for the General Fund, Local Accommodations and Hospitality Tax Fund, Victims Advocate Fund, and Public Utilities Fund. All annual appropriations lapse at fiscal year-end. The City Administrator submits to City Council a balanced, proposed annual budget prior to September 30 for the fiscal year commencing October 1. City Council must approve and adopt a final budget through the passage of an ordinance. The appropriated budget is prepared by fund, function, and department. The City Administrator may make transfers of appropriations within and between departments. Transfers of appropriations between funds require the approval of Council. The legal level of budgetary control is the fund level.

The legally adopted budget for the General Fund is presented as required supplementary information while the legally adopted budgets of the Local Accommodations and Hospitality Tax Fund, the Victims Advocate Fund and the Department of Public Utilities Fund are presented as other supplementary information. Additionally, the budgets of the General Fund, Local Accommodations and Hospitality Tax Fund, and the Victims Advocate Fund are prepared on a basis consistent with accounting principles generally accepted in the United States and are presented on the modified accrual basis of accounting, while the budget of the Department of Public Utilities Fund is prepared on a basis consistent with accounting principles generally accepted in the United States and is presented on the accrual basis of accounting.

#### E. Cash and Investments

For purposes of financial statement presentation, the City considers all highly liquid investments with a maturity of three months or less when purchased to be cash. Cash includes certain amounts in certificates of deposit and money market funds and are stated at cost which approximates fair value.

With the exception of non-participating investment contracts and debt securities, all investments, including the City's investment in the South Carolina Local Government Investment Pool (the Pool), are carried at fair value. The total fair value of the Pool is apportioned to the entities with funds invested on an equal basis for each share owned, which are acquired at a cost of \$1.00. Non-participating investment contracts such as nonnegotiable certificates of deposit are reported at cost. Debt securities are reported at cost or amortized cost.



# CITY OF ORANGEBURG, SOUTH CAROLINA

## NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2017

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### F. Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Taxes receivable are comprised of delinquent real property taxes, net of an allowance for uncollectible accounts. The current property tax receivable allowance is equal to 1% of the current property tax levy.

Accounts receivable in the General Fund are comprised of franchise taxes, reimbursements, and capital lease proceeds receivable. Receivables in the Special Revenue Funds are comprised of accommodations taxes. Accounts receivable in the City's enterprise funds are comprised of charges for services and an estimate of unbilled receivables associated with the City's Public Utilities Fund. 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. The City computes the allowance for uncollectible accounts relative to the Public Utilities Fund based on an estimate of collections within each aging category or receivables.

#### G. Interfund Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year, as well as all other outstanding balances between funds, are reported as "due to/from other funds" (current interfund loans) or "advances to/from other funds" (noncurrent 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.

#### H. Inventories

Inventories in governmental funds, which are accounted for using the consumption method, consist of consumable supplies and fuel and are stated at cost, using the first-in/first-out (FIFO) method. Reported inventories are equally offset by a nonspendable fund balance, which indicates that they do not constitute available spendable resources even though they are a component of current assets.

Inventories in enterprise funds are also accounted for using the consumption method. These inventories consist of merchandise for resale, fuel for sale, supplies and materials for operation, maintenance, and improvements to property and plant and are stated at the lower of cost or market, using the first-in/first-out (FIFO) method.

# CITY OF ORANGEBURG, SOUTH CAROLINA

## NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2017

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### I. Prepaid Items

Payments made to vendors for services that will benefit periods beyond September 30, 2017, are recorded as prepaid items in both the government-wide and fund financial statements. The consumption method is used to account for prepaid items in the City's funds.

#### J. Restricted Assets

The City's restricted accounts are established to account for assets restricted for specific purposes, typically by outside parties or legal agreement. Certain debt agreements require the establishment of an account to hold 1) maximum annual principal and interest payments, and 2) the next succeeding principal and accrued interest payment.

#### K. Notes Receivable

Amounts loaned to others, which were funded with the City's unrestricted funds, are recorded as notes receivable. The City periodically evaluates the collectability of its outstanding note receivable, and has determined no provision for uncollectible amounts to be necessary. The note receivable is stated at the amount of unpaid principal as of September 30, 2017.

#### L. Capital Assets

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

The costs of normal maintenance and repairs that do not increase the capacity or efficiency of an item, or add to the value of the asset or materially extend the assets' lives beyond original estimates, are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during construction of business-type capital assets is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period. Interest incurred during construction of governmental-type activities is not capitalized. Interest incurred during construction of business-type activities is capitalized. The City capitalized interest relative to its business-type activities during the fiscal year ended September 30, 2017, in the amount of \$421,399.

# CITY OF ORANGEBURG, SOUTH CAROLINA

## NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2017

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### L. Capital Assets (Continued)

All reported capital assets except land and construction in progress are depreciated. Useful lives for infrastructure are estimated based on the City's historical records of necessary improvements and replacements. Depreciation is provided using the straight-line method over the following estimated useful lives:

Asset	Useful Life (Years)
Buildings	30 - 45
Infrastructure:	
Streets, bridges, and sidewalks	25
Electric system	25 - 50
Gas system	35 - 50
Water system	30 - 100
Wastewater system	40 - 60
Fiber optics and SCADA system	12 - 30
Runways	20
Major improvements	20
Furniture and fixtures	3 - 20
Vehicles, machinery and equipment	3 - 20

#### M. Compensated Absences

The City's policy is to permit employees to accumulate leave depending upon length of service. The maximum leave that can be accrued is 1,080 hours for persons with twenty or more years of service (calculated as hours earned times hourly rate). Upon termination, accumulated leave will be paid to the employee. All leave and compensatory pay is accrued when earned in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only to the extent they are payable from current resources and represent matured liabilities, for example, as a result of employee resignations and retirements. 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.

#### N. 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, business-type activities or proprietary fund type Statement of Net Position. In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

# CITY OF ORANGEBURG, SOUTH CAROLINA

## NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2017

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### O. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for *deferred outflows of resources*. This separate financial statement element represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense) until then. The City has five items that qualify for reporting in this category, all of which relate to the City's Retirement Plans and are combined in the Statement of Net Position under the heading "Pension." The first item, experience losses, results from periodic studies by the actuary of the Retirement Plans, which adjust the net pension liability for actual experience for certain trend information that was previously assumed, for example the assumed dates of retirement of plan members. These experience losses are recorded as deferred outflows of resources and are amortized into pension expense over the expected remaining service lives of the plan members. The second item, differences between projected investment return on pension investments and actual return on those investments, is deferred and amortized against pension expense over a four-year period, resulting in recognition as a deferred outflow of resources. The third item results from changes in the proportionate share and differences between employer contributions and the proportionate share of total plan employer contributions. These changes are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability over a four-year period. The fourth item, changes in the actuarial assumptions, adjust the net pension liabilities and are amortized into pension expense over the expected remaining service lives of plan members. The fifth item, pension contributions made subsequent to the plan measurement date, includes any contributions made by the City to the pension plan before year-end but subsequent to the measurement date of the City's net pension liabilities are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liabilities during the year ended September 30, 2018.

In addition to liabilities, the Statement of Net Position and the governmental funds balance sheet will sometimes report a separate section for *deferred inflows of resources*. This separate financial statement element represents an acquisition of fund balance that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has three items that qualify for reporting in this category. The first item, *unavailable revenue*, arises only under a modified accrual basis of accounting and is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from property taxes and these amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available. The second item, experience gains relating to the City's Retirement Plans, is recorded in the Statement of Net Position under the heading "Pension." Experience gains result from periodic studies by the actuary of the Retirement Plans, which adjust the net pension liability for actual experience for certain trend information that was previously assumed. These gains are recorded as deferred inflows of resources and are amortized into pension expense over the expected remaining lives of the plan members.

# CITY OF ORANGEBURG, SOUTH CAROLINA

## NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2017

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### O. Deferred Outflows/Inflows of Resources (Continued)

The third item results from changes in the proportionate share and differences between employer contributions and the proportionate share of total plan employer contributions.

#### P. Fund Equity

Fund equity at the governmental fund financial reporting level is classified as “fund balance.” Fund equity for all other reporting is classified as “net position.”

**Fund Balance** – Generally, fund balance represents the difference between the assets and deferred outflows of resources and liabilities and deferred inflows of resources under the current financial resources measurement focus of accounting. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

*Nonspendable* – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in a spendable form or (b) legally or contractually required to be maintained intact.

*Restricted* – Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws and regulations of other governments.

*Committed* – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council through the adoption of a resolution or passage of an ordinance. Only the City Council may modify or rescind the commitment.

*Assigned* – Fund balances are reported as assigned when amounts are constrained by the City’s intent to be used for specific purposes, but are neither restricted nor committed. Intent can be expressed by council or by an official or body to which Council delegates the authority. The City Council has delegated this authority to the City Administrator.

*Unassigned* – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The City reports positive unassigned fund balance only in the General Fund. Negative unassigned fund balances may be reported in all funds.

# CITY OF ORANGEBURG, SOUTH CAROLINA

## NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2017

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### P. Fund Equity (Continued)

**Flow Assumptions** – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the City’s policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the City’s policy to use fund balance in the following order: 1) committed, 2) assigned, and 3) unassigned.

**Net Position** – Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources in reporting which utilizes the economic resources measurement focus. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws and regulations of other governments. All other net position is reported as unrestricted.

The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

#### Q. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### R. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the South Carolina Retirement System (SCRS) and the South Carolina Police Officer’s Retirement System (PORS) and additions to/deductions from SCRS and PORS’ fiduciary net position have been determined on the same basis as they are reported by SCRS and PORS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

# CITY OF ORANGEBURG, SOUTH CAROLINA

## NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2017

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### NOTE 2. LEGAL COMPLIANCE – BUDGETS

#### Excess of Expenditures over Appropriations

For the fiscal year ended September 30, 2017, expenses exceeded appropriations as follows:

	<u>Excess</u>
Department of Public Utilities Fund	\$ (5,338,017)

The over expenditures in the Public Utilities Fund was funded by greater than anticipated operating and nonoperating revenues and capital contributions.

#### Deficit Fund Net Position

The Hillcrest Golf Course Fund had a deficit net position of \$445,606 as of September 30, 2017. The deficit in the Hillcrest Golf Course Fund will be eliminated through future revenues and transfers from other funds.

### NOTE 3. CASH AND INVESTMENTS

Total cash and investments as of September 30, 2017, are summarized as follows:

Amounts as presented on the entity-wide statement of net position:

Cash and cash equivalents	\$ 41,735,504
Investments	29,815,088
Restricted cash and cash equivalents	6,290,349

Amounts as presented on the fiduciary statement of net position:

Cash and cash equivalents - Agency Fund	2,861
Total	<u>\$ 77,843,802</u>

Cash and investments deposited with financial institutions	\$ 63,485,144
South Carolina Local Government Investment Pool	14,358,658
Total	<u>\$ 77,843,802</u>

At September 30, 2017, the City's cash and investments included demand deposits with financial institutions, local government pools, mutual funds, and United States Government debt securities. The local government pool is managed by the State of South Carolina. The fair value of its position in the pool is the same as the value of the pool shares.

# CITY OF ORANGEBURG, SOUTH CAROLINA

## NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2017

### NOTE 3. CASH AND INVESTMENTS (CONTINUED)

Under State law, the City is authorized to hold funds in deposit accounts with banking institutions and invest funds in the following items: obligations of the United States and agencies thereof, obligations of the State of South Carolina or any of its political units, banks and savings and loan associations to the extent insured by an agency of the federal government, and/or certificates of deposit where the certificates are federally insured or collaterally secured by collateral of the types in the previously mentioned items.

**Custodial Credit Risk – Deposits and Investments:** Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of September 30, 2017, all of the City's deposits were covered by federal depository insurance or by collateral held in the pledging financial institutions' trust department in the City's name.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does not have a formal investment policy to address custodial credit risk.

**Investments:** As of September 30, 2017, the City had the following investments:

<u>Investment</u>	<u>Fair Value</u>	<u>Percentage of Portfolio</u>	<u>Credit Rating</u>
U.S. Treasuries	\$ 15,965,880	53.5%	AAA/AA+
U.S. Agencies	13,623,092	45.7%	AAA/AA+
Mutual funds	226,116	0.8%	N/A
	<u>\$ 29,815,088</u>		

**Fair Value Measurements:** The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.



# CITY OF ORANGEBURG, SOUTH CAROLINA

## NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2017

### NOTE 3. CASH AND INVESTMENTS (CONTINUED)

**Fair Value Measurements (Continued):** The City has the following recurring fair value measurements as of September 30, 2017:

Investment	Level 1	Level 2	Level 3	Fair Value
U.S. Treasury securities	\$ 15,965,880	\$ -	\$ -	\$ 15,965,880
U.S. Agency securities	13,623,092	-	-	13,623,092
Mutual funds	226,116	-	-	226,116
Total investments measured at fair value	\$ 29,815,088	\$ -	\$ -	\$ 29,815,088
Total investments				\$ 29,815,088

The City's investment in U.S. Agencies and U.S. Treasuries classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those investments. The City has no investments classified in Level 2 or Level 3 of the fair value hierarchy.

The South Carolina Local Government Investment Pool (LGIP) is an investment pool, which does not meet the criteria of GASB Statement No. 79 and is thus valued at fair value in accordance with GASB Statement No. 31. As a result, the City does not disclose investment in the LGIP within the fair value hierarchy.

