

**CITY OF ORANGEBURG,
SOUTH CAROLINA**

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

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FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

**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, 2019, 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Orangeburg, South Carolina, as of September 30, 2019, 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 67), the Schedule of Changes in the City's Total OPEB Liability and Related Ratios (on page 68), the Schedule of City's Proportionate Share of the Net Pension Liability (on page 69), and the Schedule of City Contributions (on pages 70 through 71) 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 page 72 through 77), the Schedule of Revenues, Expenses and Changes in Net Position – Budget (GAAP Basis) and Actual – Department of Public Utilities Fund, and the combining and individual nonmajor fund financial statements and schedules (on pages 78 through 88) are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Uniform Schedule of Court Fines, Assessments and Surcharges (per ACT 96) (on pages 89 and 90) 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 (on page 96) 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* (Uniform Guidance), and is also not a required part of the basis financial statements.

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 Uniform Schedule of Court Fine, Assessments and Surcharges (per ACT 96) 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 and schedules, the Uniform Schedule of Court Fines, Assessments and Surcharges (per ACT 96) 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 March 30, 2020, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's 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
March 30, 2020

CITY OF ORANGEBURG, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2019. 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, 2019, are as follows:

- The Government's combined net position totaled \$295.1 million.
- The Government's total net position increased by \$9 million, primarily due to continued positive operating trends as it related to the Department of Public Utilities.
- The City added major capital items including four new police vehicles, an SUV, a grapple truck, turf mower, and a new generator which were acquired through capital lease financing.
- The required contribution rates for the South Carolina Retirement System (SCRS) and South Carolina Police Officers Retirement System (PORS) increased effective July 1, 2019.
- A 2% cost of living increase was given to all applicable full-time employees effective October 1, 2018.
- There was a 10% increase in commercial sanitation fees generating approximately \$38,000 for the fiscal year to offset the rising cost of operations.
- Criminal Justice Information Services (CJIS) compliance with SLED continues to add an average over \$70,000 per year to the Department of Public Safety's annual budget.
- There was a 4 mill increase in property taxes for fiscal year 2018-19 resulting in an increase in revenue of approximately \$152,000.
- The new sports complex is nearly complete and is expected to be functional beginning in fiscal year 2019-20.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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 two major governmental fund: the General Fund, and the County Capital One Percent Fund.

Proprietary Funds

The City has one type of proprietary fund 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
	2019	2019	2019	2018	2018	2018
Current and other assets	\$ 15,503,118	\$ 84,102,006	\$ 99,605,124	\$ 20,751,681	\$ 74,915,593	\$ 95,667,274
Capital assets	38,253,866	258,879,626	297,133,492	32,420,178	256,932,475	289,352,653
Total assets	<u>53,756,984</u>	<u>342,981,632</u>	<u>396,738,616</u>	<u>53,171,859</u>	<u>331,848,068</u>	<u>385,019,927</u>
Deferred outflow s of resources	1,681,489	1,781,413	3,462,902	2,245,825	2,671,278	4,917,103
Long-term liabilities	26,040,610	56,051,423	82,092,033	26,665,190	57,519,402	84,184,592
Other liabilities	2,433,208	18,222,411	20,655,619	3,373,915	15,052,422	18,426,337
Total liabilities	<u>28,473,818</u>	<u>74,273,834</u>	<u>102,747,652</u>	<u>30,039,105</u>	<u>72,571,824</u>	<u>102,610,929</u>
Deferred inflow s of resources	1,038,770	1,228,290	2,267,060	605,232	597,611	1,202,843
Net position:						
Net investment in capital assets	33,225,694	234,398,449	267,624,143	26,945,154	231,100,418	258,045,572
Restricted	4,066,878	2,095,018	6,161,896	8,713,812	2,044,220	10,758,032
Unrestricted	<u>(11,366,687)</u>	<u>32,767,454</u>	<u>21,400,767</u>	<u>(10,885,619)</u>	<u>28,205,273</u>	<u>17,319,654</u>
Total net position	<u>\$ 25,925,885</u>	<u>\$ 269,260,921</u>	<u>\$ 295,186,806</u>	<u>\$ 24,773,347</u>	<u>\$ 261,349,911</u>	<u>\$ 286,123,258</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 \$295,186,806 as of September 30, 2019.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The largest portion of the City's net position, \$267 million, or 91%, 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, \$6.1 million or 2% represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$21.4 million or 7% may be used to meet the City's ongoing obligations to citizens and creditors.