**Credit Risk:** Credit risk is the risk that an issuer of an investment will not fulfill its obligations. The City's investment policy allows for investments in the South Carolina Local Government Investment Pool ("LGIP"). As of September 30, 2017, the underlying security ratings of the City's investment in the LGIP may be obtained from the LGIP's complete financial statements. This investment pool does not have a credit quality rating assigned. These financial statements may be obtained by writing to the State Treasurer's Office, Local Government Investment Pool, Post Office Box 11778, Columbia, South Carolina 29211. Additionally, the City may invest in obligations of the United States, obligations issued by the Federal Financing Bank, Federal Farm Credit Bank, Bank of Cooperatives, Federal Intermediate Credit Bank, Federal Land Banks, Federal Home Loan Banks, Federal Home Loan Mortgage Corporation, Federal National Mortgage Association, Government National Mortgage Association, Federal Housing Administration, and Farmer's Home Administration, if, at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise issued by at least two nationally recognized credit organizations.

# CITY OF ORANGEBURG, SOUTH CAROLINA

## NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2017

### NOTE 3. CASH AND INVESTMENTS (CONTINUED)

**Interest Rate Risk:** Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. 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.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>		
		<u>Less than 1</u>	<u>1 - 5</u>	<u>6 - 10</u>
U.S. Treasury Securities	\$ 15,965,880	\$ 6,991,340	\$ 7,967,110	\$ 1,007,430
U.S. Agency Securities	13,623,092	999,550	12,623,542	-
Mutual Funds	226,116	226,116	-	-
Total fair value	<u>\$ 29,815,088</u>	<u>\$ 8,217,006</u>	<u>\$ 20,590,652</u>	<u>\$ 1,007,430</u>

**Concentration of Credit Risk:** Concentration of credit risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer. The City places no limit on the amount that can be invested with any one issuer.

### NOTE 4. RECEIVABLES

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. Penalty dates and rates are the same as that established by the Orangeburg County Council (January 16 – 3%, February 2 - an additional 7%, and March 16 - an additional 5%). If taxes are not paid by March 15, they are turned over to the delinquent tax office for collection. The City bills and collects current and delinquent property taxes with the exception of motor vehicle taxes, which are billed and collected by Orangeburg County. City tax revenues are recognized in the period for which they are levied; therefore, revenue recognition is deferred. Taxes on licensed motor vehicles are levied during the month when the taxpayer's license is up for renewal and are, therefore, recognized when cash is received by the City. The taxpayer must provide proof of payment to the Highway Department before the vehicle license will be renewed.

**CITY OF ORANGEBURG, SOUTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017**

**NOTE 4. RECEIVABLES (CONTINUED)**

Receivables at September 30, 2017, for the City's individual major funds and nonmajor funds, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Public Utilities</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total</u>
Receivables:					
Taxes	\$ 148,634	\$ -	\$ -	\$ -	\$ 148,634
Accounts	436,810	-	9,899,540	17,645	10,353,995
Interest	-	-	-	-	-
Notes	-	-	1,161,759	-	1,161,759
Due from other governments	161,867	20,734	-	-	182,601
Gross receivables	<u>747,311</u>	<u>20,734</u>	<u>11,061,299</u>	<u>17,645</u>	<u>11,846,989</u>
Less allowance for uncollectibles	<u>(24,260)</u>	<u>-</u>	<u>(60,756)</u>	<u>-</u>	<u>(85,016)</u>
Net total receivable	<u>\$ 723,051</u>	<u>\$ 20,734</u>	<u>\$ 11,000,543</u>	<u>\$ 17,645</u>	<u>\$ 11,761,973</u>

In 2011, the City entered into an agreement with the Orangeburg County/City Industrial Park Commission (the "Commission") whereby the City's Public Utilities Fund would provide up to \$1,600,000 to supplement additional funding from the State of South Carolina and Orangeburg County to assist the Commission in the acquisition of a building in the County's industrial park in exchange for a percentage of the fee in lieu revenues generated on the building until the note from the City to the Commission is repaid in full. The note receivable is collateralized by a proportionate interest in the building in the event of default. Payments on the note are due annually based on the annual fee in lieu assessment less a Special Source Revenue Credit in varying amounts through the City's fiscal year ended 2020. At September 30, 2017, the unpaid balance of the note receivable was \$1,161,759.

# CITY OF ORANGEBURG, SOUTH CAROLINA

## NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2017

### NOTE 5. CAPITAL ASSETS

Capital asset activity for the governmental activities for the year ended September 30, 2017, is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 2,118,304	\$ 13,310	\$ -	\$ -	\$ 2,131,614
Construction in progress	566,189	1,164,998	-	-	1,731,187
Total capital assets, not being depreciated	<u>2,684,493</u>	<u>1,178,308</u>	<u>-</u>	<u>-</u>	<u>3,862,801</u>
Capital assets, being depreciated:					
Land and site improvements	4,663,826	71,467	(6,800)	-	4,728,493
Buildings	14,847,049	139,171	-	-	14,986,220
Building improvements	3,047,429	4,500	-	-	3,051,929
Vehicles	7,554,599	268,685	(146,650)	-	7,676,634
Machinery and equipment	2,789,924	675,459	(15,125)	-	3,450,258
Infrastructure	9,009,275	-	-	-	9,009,275
Furniture and fixtures	1,691,978	43,892	(7,600)	-	1,728,270
Computer equipment	1,468,474	69,276	(12,097)	-	1,525,653
Tools and other	1,340,875	41,148	(12,443)	-	1,369,580
Total capital assets, being depreciated	<u>46,413,429</u>	<u>1,313,598</u>	<u>(200,715)</u>	<u>-</u>	<u>47,526,312</u>
Less accumulated depreciation for:					
Land and site improvements	(3,256,198)	(210,787)	6,800	(2,245)	(3,462,430)
Buildings	(5,661,480)	(355,885)	-	-	(6,017,365)
Building improvements	(1,133,771)	(100,562)	-	4,823	(1,229,510)
Vehicles	(6,472,874)	(425,158)	146,650	-	(6,751,382)
Machinery and equipment	(1,271,580)	(406,788)	15,125	(2,509)	(1,665,752)
Infrastructure	(3,010,431)	(338,799)	-	-	(3,349,230)
Furniture and fixtures	(1,567,635)	(31,890)	7,600	-	(1,591,925)
Computer equipment	(1,202,924)	(108,139)	12,097	(69)	(1,299,035)
Tools and other	(1,259,470)	(34,079)	12,443	-	(1,281,106)
Total accumulated depreciation	<u>(24,836,363)</u>	<u>(2,012,087)</u>	<u>200,715</u>	<u>-</u>	<u>(26,647,735)</u>
Total capital assets, being depreciated, net	<u>21,577,066</u>	<u>(698,489)</u>	<u>-</u>	<u>-</u>	<u>20,878,577</u>
Governmental activities capital assets, net	<u>\$ 24,261,559</u>	<u>\$ 479,819</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,741,378</u>

# CITY OF ORANGEBURG, SOUTH CAROLINA

## NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2017

### NOTE 5. CAPITAL ASSETS (CONTINUED)

Capital asset activity for the business-type activities for the year ended September 30, 2017, is as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
<b>Business-type Activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 3,792,707	\$ -	\$ -	\$ -	\$ 3,792,707
Construction in progress	36,466,159	18,468,980	-	(34,966,360)	19,968,779
Total capital assets, not being depreciated	<u>40,258,866</u>	<u>18,468,980</u>	<u>-</u>	<u>(34,966,360)</u>	<u>23,761,486</u>
Capital assets, being depreciated:					
Buildings and improvements	9,813,292	-	-	1,062,826	10,876,118
Electric division	132,730,118	-	(1,161,428)	5,801,639	137,370,329
Gas division	28,645,997	-	(37,279)	1,314,909	29,923,627
Water division	103,501,725	-	(233,139)	623,413	103,891,999
Wastewater division	73,884,866	-	(4,807)	26,163,573	100,043,632
Land improvements	12,735,786	-	-	-	12,735,786
Tools and equipment	11,686,585	395,390	(55,293)	523	12,027,205
Furniture and fixtures	913,004	52,826	(2,862)	-	962,968
Total capital assets, being depreciated	<u>373,911,373</u>	<u>448,216</u>	<u>(1,494,808)</u>	<u>34,966,883</u>	<u>407,831,664</u>
Less accumulated depreciation for:					
Buildings and improvements	(4,393,226)	(358,456)	-	-	(4,751,682)
Electric division	(73,639,642)	(4,617,933)	305,624	-	(77,951,951)
Gas division	(12,684,328)	(717,968)	21,258	-	(13,381,038)
Water division	(33,582,890)	(2,260,793)	103,325	-	(35,740,358)
Wastewater division	(29,987,007)	(1,670,296)	4,807	-	(31,652,496)
Land improvements	(8,727,247)	(652,199)	-	-	(9,379,446)
Tools and equipment	(4,284,954)	(753,391)	55,293	(523)	(4,983,575)
Furniture and fixtures	(880,604)	(18,879)	2,859	-	(896,624)
Total accumulated depreciation	<u>(168,179,898)</u>	<u>(11,049,915)</u>	<u>493,166</u>	<u>(523)</u>	<u>(178,737,170)</u>
Total capital assets, being depreciated, net	<u>205,731,475</u>	<u>(10,601,699)</u>	<u>(1,001,642)</u>	<u>34,966,360</u>	<u>229,094,494</u>
Business-type activities capital assets, net	<u>\$ 245,990,341</u>	<u>\$ 7,867,281</u>	<u>\$ (1,001,642)</u>	<u>\$ -</u>	<u>\$ 252,855,980</u>

# CITY OF ORANGEBURG, SOUTH CAROLINA

## NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2017

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### NOTE 5. CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions/programs of the City as follows:

Governmental activities:	
General government	\$ 144,871
Public safety	717,195
Public works	660,932
Culture and recreation	489,089
Total depreciation expense - governmental activities	<u>\$ 2,012,087</u>
Business-type activities:	
Public Utilities	\$ 10,270,461
Municipal airport	717,415
Golf course	62,039
Total depreciation expense - business-type activities	<u>\$ 11,049,915</u>

### NOTE 6. LONG-TERM DEBT

The City has the following forms of long-term indebtedness:

Notes Payable – The City issues notes payable to provide funds for the acquisition and construction of major capital facilities for use in the Department of Public Utilities Fund. The primary source of revenue for repayment of bonds is the Department of Public Utilities Fund. The notes payable were issued by the South Carolina State Revolving Fund Program and are secured by revenues of the Public Utilities system.

Net Pension Liability – This obligation represents the City's allocated portion of their long-term obligation for pension benefits. These obligations are primarily funded by the General Fund and the Public Utilities Fund.

Other Postemployment Benefits Obligation – This obligation represents the City's long-term obligation for postemployment benefits other than pensions. These obligations are primarily funded by the General Fund and the Public Utilities Fund.

Capital Lease Obligations – The City uses leases to finance the purchase of various equipment. Leases are paid from the General Fund and Local Hospitality and Accommodations Tax Fund.

Compensated Absences Payable – These obligations represent accumulated annual leave and compensatory time benefits, which were not funded by the current or prior years' revenue resources. These obligations are primarily funded by the General Fund and the Public Utilities Fund.

# CITY OF ORANGEBURG, SOUTH CAROLINA

## NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2017

### NOTE 6. LONG-TERM DEBT (CONTINUED)

#### Changes in Long-Term Liabilities

The following is a summary of long-term debt activity of the City for the year ended September 30, 2017:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Capital leases	\$ 2,307,520	\$ 1,169,627	\$ (1,341,631)	\$ 2,135,516	\$ 1,176,754
Compensated absences	1,261,827	97,102	(452,354)	906,575	453,287
Net pension liability	15,653,835	3,301,682	(2,605,419)	16,350,098	-
Other post-employment benefit obligation	2,186,093	75,558	-	2,261,651	-
Governmental activities long-term liabilities	<u>\$ 21,409,275</u>	<u>\$ 4,643,969</u>	<u>\$ (4,399,404)</u>	<u>\$ 21,653,840</u>	<u>\$ 1,630,041</u>
Business-type activities:					
Notes payable	\$ 27,274,320	\$ 1,175,107	\$ (1,350,109)	\$ 27,099,318	\$ 1,267,261
Compensated absences	1,343,106	880,165	(1,088,787)	1,134,484	886,890
Net pension liability	22,638,580	3,708,741	(2,527,485)	23,819,836	-
Other post-employment benefit obligation	2,815,565	83,635	-	2,899,200	-
Business-type activities long-term liabilities	<u>\$ 54,071,571</u>	<u>\$ 5,847,648</u>	<u>\$ (4,966,381)</u>	<u>\$ 54,952,838</u>	<u>\$ 2,154,151</u>

#### Notes Payable

The City entered into a financing agreement with the South Carolina State Revolving Fund Program in the amount of \$4,280,163 titled Series 2009A. Principal and interest payments on the note are due in quarterly installments through 2030. The note bears interest of 1.84%. Additionally, the City entered into a financing agreement with the South Carolina State Revolving Fund Program in the amount of \$982,514 titled Series 2009B. Principal and interest payments on the note are due in quarterly installments through 2030. The note bears interest of 1.68%. Further, the City entered into a financing agreement with the South Carolina State Revolving Fund Program in the amount of \$27,454,700 titled Series 2014. Principal and interest payments on the note are due in quarterly installments through 2036. The note bears interest of 1.68%.

Notes payable from business-type activities at September 30, 2017, are as follows:

	<u>Interest Rate</u>	<u>Balance at September 30, 2017</u>
State Revolving Fund, Series 2009A	1.84%	\$ 2,626,491
State Revolving Fund, Series 2009B	1.68%	584,441
State Revolving Fund, Series 2014	1.68%	23,888,386
		<u>\$ 27,099,318</u>

# CITY OF ORANGEBURG, SOUTH CAROLINA

## NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2017

### NOTE 6. LONG-TERM DEBT (CONTINUED)

#### Notes Payable (Continued)

The annual requirements for debt service on notes payable outstanding at September 30, 2017, are summarized as follows:

Year ending September 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 1,267,261	\$ 425,190	\$ 1,692,451
2019	1,350,880	427,020	1,777,900
2020	1,373,339	404,561	1,777,900
2021	1,396,264	381,636	1,777,900
2022	1,419,667	358,233	1,777,900
2023 - 2027	7,466,878	1,422,622	8,889,500
2028 - 2032	7,319,754	778,402	8,098,156
2033 - 2036	5,505,275	191,782	5,697,057
	<u>\$ 27,099,318</u>	<u>\$ 4,389,446</u>	<u>\$ 31,488,764</u>

#### Capital Lease Obligations

The City entered into an equipment lease with a regional bank during 2004 for various capital improvement projects in the amount of \$3,787,058. Payments are to be made annually at 4.10% for a term of fifteen years.

The City entered into an equipment lease in the amount of \$1,284,023 with a regional bank during 2016 for equipment. Payments are to be made annually at 0.976% for a term of four years.

The City entered into an equipment lease in the amount of \$1,169,627 with a regional bank during 2017 for various equipment. Payments are to be made annually at 1.59% for a term of three years.

The future minimum lease obligations as of September 30, 2017, were as follows:

Fiscal year ending September 30,	<u>Governmental Activities</u>
2018	\$ 1,237,548
2019	665,469
2020	342,927
Total minimum lease payments	<u>2,245,944</u>
Less amount representing interest	(110,428)
Present value of future minimum lease payments	<u>\$ 2,135,516</u>



**CITY OF ORANGEBURG, SOUTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017**

**NOTE 6. LONG-TERM DEBT (CONTINUED)**

**Capital Lease Obligations (Continued)**

The carrying value of the assets acquired through capital leases as of September 30, 2017, were as follows:

	<b>Governmental Activities</b>
Equipment	\$ 2,799,155
Less: Accumulated depreciation	(688,086)
	\$ 2,111,069

The City reported depreciation expense for the year ended September 30, 2017, on assets acquired through capital leases in the amount of \$408,906.

**NOTE 7. OPERATING LEASES**

The City participates in certain leases accounted for as operating leases as lessor. The City has a forty-year agreement to lease space on top of a water tank to a company for a telecommunication tower with an annual payments varying between \$12,650 and \$38,687 yearly. Lease income for the year ended for the fiscal year ended September 30, 2017, is \$16,730.

Future minimum lease payments to be received by the City for the remaining term under the non-cancelable operating lease are as follows:

<b>Fiscal year ending September 30,</b>	<b>Amount</b>
2018	\$ 16,730
2019	16,730
2020	19,239
2021	19,239
2022	19,239
2023 - 2027	101,967
2028 - 2032	117,263
2033 - 2037	134,852
2038 - 2042	155,078
2043 - 2047	178,341
2048 - 2049	77,394
	\$ 856,072

**CITY OF ORANGEBURG, SOUTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017**

**NOTE 8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

The composition of interfund balances as of September 30, 2017, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Public Utilities	\$ 357,711
General	Nonmajor Governmental Funds	1,675
Nonmajor Governmental Funds	General	98,176
Nonmajor Enterprise Funds	Nonmajor Enterprise Funds	28,672
Nonmajor Governmental Funds	Nonmajor Enterprise Funds	20,856
		<u>\$ 507,090</u>

All interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. Advances to/from other funds represent amounts not expected to be repaid within one year from the date of the financial statements.

The composition of interfund transfers for the year ended September 30, 2017, is as follows:

<u>Transfer To</u>	<u>Transfer From</u>				<u>Total</u>
	<u>General</u>	<u>Public Utilities</u>	<u>Nonmajor Governmental Funds</u>	<u>Nonmajor Enterprise Funds</u>	
General	\$ -	\$ 5,368,910	\$ 355,784	\$ -	\$ 5,724,694
Nonmajor Governmental Funds	-	-	45,000	-	45,000
Nonmajor Enterprise Funds	2,676,787	-	-	44,589	2,721,376
Total	<u>\$ 2,676,787</u>	<u>\$ 5,368,910</u>	<u>\$ 400,784</u>	<u>\$ 44,589</u>	<u>\$ 8,491,070</u>

Transfers are used to (1) move revenues from the fund that the statute or budget requires to collect them to the fund that the statute or budget requires to expend them and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

# CITY OF ORANGEBURG, SOUTH CAROLINA

## NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2017

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### NOTE 9. COMMITMENTS AND CONTINGENT LIABILITIES

#### Risk Management

The City is exposed to various risks of losses related to torts including theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The City is a member of the South Carolina Insurance Reserve Fund (SCRIF), a public entity risk pool currently operating as a common risk management and insurance program for local governments. The City pays an annual premium to the SCRIF for its general insurance. The SCRIF is self-sustaining through member premiums and reinsures through commercial companies for certain claims. The City did not have any significant reductions in insurance coverage from prior years, and there were no settlements which exceeded insurance coverage for any of the past three years.

Additionally, 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.

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 loss insurance amount of \$125,000. Health claims are handled by an administrator. 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.

Changes in the balance of the liability for health, dental and prescription claims during the fiscal year ended September 30, 2017, were as follows:

	<u>September 30, 2017</u>
Unpaid claims, beginning of fiscal year	\$ 374,966
Incurred claims and changes in estimates	3,649,442
Claim payments	<u>(3,743,177)</u>
Unpaid claims, end of fiscal year	<u>\$ 281,231</u>

#### Contingent Liabilities

**Grants.** Amounts received or receivable from grantor agencies in previous years are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, could become a liability of the General Fund or other applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

# CITY OF ORANGEBURG, SOUTH CAROLINA

## NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2017

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### NOTE 9. COMMITMENTS AND CONTINGENT LIABILITIES (CONTINUED)

#### Contingent Liabilities (Continued)

**Litigation.** The City is party to various legal proceedings which normally occur in governmental operations. In the opinion of the City management, based on the advice of legal counsel with respect to litigation, the ultimate disposition of these lawsuits and claims will not have a material adverse effect on the City's financial position.

**Unemployment Compensation.** The City makes payments to the South Carolina Department of Employment and Workforce on a reimbursement basis for costs incurred in the administration of the state unemployment compensation statutes. Claims incurred but not reported at September 30, 2017, are not significant.

**Construction Commitments.** At September 30, 2017, the City had construction commitments related to various capital projects for approximately \$53,643,783.

### NOTE 10. EMPLOYEE BENEFITS

#### Retirement Plan

##### Plan Description

##### *Overview*

The South Carolina Public Employee Benefit Authority (PEBA), which was created July 1, 2012, administers the various retirement systems and retirement programs managed by its Retirement Division. PEBA has an 11-member Board of Directors, appointed by the Governor and General Assembly leadership, which serves as co-trustee and co-fiduciary of the systems and the trust funds. By law, the State Fiscal Accountability Authority, which consists of five elected officials, also reviews certain PEBA Board decisions regarding the funding of the systems and serves as a co-trustee of the systems in conducting that review. Effective July 1, 2017, the Retirement System Funding and Administration Act of 2017 assigned the PEBA Board of Directors as the Custodian of the Retirement Trust Funds and assigned SC PEBA and the Retirement Systems Investment Commission (RSIC) as co-trustees of the Retirement Trust Funds. For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Systems and additions to/deductions from the Systems fiduciary net position have been determined on the accrual basis of accounting as they are reported by the Systems in accordance with generally accepted accounting principles (GAAP). For this purpose, revenues are recognized when earned and expenses are recognized when incurred. Benefit and refund expenses are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

# CITY OF ORANGEBURG, SOUTH CAROLINA

## NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2017

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### NOTE 10. EMPLOYEE BENEFITS (CONTINUED)

#### Retirement Plan (Continued)

##### Plan Description (Continued)

PEBA issues a Comprehensive Annual Financial Report (CAFR) containing financial statements and required supplementary information for the South Carolina Retirement System's Pension Trust Funds.

The CAFR is publicly available on the Retirement Benefits' link on PEBA's website at [www.peba.sc.gov](http://www.peba.sc.gov), or a copy may be obtained by submitting a request to PEBA, PO Box 11960, Columbia, SC 29211-1960. PEBA is considered a division of the primary government of the State of South Carolina, and, therefore, retirement trust fund financial information is also included in the comprehensive annual financial report of the state.

The South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit pension plan, was established effective July 1, 1945, pursuant to the provisions of Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for employees of the state, its public school districts, and political subdivisions. In addition to the SCRS pension plan, the City contributes to the South Carolina Police Officers Retirement System (PORS), a cost-sharing multiple-employer defined benefit pension plan. The plan was established effective July 1, 1962, pursuant to the provisions of Section 9-11-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for police officers and firemen of the state and its political subdivisions.

##### *Membership*

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

**South Carolina Retirement System** – Generally, all employees of covered employers are required to participate in and contribute to the SCRS as a condition of employment. This plan covers general employees, teachers and individuals newly elected to the South Carolina General Assembly beginning with the November 2012 general election. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

# CITY OF ORANGEBURG, SOUTH CAROLINA

## NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2017

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### NOTE 10. EMPLOYEE BENEFITS (CONTINUED)

#### Retirement Plan (Continued)

**South Carolina Police Officers' Retirement System** – To be eligible for PORS membership, an employee must be required by the terms of his employment, by election or appointment, to preserve public order, protect life and property, and detect crimes in the state; to prevent and control property destruction by fire; or to serve as a peace officer employed by the Department of Corrections, the Department of Juvenile Justice, or the Department of Mental Health. Probate judges and coroners may elect membership in PORS. Magistrates are required to participate in PORS for service as a magistrate. PORS members, other than magistrates and probate judges, must also earn at least \$2,000 per year and devote at least 1,600 hours per year to this work, unless exempted by statute. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

#### *Benefits*

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

**South Carolina Retirement System** – A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 65 or with 28 years credited service regardless of age. A member may elect early retirement with reduced pension benefits payable at age 55 with 25 years of service credit. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension upon satisfying the Rule of 90 requirement that the total of the member's age and the member's creditable service equals at least 90 years. Both Class Two and Class Three members are eligible to receive a reduced deferred annuity at age 60 if they satisfy the five- or eight-year earned service requirement, respectively. An incidental death benefit is also available to beneficiaries of active or retired members of employees who participate in the death benefit program.

The annual retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of 1 percent or \$500 every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase. Members who retire under the early retirement provisions at age 55 with 25 years of service are not eligible for the benefit adjustment until the second July 1 after reaching age 60 or the second July 1 after the date they would have had 28 years of service credit had they not retired.

# CITY OF ORANGEBURG, SOUTH CAROLINA

## NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2017

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### NOTE 10. EMPLOYEE BENEFITS (CONTINUED)

#### Retirement Plan (Continued)

**South Carolina Police Officers' Retirement System** – A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 55 or with 25 years of service regardless of age. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension at age 55 or with 27 years of service regardless of age. Both Class Two and Class Three members are eligible to receive a deferred annuity at age 55 with five or eight years of earned service, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program. Accidental death benefits are also provided upon the death of an active member working for a covered employer whose death was a natural and proximate result of an injury incurred while in the performance of duty.

The retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of 1 percent or \$500 every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase.

#### *Contributions*

Contributions are prescribed in Title 9 of the South Carolina Code of Laws. The PEBA Board may increase the SCRS and PORS employer and employee contribution rates on the basis of the actuarial valuations, but any such increase may not result in a differential between the employee and employer contribution rate that exceeds 2.9 percent of earnable compensation for SCRS and 5 percent for PORS. An increase in the contribution rates adopted by the Board may not provide for an increase of more than one-half of one percent in any one year. If the scheduled employee and employer contributions provided in statute or the rates last adopted by the Board are insufficient to maintain a thirty-year amortization schedule of the unfunded liabilities of the plans, the Board shall increase the contribution rates in equal percentage amounts for the employer and employee as necessary to maintain the thirty-year amortization period; and, this increase is not limited to one-half of one percent per year.

If the most recent annual actuarial valuation of the Systems for funding purposes shows a ratio of the actuarial value of system assets to the actuarial accrued liability of the system (the funded ratio) that is equal to or greater than ninety percent, then the board, effective on the following July first, may decrease the then current contribution rates upon making a finding that the decrease will not result in a funded ratio of less than ninety percent. Any decrease in contribution rates must maintain the 2.9 percent and 5 percent differentials between the SCRS and PORS employer and employee contribution rates, respectively.