Changes in Net Position

Governmental activities. Governmental activities increased the City's net position by \$1.1 million. Key elements of this increase are as follows:

Governmental Revenues Charges for services (25%), property tax (23%), capital grants and contributions (20%), and other taxes (24%) continue as the main source of revenue of the City amounting to 92% in 2019, compared to 94% in 2018.

Governmental Functional Expenses: As reflected in the summary of Changes in Net Position, the Government expended 48.7% 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 51.3%.

Business-type activities: Business-type activities increased the Government's net position by approximately \$7.9 million. A significant portion of the increase was the result of the revenues received in the Department of Public Utilities Fund, which rose in 2019 to approximately \$104.3 million from \$102.7 million in 2018.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City's Changes in Net Position

	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
	2019	2019	2019	2018	2018	2018
Revenues:						
Program revenues:						
Charges for services	\$ 4,086,384	\$ 103,337,210	\$ 107,423,594	\$ 4,467,097	\$ 103,826,168	\$ 108,293,265
Operating grants and contributions	966,045	-	966,045	899,432	-	899,432
Capital grants and contributions	3,273,997	1,864,960	5,138,957	5,539,020	366,017	5,905,037
General revenues:						
Property taxes	3,724,990	-	3,724,990	3,494,150	-	3,494,150
Other taxes	3,914,717	-	3,914,717	3,726,350	-	3,726,350
Unrestricted investment earnings	296,461	1,572,177	1,868,638	228,246	82,412	310,658
Miscellaneous	-	351,219	351,219	-	583,596	583,596
Total revenues	<u>16,262,594</u>	<u>107,125,566</u>	<u>123,388,160</u>	<u>18,354,295</u>	<u>104,858,193</u>	<u>123,212,488</u>
Expenses:						
General government	2,482,767	-	2,482,767	1,761,942	-	1,761,942
Judicial	381,486	-	381,486	323,546	-	323,546
Public safety	9,739,763	-	9,739,763	9,345,393	-	9,345,393
Public works	3,234,999	-	3,234,999	3,037,751	-	3,037,751
Culture and recreation	3,879,654	-	3,879,654	3,003,124	-	3,003,124
Housing and development	-	-	-	1,400	-	1,400
Tourism	84,872	-	84,872	41,259	-	41,259
Non-departmental	792,897	-	792,897	1,492,270	-	1,492,270
Interest on long-term debt	157,953	-	157,953	123,260	-	123,260
Public utilities	-	91,589,200	91,589,200	-	91,192,190	91,192,190
Municipal airport	-	1,155,055	1,155,055	-	1,756,082	1,756,082
Pro shop	-	57,591	57,591	-	60,994	60,994
Golf course	-	768,375	768,375	-	484,218	484,218
Total expenses	<u>20,754,391</u>	<u>93,570,221</u>	<u>114,324,612</u>	<u>19,129,945</u>	<u>93,493,484</u>	<u>112,623,429</u>
Increase (decrease) in net position before transfers	(4,491,797)	13,555,345	9,063,548	(775,650)	11,364,709	10,589,059
Transfers	5,644,335	(5,644,335)	-	5,079,285	(5,079,285)	-
Change in net position	1,152,538	7,911,010	9,063,548	4,303,635	6,285,424	10,589,059
Net position, beginning	24,773,347	261,349,911	286,123,258	20,469,712	255,064,487	275,534,199
Net position, ending	<u>\$ 25,925,885</u>	<u>\$ 269,260,921</u>	<u>\$ 295,186,806</u>	<u>\$ 24,773,347</u>	<u>\$ 261,349,911</u>	<u>\$ 286,123,258</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS

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 \$13.1 million, of which \$8.3 million, or 64%, 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 \$9.1 million, of which \$8.3 million or 92% 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, 2019, total unassigned fund balance, represents 48.4% of total general fund expenditures.

The fund balance of the General Fund increased by \$503,591, or 5.8%. Key factors to this result include a transfer from the DPU of \$5,644,335 to offset the deficiency of revenues under expenditures before transfers. Additionally, increases in proceeds from the issuance of debt of \$558,953 and proceeds from the sale of assets of \$43,965 attributed to the overall increase in fund balance for the General Fund.

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 higher than the budgeted amount by approximately \$213,358 or (1.97%). 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 \$991,493 or 5.42%. 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 \$688,640 which are the result of less than anticipated transfers from other funds to the General Fund during the fiscal year.