# CITY OF ORANGEBURG, SOUTH CAROLINA

## NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2017

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### NOTE 10. EMPLOYEE BENEFITS (CONTINUED)

#### Retirement Plan (Continued)

If contribution rates are decreased pursuant to this provision, and the most recent annual actuarial valuation of the system shows a funded ratio of less than ninety percent, then effective on the following July first, and annually thereafter as necessary, the Board shall increase the then current contribution rates until a subsequent annual actuarial valuation of the system shows a funded ratio that is equal to or greater than 90 percent.

The Retirement System Funding and Administration Act increases employer contribution rates to 13.26 percent for SCRS and 16.24 percent for PORS, effective July 1, 2017. It also removes the 2.9 percent and 5 percent differential and increases and establishes a ceiling on employee contribution rates at 9 percent and 9.75 percent for SCRS and PORS respectively. The employer contribution rates will continue to increase annually by 1 percent through July 1, 2022. The legislation's ultimate scheduled employer rate is 18.56 percent for SCRS and 21.24 percent for PORS. The amortization period is scheduled to be reduced one year for each of the next 10 years to a twenty-year amortization schedule. The recent pension reform legislation also changes the long-term funded ratio requirement from ninety to eight-five.

Required employee contribution rates for the fiscal year ended September 30, 2017, are as follows:

#### **South Carolina Retirement System**

8.66% of earnable compensation from October 1st through June 30th.

9.00% of earnable compensation from July 1st through September 30th.

#### **South Carolina Police Officers' Retirement System**

9.24% of earnable compensation from October 1st through June 30th.

9.75% of earnable compensation from July 1st through September 30th.

Employer incidental death benefit: 0.15% of earnable compensation

Required employer contribution rates for the year ended September 30, 2017, are as follows:

#### **South Carolina Retirement System**

11.41% of earnable compensation from October 1st through June 30th.

13.41% of earnable compensation from July 1st through September 30th.

Employer incidental death benefit: 0.15% of earnable compensation

#### **South Carolina Police Officers' Retirement System**

13.84% of earnable compensation from October 1st through June 30th.

15.84% of earnable compensation from July 1st through September 30th.

Employer incidental death benefit: 0.20% of earnable compensation

Employer accidental death benefit: 0.20% of earnable compensation



# CITY OF ORANGEBURG, SOUTH CAROLINA

## NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2017

### NOTE 10. EMPLOYEE BENEFITS (CONTINUED)

#### Retirement Plan (Continued)

##### *Actuarial Assumptions and Methods*

Actuarial valuations involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined during the valuation process are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. The last experience study was performed on data through June 30, 2015, and the next experience study is scheduled to be conducted after the June 30, 2020, annual valuation is complete.

The June 30, 2017, total pension liability, net pension liability, and sensitivity information were determined by the consulting actuary, Gabriel, Roeder, Smith and Company (GRS) and are based on the July 1, 2016, actuarial valuations, as adopted by the PEBA Board and Budget and Control Board, which utilized membership data as of July 1, 2016. The total pension liability was rolled-forward from the valuation date to the plan's fiscal year ended June 30, 2016, using generally accepted actuarial principles. Information included in the following schedules is based on the certification provided by GRS.

The Retirement System Funding and Administration Act of 2017 was signed into law April 25, 2017, and included a provision to reduce the assumed rate of return from 7.50% to 7.25% effective July 1, 2017. As a result of this legislation, GRS made an adjustment to the calculation of the roll-forward total pension liability for this assumption change as of the measurement date of June 30, 2017.

Assumptions and methods used in the July 1, 2016, valuation for the System are as follows:

	<b>SCRS</b>	<b>PORS</b>
Actuarial cost method	Entry Age	Entry Age
Actuarial assumptions:		
Investment rate of return	7.25%	7.25%
Projected salary increases	3.0% to 12.5% (varies by service)	3.5% to 9.5% (varies by service)
Includes inflation at	2.25%	2.25%
Benefit adjustments	lesser of 1% or \$500	lesser of 1% or \$500

# CITY OF ORANGEBURG, SOUTH CAROLINA

## NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2017

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### NOTE 10. EMPLOYEE BENEFITS (CONTINUED)

#### Retirement Plan (Continued)

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

Assumptions used in the July 1, 2016, valuations for SCRS and PORS are as follows:

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

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

The expected real rates of investment return, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2017 fiscal year of the Systems. For actuarial purposes, the long-term expected rate of return is calculated by weighting the expected future real rates of return by the target allocation percentage and then adding the actuarial expected inflation, which is summarized in the table on the following page. For actuarial purposes, the 7.25 percent assumed annual investment rate of return used in the calculation of the total pension liability includes a 5.00 percent real rate of return and a 2.25 percent inflation component.

# CITY OF ORANGEBURG, SOUTH CAROLINA

## NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2017

### NOTE 10. EMPLOYEE BENEFITS (CONTINUED)

#### Retirement Plan (Continued)

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Expected Arithmetic Real Rate of Return</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
<b>Global Equity</b>	<b>45.0%</b>		
Global public equity	31.0%	6.72%	2.08%
Private equity	9.0%	9.60%	0.86%
Equity options securities	5.0%	5.91%	0.30%
<b>Real assets</b>	<b>8.0%</b>		
Real estate (private)	5.0%	4.32%	0.22%
Real estate (REITs)	2.0%	6.33%	0.13%
Infrastructure	1.0%	6.26%	0.06%
<b>Opportunistic</b>	<b>17.0%</b>		
GTAA/Risk parity	10.0%	4.16%	0.42%
Hedge funds (non-PA)	4.0%	3.82%	0.15%
Other opportunistic strategies	3.0%	4.16%	0.12%
<b>Diversified credit</b>	<b>18.0%</b>		
Mixed credit	6.0%	3.92%	0.24%
Emerging markets	5.0%	5.01%	0.25%
Private debt	7.0%	4.37%	0.31%
<b>Conservative fixed income</b>	<b>12.0%</b>		
Core fixed income	10.0%	1.60%	0.16%
Cash and short duration (net)	2.0%	0.92%	0.01%
	<u>100%</u>		
		Total expected real return	5.31%
		Inflation for actuarial purposes	2.25%
		Total expected nominal return	<u>7.56%</u>

#### *Discount Rate*

The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS and PORS will be made based on the actuarially determined rates based on provisions in the South Carolina State Code of Laws. Based on those assumptions, each System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**CITY OF ORANGEBURG, SOUTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017**

**NOTE 10. EMPLOYEE BENEFITS (CONTINUED)**

**Retirement Plan (Continued)**

The following tables present the sensitivity of the net pension liability to changes in the discount rate.

<b>Sensitivity of the Net Position Liability to Changes in the Discount Rate</b>				
<b>System</b>	<b>1% Decrease (6.25%)</b>	<b>Current</b>		<b>1% Increase (8.25%)</b>
		<b>Discount Rate</b>		
		<b>(7.25%)</b>		
South Carolina Retirement System	\$ 42,466,593	\$	32,948,890	\$ 27,173,881
South Carolina Police Officers' Retirement System	\$ 9,749,635	\$	7,221,044	\$ 5,229,111

*Net Pension Liability*

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB No. 67 less that System's fiduciary net position. NPL totals, as of September 30, 2017, for SCRS and PORS are presented below.

For the City's fiscal ending September 30, 2017, the net pension liabilities for the South Carolina Retirement System (SCRS) and South Carolina Police Officers' Retirement System (PORS) are as follows:

<b>System</b>	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Employers' Net Pension Liability</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>
SCRS	\$ 70,612,478	\$ 37,663,588	\$ 32,948,890	53.3%
PORS	\$ 18,486,668	\$ 11,265,624	\$ 7,221,044	60.9%

# CITY OF ORANGEBURG, SOUTH CAROLINA

## NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2017

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### NOTE 10. EMPLOYEE BENEFITS (CONTINUED)

#### Retirement Plan (Continued)

As of June 30, 2017, the change in the net pension liability for the SCRS Plan is calculated as follows:

<b>Total pension liability</b>	
Service cost	\$ 1,176,839
Interest	4,856,433
Difference between actual and expected experience	79,891
Assumption changes	2,556,465
Benefit payments	(4,442,320)
<b>Net change in total pension liability</b>	<u>4,227,308</u>
<b>Total pension liability - beginning June 30, 2016</b>	<u>66,385,170</u>
<b>Total pension liability - ending June 30, 2017</b>	<u>70,612,478</u>
<b>Plan fiduciary net position</b>	
Contributions - employer	1,710,771
Contributions - member	1,209,761
Refunds of contributions to members	(153,930)
Retirement benefits	(4,255,200)
Death benefits	(33,191)
Net investment income	4,085,334
Administrative expense	(19,725)
Net transfers to affiliated systems	(2,268)
<b>Net change in Plan fiduciary net position</b>	<u>2,541,552</u>
<b>Plan fiduciary net position - beginning June 30, 2016</b>	<u>35,122,036</u>
<b>Plan fiduciary net position - ending June 30, 2017</b>	<u>37,663,588</u>
<b>Net pension liability</b>	<u>\$ 32,948,890</u>

# CITY OF ORANGEBURG, SOUTH CAROLINA

## NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2017

### NOTE 10. EMPLOYEE BENEFITS (CONTINUED)

#### Retirement Plan (Continued)

As of June 30, 2017, the change in the net pension liability for the PORS Plan is calculated as follows:

<b>Total pension liability</b>	
Service cost	\$ 439,341
Interest	1,246,888
Difference between actual and expected experience	13,295
Assumption changes	878,222
Benefit payments	(993,173)
<b>Net change in total pension liability</b>	<u>1,584,573</u>
<b>Total pension liability - beginning June 30, 2016</b>	<u>16,902,095</u>
<b>Total pension liability - ending June 30, 2017</b>	<u>18,486,668</u>
<b>Plan fiduciary net position</b>	
Contributions - employer	506,089
Contributions - member	336,962
Refunds of contributions to members	(52,620)
Retirement benefits	(930,400)
Death benefits	(10,152)
Net investment income	1,201,588
Administrative expense	(5,665)
Net transfers to affiliated systems	3,367
<b>Net change in Plan fiduciary net position</b>	<u>1,049,169</u>
<b>Plan fiduciary net position - beginning June 30, 2016</b>	<u>10,216,455</u>
<b>Plan fiduciary net position - ending June 30, 2017</b>	<u>11,265,624</u>
<b>Net pension liability</b>	<u><u>\$ 7,221,044</u></u>

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

**CITY OF ORANGEBURG, SOUTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017**

**NOTE 10. EMPLOYEE BENEFITS (CONTINUED)**

**Retirement Plan (Continued)**

*Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

For the fiscal year ended September 30, 2017, the City recognized pension expense of \$3,221,484 for the SCRS plan and \$964,921 for the PORS plan. At September 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to the SCRS and PORS pension plans, respectively, from the following sources:

<b>SCRS</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
	<u>                    </u>	<u>                    </u>
Differences between expected and actual experience	\$ 146,887	\$ 18,263
Changes of assumptions	1,928,804	-
Net difference between projected and actual earnings on pension plan investments	919,778	-
Changes in proportionate share and differences between employer contributions and proportionate share of total plan employer contributions	249,495	540,755
Employer contributions subsequent to the measurement date	<u>530,233</u>	<u>-</u>
<b>Total</b>	<b><u>\$ 3,775,197</u></b>	<b><u>\$ 559,018</u></b>

**CITY OF ORANGEBURG, SOUTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017**

**NOTE 10. EMPLOYEE BENEFITS (CONTINUED)**

**Retirement Plan (Continued)**

<b>PORS</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
	<u>                    </u>	<u>                    </u>
Differences between expected and actual experience	\$ 64,391	\$ -
Changes of assumptions	685,344	-
Net difference between projected and actual earnings on pension plan investments	257,315	-
Changes in proportionate share and differences between employer contributions and proportionate share of total plan employer contributions	30,019	73,723
Employer contributions subsequent to the measurement date	<u>141,812</u>	<u>-</u>
<b>Total</b>	<b><u>\$ 1,178,881</u></b>	<b><u>\$ 73,723</u></b>

City contributions subsequent to the measurement date of \$530,233 and \$141,812 for the SCRS plan and the PORS plan, respectively, are deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended September 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ended September 30:</b>	<b>SCRS</b>	<b>PORS</b>
	<u>                    </u>	<u>                    </u>
2018	\$ 737,530	\$ 274,127
2019	1,350,272	391,156
2020	858,955	274,185
2021	(260,811)	23,878



# CITY OF ORANGEBURG, SOUTH CAROLINA

## NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2017

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### NOTE 10. EMPLOYEE BENEFITS (CONTINUED)

#### Retirement Plan (Continued)

##### *Pension Plan Fiduciary Net Position*

Detailed information regarding the fiduciary net position of the plans administered by PEBA is available in the separately issued CAFR containing financial statements and required supplementary information for SCRS and PORS. The CAFR of the Pension Trust Funds is publicly available on PEBA's Retirement Benefits' website at [www.retirement.sc.gov](http://www.retirement.sc.gov), or a copy may be obtained by submitting a request to PEBA, PO Box 11960, Columbia, SC 29211-1960.

#### Post-employment Benefits Other Than Pensions

##### *Plan Description*

The City administers a Retiree Medical and Prescription Drug Plan (Plan) as a single-employer defined benefit other postemployment benefit plan (OPEB). The Plan provides for continuation of medical insurance benefits for certain retirees and can be amended by action of the City. Eligibility requirements are set forth in the Plan's provisions and based on amount of service to the City. Employees hired prior to June 1, 1993, may receive benefits under the terms of the Plan if they meet one of the following requirements: (a) completes 15 years of service with the City and attains age 65; (b) completes 20 years of service with the City and attains age 60; (c) completes 25 years of service with the City; (d) completes 25 years of service with the City Department of Public Safety; (e) completes 28 years of service under the South Carolina Retirement System and completes 15 years of continuous service with the City; or (f) completes 25 years of service under the South Carolina Police Officers' Retirement System and completes 15 years of continuous service with the City. Employees hired on or after June 1, 1993, and prior to January 1, 2010, may continue coverage under the terms of the Plan if they meet one of the following requirements: (a) completes 25 years of service with the City; or (b) completes 25 years of service with the City Department of Public Safety. Employees hired on or after January 1, 2010, are not eligible for post-employment benefits under this Plan. Additionally, disabled retirees must meet the same eligibility requirements as non-disabled retirees. Eligible retirees will receive health benefits through the City's self-insured group plan at no cost between the ages of 60 and 65. Prior to age 60, retirees must pay the full premium for health coverage. Upon reaching Medicare eligibility, the retiree will be removed from the City's group health plan. At this time, the City will pay up to \$100 per month toward the cost of a Medicare supplement.

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.

As of October 1, 2017, the actuarial measurement date, there were 308 covered participants; 114 members are retirees or their spouses receiving benefits and 194 are active participants.

# CITY OF ORANGEBURG, SOUTH CAROLINA

## NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2017

### NOTE 10. EMPLOYEE BENEFITS (CONTINUED)

#### Post-employment Benefits Other Than Pensions (Continued)

##### *Funding Policy*

The City contributes to the Plan on a pay-as-you-go basis to satisfy current obligations. The required contribution rate of the City varies depending on the applicable agreement. The costs of administering the Plan are paid by the City. Monthly premiums in effect during the City's fiscal year ended September 30, 2017, were \$676 for retirees only and \$1,326 for retiree family coverage.

The City's annual other post-employment benefits (OPEB) cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The current ARC rate is based on a level percent of payroll increasing annually at 4.0 percent.

##### *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, 2017, the projected unit cost method was used. The amortization method is the level dollar open method and the remaining amortization period is 30 years. The actuarial assumptions include a 4.00% return on investments, which includes inflation at 2.25%, and an annual healthcare cost trend rate of 7.50% initially reduced by decrements to an ultimate rate of 5.00% after 6 years.

##### *Annual OPEB Cost, Funded Status and Funding Progress*

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for the fiscal years ended September 30, 2017, 2016 and 2015, were as follows:

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
9/30/2017	\$ 507,342	68.6 %	\$ 5,160,851
9/30/2016	469,249	45.9	5,001,658
9/30/2015	473,036	50.1	4,747,635

**CITY OF ORANGEBURG, SOUTH CAROLINA**

**NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017**

**NOTE 10. EMPLOYEE BENEFITS (CONTINUED)**

**Post-employment Benefits Other Than Pensions (Continued)**

The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and change in the City net OPEB obligation.

	<b>September 30, 2017</b>
Annual required employer contribution	\$ 585,398
Interest on net OPEB obligation	200,066
Adjustment to annual required contribution	(278,122)
Annual OPEB cost	<u>507,342</u>
Employer contributions made or accrued	<u>348,149</u>
Increase in net OPEB obligation	159,193
Net OPEB obligation beginning of year	5,001,658
Net OPEB obligation end of year	<u><u>\$ 5,160,851</u></u>

As of October 1, 2017, the most recent valuation date, the funded status of the OPEB Plan is as follows:

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) Entry Age (b)</b>	<b>Unfunded AAL (UAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll (b-a)/c)</b>
10/1/2017	\$ -	\$ 8,409,409	\$ 8,409,409	- %	\$ 9,854,392	85.3%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumption 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 that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

# CITY OF ORANGEBURG, SOUTH CAROLINA

## NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2017

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### **NOTE 11. IMPLEMENTATION OF NEW ACCOUNTING STANDARD**

During the year ended September 30, 2017, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 77, *Tax Abatement Disclosures*. This statement requires the City to disclose information for any tax abatement agreements either entered into by the City, or agreements entered into by other governments that reduce the City's tax revenues. The following information is required to be disclosed:

As of September 30, 2017, the City's ad valorem property tax revenues were reduced by \$174,361 under tax abatement agreements entered into by Orangeburg County. The City is not reimbursed by the County for the foregone property tax revenues associated with the agreements.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF ORANGEBURG, SOUTH CAROLINA  
GENERAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET (GAAP BASIS) AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues:</b>				
Property taxes	\$ 3,483,000	\$ 3,469,220	\$ 3,490,038	\$ 20,818
Franchise taxes	156,000	148,850	144,896	(3,954)
Other taxes	3,196,516	3,294,516	2,126,995	(1,167,521)
Licenses and permits	1,066,962	1,085,520	1,083,083	(2,437)
Intergovernmental	563,500	548,423	618,855	70,432
Charges for services	2,236,800	2,185,325	2,150,877	(34,448)
Fines and forfeitures	638,800	542,900	435,359	(107,541)
Interest and penalties	50,000	78,000	100,172	22,172
Other revenues	122,771	120,601	113,830	(6,771)
Total revenues	<u>11,514,349</u>	<u>11,473,355</u>	<u>10,264,105</u>	<u>(1,209,250)</u>
<b>Expenditures:</b>				
Current:				
General government	2,653,796	2,240,927	2,252,227	(11,300)
Judicial	287,261	285,161	288,455	(3,294)
Public safety	8,366,330	8,351,631	8,438,056	(86,425)
Public works	2,560,495	2,498,351	2,486,983	11,368
Culture and recreation	2,215,281	2,171,982	2,154,925	17,057
Non-departmental	1,073,295	2,088,157	1,614,611	473,546
Debt Service:				
Principal	950,000	989,000	1,049,670	(60,670)
Interest	20,000	20,000	19,048	952
Total expenditures	<u>18,126,458</u>	<u>18,645,209</u>	<u>18,303,975</u>	<u>341,234</u>
Deficiency of revenues (under) expenditures	<u>(6,612,109)</u>	<u>(7,171,854)</u>	<u>(8,039,870)</u>	<u>(868,016)</u>
<b>Other financing sources (uses):</b>				
Proceeds from issuance of capital lease	1,465,500	1,265,500	1,169,627	(95,873)
Proceeds from the sale of capital assets	80,000	80,000	-	(80,000)
Transfers in	6,124,609	6,848,854	5,724,694	(1,124,160)
Transfers out	(1,058,000)	(1,022,500)	(2,676,787)	(1,654,287)
Total other financing sources, net	<u>6,612,109</u>	<u>7,171,854</u>	<u>4,217,534</u>	<u>(2,954,320)</u>
Net change in fund balances	-	-	(3,822,336)	(3,822,336)
<b>Fund balance, beginning of year</b>	<u>13,365,494</u>	<u>13,365,494</u>	<u>13,365,494</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 13,365,494</u>	<u>\$ 13,365,494</u>	<u>\$ 9,543,158</u>	<u>\$ (3,822,336)</u>

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

**CITY OF ORANGEBURG, SOUTH CAROLINA**

**REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF FUNDING PROGRESS –  
OTHER POST-EMPLOYMENT BENEFITS – DEFINED BENEFIT HEALTHCARE PLAN  
FOR THE FISCAL YEARS ENDED SEPTEMBER 30,**

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<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) Entry Age (b)</b>	<b>Unfunded AAL (UAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll (b-a)/c)</b>
10/1/2017	\$ -	\$ 8,409,409	\$ 8,409,409	- %	\$ 9,854,392	85.3%
10/1/2015	-	6,950,418	6,950,418	-	10,398,586	66.8%
10/1/2013	-	6,403,785	6,403,785	-	11,428,278	56.0%
10/1/2011	-	7,359,068	7,359,068	-	13,029,053	56.5%

The assumptions used in the preparation of the above schedule is disclosed in Note 10 to the financial statements.

**CITY OF ORANGEBURG, SOUTH CAROLINA**

**REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
FOR THE FISCAL YEARS ENDED SEPTEMBER 30,**

**South Carolina Retirement System**

Fiscal Year Ended September 30,	City's proportion of the net pension liability	City's proportionate share of the net pension liability	City's covered employee payroll	City's share of the net pension liability as a percentage of its covered employee payroll	Plan fiduciary net position as a percentage of the total pension liability
2017	0.146364%	\$ 32,948,890	\$ 12,020,937	274.1%	53.3%
2016	0.148145%	31,643,554	11,504,330	275.1%	52.9%
2015	0.146676%	27,817,811	11,059,365	251.5%	57.0%
2014	0.149959%	25,817,968	11,149,182	231.6%	59.9%

**South Carolina Police Officers' Retirement System**

Fiscal Year Ended September 30,	City's proportion of the net pension liability	City's proportionate share of the net pension liability	City's covered employee payroll	City's share of the net pension liability as a percentage of its covered employee payroll	Plan fiduciary net position as a percentage of the total pension liability
2017	0.26358%	\$ 7,221,044	\$ 3,129,209	230.8%	60.9%
2016	0.26213%	6,648,861	2,898,380	229.4%	60.4%
2015	0.26653%	5,790,921	2,870,220	201.8%	64.6%
2014	0.26843%	5,072,658	2,773,388	182.9%	67.5%

The above schedules will present 10 years of information once it is accumulated.

The assumptions used in the preparation of the above schedules are disclosed in Note 10 to the financial statements.



**CITY OF ORANGEBURG, SOUTH CAROLINA**

**REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CITY CONTRIBUTIONS  
FOR THE FISCAL YEARS ENDED SEPTEMBER 30,**

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**South Carolina Retirement System**

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Fiscal Year Ended September 30,	Actuarially required contribution	Contributions in relation to the actuarially required contribution	Contribution deficiency (excess)	City's covered employee payroll	Contributions as a percentage of covered employee payroll
2017	\$ 1,805,147	\$ 1,805,147	\$ -	\$ 14,938,944	12.08%
2016	1,586,649	1,586,649	-	14,701,855	10.79%
2015	1,499,035	1,499,035	-	13,899,391	10.78%
2014	1,443,115	1,443,115	-	13,649,729	10.57%

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**South Carolina Police Officers' Retirement System**

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Fiscal Year Ended September 30,	Actuarially required contribution	Contributions in relation to the actuarially required contribution	Contribution deficiency (excess)	City's covered employee payroll	Contributions as a percentage of covered employee payroll
2017	\$ 542,493	\$ 542,493	\$ -	\$ 3,686,997	14.71%
2016	459,163	459,163	-	3,152,742	14.56%
2015	442,795	442,795	-	3,376,453	13.11%
2014	414,534	414,534	-	3,091,849	13.41%

The above schedules will present 10 years of information once it is accumulated.

The assumptions used in the preparation of the above schedules are disclosed in Note 10 to the financial statements.

## **OTHER SUPPLEMENTARY INFORMATION**

**CITY OF ORANGEBURG, SOUTH CAROLINA**

**SCHEDULE OF REVENUES - GENERAL FUND  
BUDGET (GAAP BASIS) AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Property taxes:				
Current taxes	\$ 3,257,000	\$ 3,246,598	\$ 3,235,228	\$ (11,370)
Delinquent taxes	175,000	176,122	183,997	7,875
Other	51,000	46,500	70,813	24,313
Franchise taxes	156,000	148,850	144,896	(3,954)
Sales taxes	1,234,000	1,198,000	-	(1,198,000)
Business taxes:				
Insurance	1,876,000	2,010,000	2,023,033	13,033
Other taxes	86,516	86,516	103,962	17,446
Licenses and permits:				
Business licenses	1,026,350	1,028,150	1,027,493	(657)
Permits	40,612	57,370	55,590	(1,780)
Intergovernmental:				
Local	36,000	35,800	36,575	775
State	342,500	347,623	336,360	(11,263)
Federal	185,000	165,000	245,920	80,920
Charges for services:				
Sanitation - commercial	440,000	406,288	378,619	(27,669)
Sanitation - residential	726,500	752,876	781,858	28,982
Fire service contracts	881,000	865,000	857,917	(7,083)
Recreation programs	171,300	147,661	118,771	(28,890)
Recreation department	18,000	13,500	13,712	212
Fines and forfeitures:				
Criminal fines	180,000	178,000	135,157	(42,843)
Traffic fines	415,000	330,000	258,354	(71,646)
Other	43,800	34,900	41,848	6,948
Interest and penalties	50,000	78,000	100,172	22,172
Other revenues:				
Rentals	35,000	30,000	25,340	(4,660)
Other	87,771	90,601	88,490	(2,111)
<b>Total revenues</b>	<b>\$ 11,514,349</b>	<b>\$ 11,473,355</b>	<b>\$ 10,264,105</b>	<b>\$ (1,209,250)</b>