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, \$34 million. Nonmajor Enterprise funds, (\$1,527,500) deficit as follows: Municipal Airport, (\$536,000) deficit; Pro Shop Fund \$49,500; and Hillcrest Golf Course Fund (\$1,041,000) deficit. The total growth in net position for previously mentioned funds were \$9 million for the Department of Public Utilities and a decrease of \$1,118,900 for total nonmajor enterprise funds enumerated as follows: (\$679,900), \$0, and (\$439,000), 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, 2019, amounts to \$297 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)

	Governmental Activities	Business-type Activities	Total
Land	\$ 2,324,924	\$ 3,792,707	\$ 6,117,631
Land and site improvements	938,767	2,909,035	3,847,802
Buildings	8,581,759	4,937,900	13,519,659
Building improvements	1,669,238	-	1,669,238
Utility systems	-	221,907,740	221,907,740
Infrastructure	4,842,694	-	4,842,694
Vehicles, machinery and equipment	2,487,418	11,275,021	13,762,439
Construction in progress	17,409,066	14,057,223	31,466,289
	\$ 38,253,866	\$ 258,879,626	\$ 297,133,492

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, 2019, the City had a total of \$82.09 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 total OPEB liability. Of this amount, \$24.4 million consists of notes payable backed by the revenues of the Department of Public Utilities, \$50.4 million represents the City's liabilities for pensions and OPEB benefits, \$4.7 million represents the City's Hospitality and Accommodations Tax Revenue Bond, and \$297,400 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	
	2019	2018	2019	2018	2019	2018
Notes payable	\$ -	\$ -	\$ 24,481,177	\$ 25,832,057	\$ 24,481,177	\$ 25,832,057
Capital leases	297,477	475,024	-	-	297,477	475,024
Bonds payable	4,730,695	5,000,000	-	-	4,730,695	5,000,000
Other long-term obligations	21,012,438	21,190,166	31,570,246	31,687,345	52,582,684	52,877,511
Total debt	\$ 26,040,610	\$ 26,665,190	\$ 56,051,423	\$ 57,519,402	\$ 82,092,033	\$ 84,184,592

Of the total debt outstanding as September 30, 2019, 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, 2020, 1% each. This causes the City to come up with additional resources to continue this required benefit.

The additional positions budgeted for the Recreation Complex went into effect in fiscal year 2019-20 which adds expenses for the facility and its operations. It is anticipated that the additional increase in expenses will be offset by future revenues generated from the Recreational Complex.

There have been several building projects in the City in fiscal year 2019-20, with many being tax exempt; however, with the additional business licenses, fees are anticipated with the new construction.

With the outbreak of COVID-19 currently affecting the Country, there are unknown financial and economic impacts that may cause shortages of revenues that could affect the City in various facets. The City is poised to adapt to the situation as required to ensure services to citizens continue.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2019**

	Primary Government		
	Governmental Activities	Business- type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 11,033,730	\$ 27,901,821	\$ 38,935,551
Investments	3,103,496	31,130,080	34,233,576
Taxes receivable, net of allowances	171,010	-	171,010
Accounts receivable, net of allowances	295,038	12,320,870	12,615,908
Notes receivable	-	591,621	591,621
Due from other governments	220,580	-	220,580
Internal balances	556,031	(556,031)	-
Inventories	123,233	5,016,547	5,139,780
Prepaid expenses	-	782,326	782,326
Restricted assets, cash and cash equivalents	-	6,914,772	6,914,772
Capital assets			
Nondepreciable	19,733,990	17,849,930	37,583,920
Depreciable, net of accumulated depreciation	18,519,876	241,029,696	259,549,572
Total assets	<u>53,756,984</u>	<u>342,981,632</u>	<u>396,738,616</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension	1,502,375	1,646,210	3,148,585
Other postemployment benefits	179,114	135,203	314,317
Total deferred outflows of resources	<u>1,681,489</u>	<u>1,781,413</u>	<u>3,462,902</u>
LIABILITIES			
Accounts payable	1,262,054	7,479,630	8,741,684
Retainage payable	-	-	-
Accrued liabilities	1,171,154	1,182,237	2,353,391
Unearned revenue	-	4,715,790	4,715,790
Payable from restricted assets - customer deposits	-	4,844,754	4,844,754
Total other postemployment benefit liability	3,328,503	5,815,725	9,144,228
Note payable due within one year	-	1,373,340	1,373,340
Note payable due in more than one year	-	23,107,837	23,107,837
Capital leases due within one year	297,477	-	297,477
Bonds payable due within one year	276,224	-	276,224
Bonds payable due in more than one year	4,454,471	-	4,454,471
Compensated absences due within one year	486,382	903,635	1,390,017
Compensated absences due in more than one year	486,382	219,930	706,312
Net pension liability	16,711,171	24,630,956	41,342,127
Total liabilities	<u>28,473,818</u>	<u>74,273,834</u>	<u>102,747,652</u>
DEFERRED INFLOWS OF RESOURCES			
Pension	641,426	534,031	1,175,457
Other postemployment benefits	397,344	694,259	1,091,603
Total deferred inflows of resources	<u>1,038,770</u>	<u>1,228,290</u>	<u>2,267,060</u>
NET POSITION			
Net investment in capital assets	33,225,694	234,398,449	267,624,143
Restricted for:			
Public safety	281,821	-	281,821
Public works	92,742	-	92,742
Culture and recreation	1,827,444	-	1,827,444
Housing and development	14,904	-	14,904
Tourism	58,421	-	58,421
Capital outlay	1,791,546	-	1,791,546
Self insurance	-	25,000	25,000
Debt service	-	2,070,018	2,070,018
Unrestricted	(11,366,687)	32,767,454	21,400,767
Total net position	<u>\$ 25,925,885</u>	<u>\$ 269,260,921</u>	<u>\$ 295,186,806</u>