**CITY OF ORANGEBURG, SOUTH CAROLINA**

**SCHEDULE OF EXPENDITURES - GENERAL FUND  
BUDGET (GAAP BASIS) AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Expenditures:</b>				
General government:				
Executive department:				
Administrative division:				
Personnel	\$ 102,021	\$ 103,508	\$ 102,523	\$ 985
Utilities	3,500	2,616	2,615	1
Property and tort insurance	15	32	32	-
Operating	73,800	57,811	71,899	(14,088)
Total administrative division	179,336	163,967	177,069	(13,102)
Election division:				
Property and tort insurance	75	-	-	-
Operating	2,950	2,950	8,399	(5,449)
Total election division	3,025	2,950	8,399	(5,449)
Total executive department	182,361	166,917	185,468	(18,551)
Finance department:				
Finance and records division:				
Personnel	397,558	346,224	362,345	(16,121)
Utilities	4,200	3,875	4,037	(162)
Property and tort insurance	3,000	3,116	3,116	-
Operating	70,350	144,375	155,150	(10,775)
Total finance and records division	475,108	497,590	524,648	(27,058)
Information technology division:				
Personnel	177,163	174,887	180,156	(5,269)
Utilities	2,600	3,684	3,685	(1)
Property and tort insurance	2,043	1,960	1,960	-
Operating	101,300	101,901	107,985	(6,084)
Capital	332,000	82,000	22,166	59,834
Total information technology division	615,106	364,432	315,952	48,480
Total finance department	1,090,214	862,022	840,600	21,422
Administration department:				
Administrative division:				
Personnel	384,073	368,533	368,198	335
Utilities	6,500	6,000	5,491	509
Property and tort insurance	2,068	2,223	2,222	1
Operating	26,000	28,647	24,895	3,752
Total administrative division	418,641	405,403	400,806	4,597
Community planning and development division:				
Personnel	168,252	173,558	179,411	(5,853)
Utilities	1,700	1,165	1,096	69
Property and tort insurance	2,100	2,046	2,046	-
Operating	183,400	33,736	53,862	(20,126)
Total community planning and development division	355,452	210,505	236,415	(25,910)
Total administration department	\$ 774,093	\$ 615,908	\$ 637,221	\$ (21,313)

**(Continued)**

**CITY OF ORANGEBURG, SOUTH CAROLINA**

**SCHEDULE OF EXPENDITURES - GENERAL FUND  
BUDGET (GAAP BASIS) AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
General government (continued):				
Service department:				
Administrative division:				
Personnel	\$ 516,478	\$ 501,500	\$ 494,413	\$ 7,087
Utilities	7,500	7,500	7,288	212
Property and tort insurance	16,000	19,806	19,806	-
Operating	67,150	67,274	67,431	(157)
Total administrative division	607,128	596,080	588,938	7,142
Total service department	607,128	596,080	588,938	7,142
Total general government	2,653,796	2,240,927	2,252,227	(11,300)
Judicial:				
Municipal court division:				
Personnel	240,687	243,635	247,941	(4,306)
Property and tort insurance	474	566	566	-
Operating	46,100	40,960	39,948	1,012
Total municipal court division	287,261	285,161	288,455	(3,294)
Total judicial	287,261	285,161	288,455	(3,294)
Public safety:				
Public safety department:				
Administrative division:				
Personnel	203,665	210,259	214,346	(4,087)
Utilities	120,000	115,000	114,295	705
Property and tort insurance	19,800	22,245	22,245	-
Operating	611,500	537,549	479,845	57,704
Capital	-	770	856	(86)
Total administrative division	954,965	885,823	831,587	54,236
Patrol division:				
Personnel	2,371,500	2,596,360	2,656,007	(59,647)
Property and tort insurance	73,011	70,976	70,976	-
Operating	294,300	303,015	300,973	2,042
Capital	114,000	114,023	114,022	1
Total patrol division	2,852,811	3,084,374	3,141,978	(57,604)
Special operations division:				
Personnel	1,773,452	1,841,242	1,910,904	(69,662)
Property and tort insurance	47,935	44,209	44,208	1
Operating	274,900	255,064	246,732	8,332
Capital	668,000	658,026	658,026	-
Total special operations division	2,764,287	2,798,541	2,859,870	(61,329)
Investigation division:				
Personnel	1,095,093	1,151,470	1,177,200	(25,730)
Property and tort insurance	25,600	28,804	28,803	1
Operating	64,500	61,712	65,835	(4,123)
Capital	38,000	34,300	34,299	1
Total investigation division	\$ 1,223,193	\$ 1,276,286	\$ 1,306,137	\$ (29,851)

(Continued)

**CITY OF ORANGEBURG, SOUTH CAROLINA**

**SCHEDULE OF EXPENDITURES - GENERAL FUND  
BUDGET (GAAP BASIS) AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Public safety (continued):				
Public safety department (continued):				
Highway safety DUI special enforcement division:				
Operating	\$ 28,000	\$ 10,000	\$ 7,279	\$ 2,721
Total highway safety DUI enforcement division	28,000	10,000	7,279	2,721
Forensic Services division:				
Personnel	415,451	227,941	230,086	(2,145)
Property and tort insurance	7,023	3,681	3,680	1
Operating	115,800	60,745	53,199	7,546
Capital	4,800	4,240	4,240	-
Total forensic services division	543,074	296,607	291,205	5,402
Total public safety department	8,366,330	8,351,631	8,438,056	(86,425)
Total public safety	8,366,330	8,351,631	8,438,056	(86,425)
Public works:				
Public works department:				
Administrative division:				
Personnel	300,853	261,768	262,475	(707)
Utilities	4,600	4,500	4,500	-
Property and tort insurance	1,920	1,873	1,873	-
Operating	15,000	15,389	12,317	3,072
Capital	30,000	27,882	27,882	-
Total administrative division	352,373	311,412	309,047	2,365
Building inspection division:				
Personnel	171,982	173,899	174,328	(429)
Utilities	3,500	3,500	3,482	18
Property and tort insurance	2,058	2,075	2,074	1
Operating	21,100	13,834	9,790	4,044
Total building inspection division	198,640	193,308	189,674	3,634
Garage division:				
Personnel	312,661	335,529	340,799	(5,270)
Utilities	20,000	16,343	16,006	337
Property and tort insurance	4,993	4,790	4,790	-
Operating	43,600	47,250	45,986	1,264
Capital	16,000	17,500	16,712	788
Total garage division	397,254	421,412	424,293	(2,881)
Municipal buildings division:				
Personnel	61,730	63,005	63,766	(761)
Utilities	33,500	33,500	33,286	214
Property and tort insurance	7,001	4,673	4,673	-
Operating	40,200	31,001	29,975	1,026
Total municipal buildings division	\$ 142,431	\$ 132,179	\$ 131,700	\$ 479

(Continued)

CITY OF ORANGEBURG, SOUTH CAROLINA

SCHEDULE OF EXPENDITURES - GENERAL FUND  
 BUDGET (GAAP BASIS) AND ACTUAL  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Public works (continued):				
Public works department (continued):				
Parking facilities division:				
Property and tort insurance	\$ 78	\$ 78	\$ 78	\$ -
Operating	5,980	5,180	4,709	471
Total parking facilities division	<u>6,058</u>	<u>5,258</u>	<u>4,787</u>	<u>471</u>
Sanitation division:				
Personnel	863,224	876,709	889,002	(12,293)
Utilities	5,400	6,420	6,756	(336)
Property and tort insurance	28,324	45,268	45,268	-
Operating	246,550	238,214	223,449	14,765
Capital	285,000	246,503	246,203	300
Total sanitation division	<u>1,428,498</u>	<u>1,413,114</u>	<u>1,410,678</u>	<u>2,436</u>
Street and maintenance division:				
Property and tort insurance	2,741	1,668	1,668	-
Operating	32,500	20,000	15,136	4,864
Total street and maintenance division	<u>35,241</u>	<u>21,668</u>	<u>16,804</u>	<u>4,864</u>
Total public works department	<u>2,560,495</u>	<u>2,498,351</u>	<u>2,486,983</u>	<u>11,368</u>
Total public works	<u>2,560,495</u>	<u>2,498,351</u>	<u>2,486,983</u>	<u>11,368</u>
Culture and recreation:				
Parks and recreation department:				
Administrative division:				
Personnel	219,764	224,964	229,187	(4,223)
Utilities	12,000	12,000	11,780	220
Property and tort insurance	4,882	9,484	9,426	58
Operating	10,900	13,801	8,580	5,221
Total administrative division	<u>247,546</u>	<u>260,249</u>	<u>258,973</u>	<u>1,276</u>
Recreation division:				
Personnel	288,461	245,939	245,636	303
Utilities	50,000	56,800	56,702	98
Property and tort insurance	8,880	4,869	4,869	-
Operating	216,100	171,324	139,890	31,434
Total recreation division	<u>563,441</u>	<u>478,932</u>	<u>447,097</u>	<u>31,835</u>
Gardens division:				
Personnel	488,055	509,189	512,610	(3,421)
Utilities	46,000	55,800	55,775	25
Property and tort insurance	28,180	27,552	27,574	(22)
Operating	88,600	95,712	87,787	7,925
Capital	78,500	83,560	83,553	7
Total gardens division	<u>\$ 729,335</u>	<u>\$ 771,813</u>	<u>\$ 767,299</u>	<u>\$ 4,514</u>

(Continued)

**CITY OF ORANGEBURG, SOUTH CAROLINA**

**SCHEDULE OF EXPENDITURES - GENERAL FUND  
BUDGET (GAAP BASIS) AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Culture and recreation (continued):				
Parks and recreation department (continued):				
Parks and cemetery division:				
Personnel	\$ 471,594	\$ 481,143	\$ 488,816	\$ (7,673)
Utilities	15,000	19,900	19,895	5
Property and tort insurance	22,365	22,091	22,091	-
Operating	92,500	87,506	82,764	4,742
Capital	73,500	50,348	67,990	(17,642)
Total parks and cemetery division	<u>674,959</u>	<u>660,988</u>	<u>681,556</u>	<u>(20,568)</u>
Total parks and recreation department	<u>2,215,281</u>	<u>2,171,982</u>	<u>2,154,925</u>	<u>17,057</u>
Total culture and recreation	<u>2,215,281</u>	<u>2,171,982</u>	<u>2,154,925</u>	<u>17,057</u>
Non-departmental:				
Flood recovery	-	258,000	218,405	39,595
Employee Christmas	18,000	19,775	19,775	-
Building code enforcement	100,000	30,000	14,019	15,981
Annexation covenants	25,000	16,000	12,793	3,207
Operating/insurance coverage	190,000	75,000	75,677	(677)
Municipal Association	52,000	55,000	54,785	215
Commercial sanitation fees	250,000	239,000	252,576	(13,576)
Unemployment insurance	1,500	1,000	370	630
Special projects	50,000	1,035,000	542,301	492,699
Downtown revitalization	25,000	25,000	25,000	-
Retirees group insurance	50,000	40,000	27,858	12,142
Setoff debt	1,650	-	-	-
CDL drug and alcohol testing	500	-	-	-
Employee shots	3,500	-	-	-
Street lights	280,000	270,000	347,470	(77,470)
Christmas lights	15,000	13,237	13,237	-
Chamber dues	1,545	1,545	1,545	-
Fiver rental expense	9,600	9,600	8,800	800
Total non-departmental	<u>1,073,295</u>	<u>2,088,157</u>	<u>1,614,611</u>	<u>473,546</u>
Debt Service:				
Principal	950,000	989,000	1,049,670	(60,670)
Interest	20,000	20,000	19,048	952
Total debt service	<u>970,000</u>	<u>1,009,000</u>	<u>1,068,718</u>	<u>(59,718)</u>
<b>Total expenditures</b>	<u><b>\$ 18,126,458</b></u>	<u><b>\$ 18,645,209</b></u>	<u><b>\$ 18,303,975</b></u>	<u><b>\$ 341,234</b></u>



**CITY OF ORANGEBURG, SOUTH CAROLINA**  
**DEPARTMENT OF PUBLIC UTILITIES**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION -**  
**BUDGET (GAAP BASIS) AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Operating Revenues:</b>				
Charges for services and fees	\$ 94,425,040	\$ 94,425,040	\$ 97,049,430	\$ 2,624,390
Total operating revenues	<u>94,425,040</u>	<u>94,425,040</u>	<u>97,049,430</u>	<u>2,624,390</u>
<b>Operating Expenses:</b>				
Electricity purchased	46,785,500	46,785,500	47,218,742	(433,242)
Natural gas purchased	4,666,080	4,666,080	4,290,076	376,004
Operating and maintenance	8,942,970	8,942,970	10,426,882	(1,483,912)
Administrative	9,149,660	9,149,660	11,984,118	(2,834,458)
Depreciation and amortization	9,288,200	9,288,200	10,270,461	(982,261)
Total operating expenses	<u>78,832,410</u>	<u>78,832,410</u>	<u>84,190,279</u>	<u>(5,357,869)</u>
Operating income	<u>15,592,630</u>	<u>15,592,630</u>	<u>12,859,151</u>	<u>(2,733,479)</u>
<b>Nonoperating Revenues (Expenses)</b>				
Water and wastewater taps	196,910	196,910	291,444	94,534
Water and wastewater impact fees	168,660	168,660	108,944	(59,716)
Gain (loss) on disposal of capital assets	-	-	(661,564)	(661,564)
Interest income	420,680	420,680	135,389	(285,291)
Interest expense	(506,910)	(506,910)	(487,058)	19,852
Total nonoperating income (expense), net	<u>279,340</u>	<u>279,340</u>	<u>(612,845)</u>	<u>(892,185)</u>
Net income before capital contributions and transfers	<u>15,871,970</u>	<u>15,871,970</u>	<u>12,246,306</u>	<u>(3,625,664)</u>
Capital contributions	-	-	1,024,995	1,024,995
Transfers to other funds	(5,108,609)	(5,108,609)	(5,368,910)	(260,301)
Total capital contributions and transfers, net	<u>(5,108,609)</u>	<u>(5,108,609)</u>	<u>(4,343,915)</u>	<u>764,694</u>
Change in net position	10,763,361	10,763,361	7,902,391	(2,860,970)
<b>Net position, beginning of year</b>	<u>243,347,554</u>	<u>243,347,554</u>	<u>243,347,554</u>	<u>-</u>
<b>Net position, end of year</b>	<u>\$ 254,110,915</u>	<u>\$ 254,110,915</u>	<u>\$ 251,249,945</u>	<u>\$ (2,860,970)</u>

**CITY OF ORANGEBURG, SOUTH CAROLINA**

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2017**

	<b>Special Revenue Funds</b>					
	<b>Sunnyside Cemetery Fund</b>	<b>Orangeburg Cemetery Fund</b>	<b>SC Festival of Roses Fund</b>	<b>State Accommodations Tax Fund</b>	<b>Local Hospitality and Accommodations Fund</b>	<b>Victims Advocate Fund</b>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 68,964	\$ 15,954	\$ 15,484	\$ 24,344	\$ 3,115,197	\$ 2,922
Due from other governments	-	-	-	20,734	-	-
Due from other funds	-	-	-	-	98,176	-
Total assets	<u>\$ 68,964</u>	<u>\$ 15,954</u>	<u>\$ 15,484</u>	<u>\$ 45,078</u>	<u>\$ 3,213,373</u>	<u>\$ 2,922</u>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>LIABILITIES</b>						
Accounts payable	-	-	-	7,257	19,624	-
Accrued liabilities	-	-	-	-	-	-
Due to other funds	-	-	-	1,675	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,932</u>	<u>19,624</u>	<u>-</u>
<b>FUND BALANCES</b>						
Restricted for:						
Housing and development	-	-	-	-	-	-
Public safety	-	-	-	-	-	2,922
Public works	68,964	15,954	-	-	-	-
Culture and recreation	-	-	15,484	-	1,539,214	-
Tourism	-	-	-	36,146	-	-
Capital outlay	-	-	-	-	1,654,535	-
Total fund balances	<u>68,964</u>	<u>15,954</u>	<u>15,484</u>	<u>36,146</u>	<u>3,193,749</u>	<u>2,922</u>
Total liabilities and fund balances	<u>\$ 68,964</u>	<u>\$ 15,954</u>	<u>\$ 15,484</u>	<u>\$ 45,078</u>	<u>\$ 3,213,373</u>	<u>\$ 2,922</u>

(Continued)

					Capital Projects Funds		
Drug Fund	Stevenson Auditorium Fund	Orangeburg Senior Games Fund	Community Development Corporation Fund	Firemen's Fund	Hillcrest Capital Projects Fund	County Capital One Percent Fund	Total Nonmajor Governmental Funds
\$ 99,695	\$ 35,447	\$ 5,299	\$ 16,259	\$ 106,557	\$ 19,020	\$ 4,227,888	\$ 7,753,030
-	-	-	-	-	-	-	20,734
-	150	-	-	-	-	20,706	119,032
<u>\$ 99,695</u>	<u>\$ 35,597</u>	<u>\$ 5,299</u>	<u>\$ 16,259</u>	<u>\$ 106,557</u>	<u>\$ 19,020</u>	<u>\$ 4,248,594</u>	<u>\$ 7,892,796</u>
-	-	-	-	-	-	-	26,881
-	30	-	-	-	-	-	30
-	-	-	-	-	-	-	1,675
-	30	-	-	-	-	-	<u>28,586</u>
-	-	-	16,259	-	-	-	16,259
99,695	-	-	-	106,557	-	-	209,174
-	-	-	-	-	-	-	84,918
-	35,567	5,299	-	-	-	-	1,595,564
-	-	-	-	-	-	-	36,146
-	-	-	-	-	19,020	4,248,594	5,922,149
<u>99,695</u>	<u>35,567</u>	<u>5,299</u>	<u>16,259</u>	<u>106,557</u>	<u>19,020</u>	<u>4,248,594</u>	<u>7,864,210</u>
<u>\$ 99,695</u>	<u>\$ 35,597</u>	<u>\$ 5,299</u>	<u>\$ 16,259</u>	<u>\$ 106,557</u>	<u>\$ 19,020</u>	<u>\$ 4,248,594</u>	<u>\$ 7,892,796</u>

**CITY OF ORANGEBURG, SOUTH CAROLINA**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

	<b>Special Revenue Funds</b>					
	<b>Sunnyside Cemetery Fund</b>	<b>Orangeburg Cemetery Fund</b>	<b>SC Festival of Roses Fund</b>	<b>State Accommodations Tax Fund</b>	<b>Local Hospitality and Accommodations Fund</b>	<b>Victims Advocate Fund</b>
<b>Revenues:</b>						
Other taxes	\$ -	\$ -	\$ -	\$ -	\$ 1,265,748	\$ -
Intergovernmental	-	-	-	80,634	-	-
Charges for services	4,000	-	19,605	-	-	-
Fines and forfeitures	-	-	-	-	-	29,519
Interest revenue	-	-	-	-	15,516	-
Other revenues	-	-	-	-	500	-
<b>Total revenues</b>	<b>4,000</b>	<b>-</b>	<b>19,605</b>	<b>80,634</b>	<b>1,281,764</b>	<b>29,519</b>
<b>Expenditures:</b>						
Current						
Public safety	-	-	-	-	-	-
Housing and development	-	-	-	-	-	-
Culture and recreation	-	-	6,775	-	541,637	-
Tourism	-	-	-	21,635	-	-
Capital outlay	-	-	-	-	-	-
Debt service						
Principal	-	-	-	-	291,961	-
Interest	-	-	-	-	50,966	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>6,775</b>	<b>21,635</b>	<b>884,564</b>	<b>-</b>
Excess (deficiency) of revenues over (under) expenditures	4,000	-	12,830	58,999	397,200	29,519
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	(27,784)	(345,000)	(28,000)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(27,784)</b>	<b>(345,000)</b>	<b>(28,000)</b>
Net change in fund balances	4,000	-	12,830	31,215	52,200	1,519
<b>Fund balances, beginning of year</b>	<b>64,964</b>	<b>15,954</b>	<b>2,654</b>	<b>4,931</b>	<b>3,141,549</b>	<b>1,403</b>
<b>Fund balances, end of year</b>	<b>\$ 68,964</b>	<b>\$ 15,954</b>	<b>\$ 15,484</b>	<b>\$ 36,146</b>	<b>\$ 3,193,749</b>	<b>\$ 2,922</b>

(Continued)

					Capital Projects Funds		
Drug Fund	Stevenson Auditorium Fund	Orangeburg Senior Games Fund	Community Development Corporation Fund	Firemen's Fund	Hillcrest Capital Projects Fund	County Capital One Percent Fund	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,265,748
40,335	-	-	-	84,826	-	904,327	1,110,122
-	850	1,320	-	-	-	-	25,775
3,428	-	-	-	-	-	-	32,947
-	-	-	3	-	-	16,268	31,787
-	-	-	-	-	-	278,106	278,606
<u>43,763</u>	<u>850</u>	<u>1,320</u>	<u>3</u>	<u>84,826</u>	<u>-</u>	<u>1,198,701</u>	<u>2,744,985</u>
6,130	-	-	-	78,309	-	-	84,439
-	-	-	64,935	-	-	-	64,935
-	25,485	1,015	-	-	-	-	574,912
-	-	-	-	-	-	-	21,635
-	-	-	-	-	-	1,062,149	1,062,149
-	-	-	-	-	-	-	291,961
-	-	-	-	-	-	-	50,966
<u>6,130</u>	<u>25,485</u>	<u>1,015</u>	<u>64,935</u>	<u>78,309</u>	<u>-</u>	<u>1,062,149</u>	<u>2,150,997</u>
37,633	(24,635)	305	(64,932)	6,517	-	136,552	593,988
-	20,000	-	25,000	-	-	-	45,000
-	-	-	-	-	-	-	(400,784)
-	20,000	-	25,000	-	-	-	(355,784)
37,633	(4,635)	305	(39,932)	6,517	-	136,552	238,204
<u>62,062</u>	<u>40,202</u>	<u>4,994</u>	<u>56,191</u>	<u>100,040</u>	<u>19,020</u>	<u>4,112,042</u>	<u>7,626,006</u>
<u>\$ 99,695</u>	<u>\$ 35,567</u>	<u>\$ 5,299</u>	<u>\$ 16,259</u>	<u>\$ 106,557</u>	<u>\$ 19,020</u>	<u>\$ 4,248,594</u>	<u>\$ 7,864,210</u>

**CITY OF ORANGEBURG, SOUTH CAROLINA**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
BUDGETARY COMPARISON SCHEDULE- LOCAL HOSPITALITY AND  
ACCOMODATION TAX FUND  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>Revenues:</b>				
Other taxes	\$ 1,234,000	\$ 1,198,500	\$ 1,265,748	\$ 67,248
Intergovernmental	525,000	-	-	-
Interest income	7,000	14,000	15,516	1,516
Other revenues	15,700	15,750	500	(15,250)
Total revenues	<u>1,781,700</u>	<u>1,228,250</u>	<u>1,281,764</u>	<u>53,514</u>
<b>Expenditures:</b>				
Current				
Culture and recreation	1,303,900	687,080	541,637	145,443
Debt service				
Principal	291,961	291,961	291,961	-
Interest	50,966	50,966	50,966	-
Total expenditures	<u>1,646,827</u>	<u>1,030,007</u>	<u>884,564</u>	<u>145,443</u>
Excess of revenues over expenditures	<u>134,873</u>	<u>198,243</u>	<u>397,200</u>	<u>198,957</u>
<b>Other financing sources (uses)</b>				
Transfers in	10,000	-	-	-
Transfers out	(320,000)	(370,000)	(345,000)	25,000
Total other financing (uses), net	<u>(310,000)</u>	<u>(370,000)</u>	<u>(345,000)</u>	<u>25,000</u>
Net change in fund balance	(175,127)	(171,757)	52,200	223,957
<b>Fund balance, beginning of year</b>	<u>3,141,549</u>	<u>3,141,549</u>	<u>3,141,549</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 2,966,422</u>	<u>\$ 2,969,792</u>	<u>\$ 3,193,749</u>	<u>\$ 223,957</u>

**CITY OF ORANGEBURG, SOUTH CAROLINA**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
BUDGETARY COMPARISON SCHEDULE- VICTIMS ADVOCATE FUND  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues:</b>				
Fines and forfeitures	\$ 35,000	\$ 35,000	\$ 29,519	\$ (5,481)
Total revenues	<u>35,000</u>	<u>35,000</u>	<u>29,519</u>	<u>(5,481)</u>
<b>Other financing uses</b>				
Transfers out	<u>(40,000)</u>	<u>(40,000)</u>	<u>(28,000)</u>	<u>12,000</u>
Total other financing (uses)	<u>(40,000)</u>	<u>(40,000)</u>	<u>(28,000)</u>	<u>12,000</u>
Net change in fund balance	(5,000)	(5,000)	1,519	6,519
<b>Fund balance, beginning of year</b>	<u>1,403</u>	<u>1,403</u>	<u>1,403</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ (3,597)</u>	<u>\$ (3,597)</u>	<u>\$ 2,922</u>	<u>\$ 6,519</u>

**CITY OF ORANGEBURG, SOUTH CAROLINA**

**COMBINING STATEMENT OF NET POSITION  
NONMAJOR PROPRIETARY FUNDS  
SEPTEMBER 30, 2017**

	<u>Municipal Airport</u>	<u>Pro Shop</u>	<u>Hillcrest Golf Course</u>	<u>Total Nonmajor Enterprise Funds</u>
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 200	\$ -	\$ 300	\$ 500
Accounts receivable	13,548	-	4,097	17,645
Due from other funds	-	28,672	-	28,672
Inventory	35,228	25,017	-	60,245
Total current assets	<u>48,976</u>	<u>53,689</u>	<u>4,397</u>	<u>107,062</u>
<b>NONCURRENT ASSETS</b>				
Capital assets:				
Nondepreciable	1,325,952	-	-	1,325,952
Depreciable, net of accumulated depreciation	5,597,630	-	270,269	5,867,899
Total noncurrent assets	<u>6,923,582</u>	<u>-</u>	<u>270,269</u>	<u>7,193,851</u>
Total assets	<u>6,972,558</u>	<u>53,689</u>	<u>274,666</u>	<u>7,300,913</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension	24,475	-	61,187	85,662
Total deferred outflows of resources	<u>24,475</u>	<u>-</u>	<u>61,187</u>	<u>85,662</u>
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Payable from current assets:				
Accounts payable	13,063	4,095	14,007	31,165
Unearned revenue	-	-	14,828	14,828
Accrued expenses	5,348	-	12,240	17,588
Due to other funds	-	-	49,528	49,528
Compensated absences - current portion	5,703	-	25,000	30,703
Total current liabilities	<u>24,114</u>	<u>4,095</u>	<u>115,603</u>	<u>143,812</u>
<b>NONCURRENT LIABILITIES</b>				
Net pension liability	196,324	-	490,809	687,133
Other postemployment benefit obligation	16,144	-	108,897	125,041
Compensated absences - long term portion	-	-	48,238	48,238
Total long term liabilities	<u>212,468</u>	<u>-</u>	<u>647,944</u>	<u>860,412</u>
Total liabilities	<u>236,582</u>	<u>4,095</u>	<u>763,547</u>	<u>1,004,224</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension	7,165	-	17,912	25,077
Total deferred inflows of resources	<u>7,165</u>	<u>-</u>	<u>17,912</u>	<u>25,077</u>
<b>NET POSITION</b>				
Net investment in capital assets	6,923,582	-	270,269	7,193,851
Unrestricted	(170,296)	49,594	(715,875)	(836,577)
Total net position (deficit)	<u>\$ 6,753,286</u>	<u>\$ 49,594</u>	<u>\$ (445,606)</u>	<u>\$ 6,357,274</u>