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

CITY OF ORANGEBURG, SOUTH CAROLINA

**BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019**

	<u>General</u>	<u>County Capital One Percent</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 6,120,925	\$ 2,067,463	\$ 2,845,342	\$ 11,033,730
Investments	3,103,496	-	-	3,103,496
Taxes receivable, net of allowance	171,010	-	-	171,010
Accounts receivable	162,984	-	132,054	295,038
Due from other governments	192,868	-	27,712	220,580
Due from other funds	105,822	20,605	16,898	143,325
Inventory	123,233	-	-	123,233
Advance to other funds	417,590	-	-	417,590
Total assets	<u>\$ 10,397,928</u>	<u>\$ 2,088,068</u>	<u>\$ 3,022,006</u>	<u>\$ 15,508,002</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 367,009	\$ 653,507	\$ 66,538	\$ 1,087,054
Accrued liabilities	801,118	301,061	20,704	1,122,883
Due to other funds	3,498	-	1,386	4,884
Total liabilities	<u>1,171,625</u>	<u>954,568</u>	<u>88,628</u>	<u>2,214,821</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	125,796	-	-	125,796
Total deferred inflows of resources	<u>125,796</u>	<u>-</u>	<u>-</u>	<u>125,796</u>
FUND BALANCES				
Nonspendable:				
Inventory	123,233	-	-	123,233
Advances to other funds	417,590	-	-	417,590
Restricted for:				
Housing and development	-	-	14,904	14,904
Public safety	-	-	281,821	281,821
Public works	-	-	92,742	92,742
Culture and recreation	-	-	1,827,444	1,827,444
Tourism	-	-	58,421	58,421
Capital outlay	-	1,133,500	658,046	1,791,546
Committed to:				
Capital outlay	212	-	-	212
Assigned to:				
Self insurance reserve	192,637	-	-	192,637
Unassigned	8,366,835	-	-	8,366,835
Total fund balances	<u>9,100,507</u>	<u>1,133,500</u>	<u>2,933,378</u>	<u>13,167,385</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 10,397,928</u>	<u>\$ 2,088,068</u>	<u>\$ 3,022,006</u>	<u>\$ 15,508,002</u>

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, 2019

Total fund balances - governmental funds	\$	13,167,385
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	\$	67,248,103
Accumulated depreciation		<u>(28,994,237)</u>
		38,253,866
Revenues in the Statement of Activities that do not provide current financial resources are reported as unavailable revenues in the funds:		
		125,796
Certain long-term liabilities are not due and payable in the current period and are therefore not reported in the funds:		
Capital leases payable	\$	(297,477)
Net pension liability, net of deferred outflows of resources and deferred inflows of resources		(15,850,222)
Total other postemployment benefits liability, net of deferred outflows of resources and deferred inflows of resources		(3,546,733)
Bonds payable		(4,730,695)
Accrued interest payable		(48,271)
Claims and judgements payable		(175,000)
Compensated absences payable		<u>(972,764)</u>
		<u>(25,621,162)</u>
Net position of governmental activities	\$	<u><u>25,925,885</u></u>