**CITY OF ORANGEBURG, SOUTH CAROLINA**

**COMBINING STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET POSITION  
NONMAJOR PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	<u>Municipal Airport</u>	<u>Pro Shop</u>	<u>Hillcrest Golf Course</u>	<u>Total Nonmajor Enterprise Funds</u>
<b>OPERATING REVENUES</b>				
Charges for services	\$ 444,829	\$ 134,271	\$ 341,328	\$ 920,428
Miscellaneous	3,495	-	12,915	16,410
Total operating revenues	<u>448,324</u>	<u>134,271</u>	<u>354,243</u>	<u>936,838</u>
<b>OPERATING EXPENSES</b>				
Personnel costs	132,463	-	349,773	482,236
Cost of sales and service	250,218	75,156	47,508	372,882
Supplies	10,188	-	19,107	29,295
Administration	77,290	14,526	88,072	179,888
Depreciation expense	717,415	-	62,039	779,454
Total operating expenses	<u>1,187,574</u>	<u>89,682</u>	<u>566,499</u>	<u>1,843,755</u>
Operating Income (loss) before contributions and transfers	<u>(739,250)</u>	<u>44,589</u>	<u>(212,256)</u>	<u>(906,917)</u>
<b>CAPITAL CONTRIBUTIONS</b>	<u>15,030</u>	<u>-</u>	<u>-</u>	<u>15,030</u>
<b>TRANSFERS</b>				
Transfers in	1,184,471	-	1,536,905	2,721,376
Transfers out	-	(44,589)	-	(44,589)
Total transfers	<u>1,184,471</u>	<u>(44,589)</u>	<u>1,536,905</u>	<u>2,676,787</u>
Change in net position	460,251	-	1,324,649	1,784,900
<b>NET POSITION, beginning of year</b>	<u>6,293,035</u>	<u>49,594</u>	<u>(1,770,255)</u>	<u>4,572,374</u>
<b>NET POSITION, end of year</b>	<u>\$ 6,753,286</u>	<u>\$ 49,594</u>	<u>\$ (445,606)</u>	<u>\$ 6,357,274</u>

**CITY OF ORANGEBURG, SOUTH CAROLINA**

**COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	<u>Municipal Airport</u>	<u>Pro Shop</u>	<u>Hillcrest Golf Course</u>	<u>Total Nonmajor Enterprise Funds</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers and users	\$ 449,454	\$ 134,271	\$ 355,587	\$ 939,312
Payments to suppliers	(244,021)	(91,028)	(163,564)	(498,613)
Payments to employees	(208,656)	-	(372,959)	(581,615)
Internal activity-payments (from) to other funds	(1,104,674)	1,346	(1,337,894)	(2,441,222)
Net cash provided by (used in) operating activities	<u>(1,107,897)</u>	<u>44,589</u>	<u>(1,518,830)</u>	<u>(2,582,138)</u>
<b>CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Transfers in	1,184,471	-	1,536,905	2,721,376
Transfers out	-	(44,589)	-	(44,589)
Net cash provided by (used in) noncapital and related financing activities	<u>1,184,471</u>	<u>(44,589)</u>	<u>1,536,905</u>	<u>2,676,787</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisitions of capital assets	(91,604)	-	(18,075)	(109,679)
Capital grants received	15,030	-	-	15,030
Net cash (used in) capital and related financing activities	<u>(76,574)</u>	<u>-</u>	<u>(18,075)</u>	<u>(94,649)</u>
Change in cash and cash equivalents	-	-	-	-
<b>Cash and cash equivalents:</b>				
Beginning of year	200	-	300	500
End of year	<u>\$ 200</u>	<u>\$ -</u>	<u>\$ 300</u>	<u>\$ 500</u>

**(Continued)**

**CITY OF ORANGEBURG, SOUTH CAROLINA**

**COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	<u>Municipal Airport</u>	<u>Pro Shop</u>	<u>Hillcrest Golf Course</u>	<u>Total Nonmajor Enterprise Funds</u>
<b>Reconciliation of operating income (loss) to net cash used in operating activities:</b>				
Operating income (loss)	\$ (739,250)	\$ 44,589	\$ (212,256)	\$ (906,917)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation	717,415	-	62,039	779,454
Change in assets and liabilities:				
(Increase) decrease in accounts receivable	1,049	-	(2,306)	(1,257)
Decrease in due from other governments	81	-	-	81
(Increase) decrease in inventory	12,890	(1,943)	-	10,947
Decrease in due from other funds	-	1,346	-	1,346
Decrease in deferred outflows of resources-pension	11,356	-	34,454	45,810
Increase (decrease) in accounts payable	3,495	597	(21,117)	(17,025)
Increase in accrued expenses	5,348	-	12,240	17,588
Increase in unearned revenue	-	-	3,650	3,650
Increase in due to other funds	-	-	49,528	49,528
(Decrease) in advance to other funds	(1,104,674)	-	(1,387,422)	(2,492,096)
Increase in deferred inflows of resources-pension	417	-	320	737
Increase in other post employment benefit obligation	542	-	3,636	4,178
(Decrease) in net pension liability	(15,755)	-	(70,465)	(86,220)
Increase (decrease) in compensated absences	(811)	-	8,869	8,058
Net cash provided by (used in) operating activities	<u>\$ (1,107,897)</u>	<u>\$ 44,589</u>	<u>\$ (1,518,830)</u>	<u>\$ (2,582,138)</u>

## CITY OF ORANGEBURG, SOUTH CAROLINA

### SUMMARY SCHEDULE OF COURT FINES, ASSESSMENTS AND SURCHARGES FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017

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Fines, assessments and surcharges	\$ 418,585
Remitted to state treasurer	<u>(239,868)</u>
Retained by the City	<u>\$ 178,717</u>
Fines, assessments and surcharges retained by the City	
General fund	\$ 149,198
Victims' assistance services	<u>29,519</u>
Total	<u>\$ 178,717</u>
Funds allocated to victims' assistance services	
Surcharges and assessments retained	\$ 29,519
Funds available for victims' assistance services	<u>29,519</u>
Program Expenditures	<u>28,000</u>
Excess of revenues under expenditures	<u>1,519</u>
Net change in fund balance	1,519
Balances carried forward	
Beginning of year	<u>1,403</u>
End of year	<u>\$ 2,922</u>

## **COMPLIANCE SECTION**



**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**

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**The Honorable Mayor and Members  
of the City Council  
Orangeburg, South Carolina**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Orangeburg, South Carolina (the "City") as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 25, 2018.

**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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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### **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*.

### **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.

*Mauldin & Jenkins, LLC*

Columbia, South Carolina  
June 25, 2018



## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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The Honorable Mayor and Members  
of the City Council  
Orangeburg, South Carolina

### **Report on Compliance for Each Major Federal Program**

We have audited the City of Orangeburg, South Carolina's (the "City") compliance with the types of compliance requirements described in the OMB 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, 2017. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 of 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, 2017.



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## 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 the Uniform Guidance, 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 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Mauldin & Jenkins, LLC*

Columbia, South Carolina  
June 25, 2018

**CITY OF ORANGEBURG, SOUTH CAROLINA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

<b>Federal Grantor/Pass-through Grantor/Program Title</b>	<b>Federal CFDA Number</b>	<b>Grant Identification Number</b>	<b>Total Expenditures</b>	<b>Passed Through to Subrecipients</b>
<b><u>U.S. Department of Housing and Urban Development</u></b>				
<b>Direct award</b>				
Community Development Block Grants for Entitlement Communities	14.228	4W14007	\$ 5,541	\$ -
<b>Total U.S. Department of Housing and Urban Development</b>			<u>5,541</u>	<u>-</u>
<b><u>U.S. Department of Justice</u></b>				
<b>Direct award</b>				
Bulletproof Vest Partnership Program	16.607	N/A	5,760	-
<b>(Passed through South Carolina Department of Public Safety)</b>				
Crime Victim Assistance Program	16.575	1V14143	5,724	-
<b>Total U.S. Department of Justice</b>			<u>11,484</u>	<u>-</u>
<b><u>U.S. Department of Transportation</u></b>				
<b>Direct award</b>				
Airport Improvement Program	20.106	3-45-0045-020-2015	15,030	-
<b>(Passed through South Carolina Department of Public Safety)</b>				
State and Community Highway Safety Program				
Highway Safety Cluster	20.600	2JC17001	7,686	-
<b>Total U.S. Department of Transportation</b>			<u>22,716</u>	<u>-</u>
<b><u>U.S. Environmental Protection Agency</u></b>				
<b>(Passed through South Carolina Budget and Control Board)</b>				
Clean Water State Revolving Fund				
Clean Water State Revolving Fund Cluster	66.458	1-158-13-345-04	1,033,179	-
<b>Total U.S. Environmental Protection Agency</b>			<u>1,033,179</u>	<u>-</u>
<b><u>U.S. Department of Homeland Security</u></b>				
<b>Direct award</b>				
Assistance to Firefighters	97.044	EMW-2015-FO-05402	2,046	-
<b>(Passed through South Carolina Emergency Management Division)</b>				
Federal Disaster Grant Program -				
Presidentially Declared Disasters	97.036	075-53080-00	135,197	-
<b>Total U.S. Department of Homeland Security</b>			<u>137,243</u>	<u>-</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 1,210,163</u>	<u>\$ -</u>

# CITY OF ORANGEBURG, SOUTH CAROLINA

## NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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### NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

#### **Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Orangeburg, South Carolina (the "City"), and is presented on the modified accrual basis of accounting for governmental fund types and the accrual basis of accounting for the proprietary fund types. The City reporting entity is defined in Note 1 of the City's basic financial statements. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. is prepared using the accrual basis of accounting.

### NOTE 2. DE-MINIMIS INDIRECT COST RATE

During the year ended September 30, 2017, the City did not use the de-Minimis indirect cost rate.

### NOTE 3. SUBRECIPIENTS

During the year ended September 30, 2017, the City did not pass through funds to any subrecipients.

**CITY OF ORANGEBURG, SOUTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

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**SECTION I**  
**SUMMARY OF AUDIT RESULTS**

**Financial Statements**

Type of auditor's report issued Unmodified

Internal control over financial reporting:  
 Material weaknesses identified? \_\_\_ Yes X No

Significant deficiencies identified not considered to be material weaknesses? \_\_\_ Yes X No

Noncompliance material to financial statements noted? \_\_\_ Yes X No

**Federal Awards**

Internal control over major programs:  
 Material weaknesses identified? \_\_\_ Yes X No

Significant deficiencies identified not considered to be material weaknesses? \_\_\_ Yes X None reported

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 the Uniform Guidance? \_\_\_ Yes X No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
66.458	U.S. Environmental Protection Agency; Capitalization Grants for Clean Water State Revolving Funds

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? \_\_\_ Yes X No

**CITY OF ORANGEBURG, SOUTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

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**SECTION II**  
**FINANCIAL STATEMENT FINDINGS AND RESPONSES**

None reported.

**SECTION III**  
**FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None reported.

**SECTION IV**  
**PRIOR YEAR FINDINGS AND RESPONSES**

**2016-001 Bank Reconciliation**

**Criteria:** Internal controls should be in place that provide reasonable assurance that all transactions that clear the bank statement are proper and are recorded correctly in the accounting records.

**Condition:** The City's general fund operating bank account was not reconciled during the last six months of the fiscal year.

**Status:** Resolved.

**2016-002 Depreciation Schedule**

**Criteria:** Internal controls should be in place that provide reasonable assurance that all subsidiary records are properly maintained and reconcile to their respective general ledger control accounts.

**Condition:** Several issues were noted regarding the depreciation schedules, including (1) for assets transferred between depreciation schedules, cost and accumulated depreciation amounts were not always the same between the two schedules, (2) for some transferred assets, the schedule contained an amount for current depreciation when the assets were already fully depreciated at the beginning of the year, (3) accumulated depreciation at the beginning of the year in several asset categories did not agree with prior year accumulated depreciation per the accounting records, (4) the current year depreciation expense calculation was incorrect based on the cost and useful life of the related asset, and (5) for one current year addition, the asset was reflected in the depreciation schedule at double the actual cost.

**Status:** Resolved.