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, 2019**

	<u>General</u>	<u>County Capital One Percent</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues				
Property taxes	\$ 3,718,815	\$ -	\$ -	\$ 3,718,815
Franchise taxes	154,869	-	-	154,869
Sales taxes	4,873	-	-	4,873
Other taxes	2,467,432	-	1,287,543	3,754,975
Licenses and permits	1,182,645	-	-	1,182,645
Intergovernmental	549,771	3,169,082	219,489	3,938,342
Charges for services	2,226,060	-	20,871	2,246,931
Fines and forfeitures	491,081	-	70,657	561,738
Interest revenue	158,302	95,101	43,058	296,461
Other revenues	95,070	-	301,700	396,770
Total revenues	<u>11,048,918</u>	<u>3,264,183</u>	<u>1,943,318</u>	<u>16,256,419</u>
Expenditures				
Current:				
General government	2,386,636	-	-	2,386,636
Judicial	363,166	-	-	363,166
Public safety	8,383,103	-	135,022	8,518,125
Public works	2,370,531	-	9,051	2,379,582
Culture and recreation	2,244,980	-	916,350	3,161,330
Tourism	-	-	84,872	84,872
Non-departmental	792,897	-	-	792,897
Capital outlay	-	7,792,337	-	7,792,337
Debt service:				
Principal	736,500	-	269,305	1,005,805
Interest	16,446	-	145,819	162,265
Total expenditures	<u>17,294,259</u>	<u>7,792,337</u>	<u>1,560,419</u>	<u>26,647,015</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(6,245,341)</u>	<u>(4,528,154)</u>	<u>382,899</u>	<u>(10,390,596)</u>
Other financing sources (uses):				
Proceeds from issuance of capital lease	558,953	-	-	558,953
Proceeds from sale of assets	43,965	-	-	43,965
Transfers in	6,146,014	-	41,000	6,187,014
Transfers out	-	-	(542,679)	(542,679)
Total other financing sources (uses), net	<u>6,748,932</u>	<u>-</u>	<u>(501,679)</u>	<u>6,247,253</u>
Net change in fund balances	503,591	(4,528,154)	(118,780)	(4,143,343)
Fund balance, beginning of year	<u>8,596,916</u>	<u>5,661,654</u>	<u>3,052,158</u>	<u>17,310,728</u>
Fund balance, end of year	<u>\$ 9,100,507</u>	<u>\$ 1,133,500</u>	<u>\$ 2,933,378</u>	<u>\$ 13,167,385</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, 2019**

Net change in fund balances - total governmental funds. \$ (4,143,343)

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	\$ 7,866,375	
Depreciation expense	<u>(2,024,129)</u>	5,842,246

In the Statement of Activities, the gain or loss on disposal of capital assets is reported. Conversely, governmental funds report only proceeds from disposal of capital assets. Thus, the change in net assets differs from the change in fund balance by the cost of the capital assets sold or disposed.

Net book value of disposed capital assets	(8,558)
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Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	6,175
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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	\$ (558,953)	
Principal repayments	<u>1,005,805</u>	446,852

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	\$ (84,685)	
Accrued interest	4,312	
Claims and judgements payable	(175,000)	
Net pension liability	(749,075)	
Total other postemployment benefits liability	<u>13,614</u>	<u>(990,834)</u>

Change in net position of governmental activities	<u>\$ 1,152,538</u>
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The accompanying notes are an integral part of these financial statements.

CITY OF ORANGEBURG, SOUTH CAROLINA

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2019**

ASSETS	Department of Public Utilities	Nonmajor Enterprise Funds	Total
CURRENT ASSETS			
Cash and cash equivalents	\$ 27,901,121	\$ 700	\$ 27,901,821
Investments	31,130,080	-	31,130,080
Accounts receivable, net of allowance	12,294,220	26,650	12,320,870
Due from other funds	-	8,031	8,031
Prepaid expenses	782,326	-	782,326
Inventory	4,912,809	103,738	5,016,547
Restricted cash	6,914,772	-	6,914,772
Total current assets	<u>83,935,328</u>	<u>139,119</u>	<u>84,074,447</u>
NONCURRENT ASSETS			
Note receivable	591,621	-	591,621
Capital assets:			
Nondepreciable	16,523,977	1,325,953	17,849,930
Depreciable, net of accumulated depreciation	<u>236,651,576</u>	<u>4,378,120</u>	<u>241,029,696</u>
Total noncurrent assets	<u>253,767,174</u>	<u>5,704,073</u>	<u>259,471,247</u>
Total assets	<u>337,702,502</u>	<u>5,843,192</u>	<u>343,545,694</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension	1,593,553	52,657	1,646,210
Other postemployment benefits	119,648	15,555	135,203
Total deferred outflows of resources	<u>1,713,201</u>	<u>68,212</u>	<u>1,781,413</u>
LIABILITIES			
CURRENT LIABILITIES			
Payable from current assets:			
Accounts payable	7,428,880	50,750	7,479,630
Unearned revenue	4,701,476	14,314	4,715,790
Accrued expenses	1,161,436	20,801	1,182,237
Due to other funds	104,436	42,036	146,472
Compensated absences - current portion	861,546	42,089	903,635
	<u>14,257,774</u>	<u>169,990</u>	<u>14,427,764</u>
Payable from restricted assets:			
Customer deposits	4,844,754	-	4,844,754
Notes payable - current portion	1,373,340	-	1,373,340
	<u>6,218,094</u>	<u>-</u>	<u>6,218,094</u>
Total current liabilities	<u>20,475,868</u>	<u>169,990</u>	<u>20,645,858</u>
NONCURRENT LIABILITIES			
Advance from other funds	-	417,590	417,590
Notes payable - long term portion	23,107,837	-	23,107,837
Net pension liability	23,828,397	802,559	24,630,956
Total other postemployment benefit liability	5,526,684	289,041	5,815,725
Compensated absences - long term portion	219,930	-	219,930
Total noncurrent liabilities	<u>52,682,848</u>	<u>1,509,190</u>	<u>54,192,038</u>
Total liabilities	<u>73,158,716</u>	<u>1,679,180</u>	<u>74,837,896</u>
DEFERRED INFLOWS OF RESOURCES			
Pension	512,880	21,151	534,031
Other postemployment benefits	659,754	34,505	694,259
Total deferred outflows of resources	<u>1,172,634</u>	<u>55,656</u>	<u>1,228,290</u>
NET POSITION			
Net investment in capital assets	228,694,376	5,704,073	234,398,449
Restricted for self insurance	25,000	-	25,000
Restricted for debt service	2,070,018	-	2,070,018
Unrestricted	34,294,959	(1,527,505)	32,767,454
Total net position	<u>\$ 265,084,353</u>	<u>\$ 4,176,568</u>	<u>\$ 269,260,921</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, 2019**

	Department of Public Utilities	Nonmajor Enterprise Funds	Total
OPERATING REVENUES			
Charges for services	\$ 102,475,176	\$ 845,843	\$ 103,321,019
Miscellaneous	-	16,191	16,191
Total operating revenues	<u>102,475,176</u>	<u>862,034</u>	<u>103,337,210</u>
OPERATING EXPENSES			
Cost of sales and service	54,067,228	353,787	54,421,015
Operations and maintenance	11,798,482	21,733	11,820,215
Administration	12,836,548	813,670	13,650,218
Depreciation expense	11,338,401	791,831	12,130,232
Total operating expenses	<u>90,040,659</u>	<u>1,981,021</u>	<u>92,021,680</u>
Operating income (loss)	<u>12,434,517</u>	<u>(1,118,987)</u>	<u>11,315,530</u>
NONOPERATING REVENUES (EXPENSES)			
Loss on disposal of assets	(1,109,138)	-	(1,109,138)
Interest expense	(439,403)	-	(439,403)
Interest income	1,572,177	-	1,572,177
Other nonoperating income	351,219	-	351,219
Total nonoperating revenues, net	<u>374,855</u>	<u>-</u>	<u>374,855</u>
Income (loss) before contributions and transfers	<u>12,809,372</u>	<u>(1,118,987)</u>	<u>11,690,385</u>
CAPITAL CONTRIBUTIONS	<u>1,864,960</u>	<u>-</u>	<u>1,864,960</u>
TRANSFERS			
Transfers in	-	45,939	45,939
Transfers out	(5,644,335)	(45,939)	(5,690,274)
Total transfers	<u>(5,644,335)</u>	<u>-</u>	<u>(5,644,335)</u>
Change in net position	9,029,997	(1,118,987)	7,911,010
NET POSITION, beginning of year	<u>256,054,356</u>	<u>5,295,555</u>	<u>261,349,911</u>
NET POSITION, end of year	<u>\$ 265,084,353</u>	<u>\$ 4,176,568</u>	<u>\$ 269,260,921</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, 2019**

	Department of Public Utilities	Nonmajor Enterprise Funds	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 104,186,509	\$ 870,081	\$ 105,056,590
Payments to suppliers	(65,067,395)	(596,298)	(65,663,693)
Payments to employees	(11,604,679)	(604,357)	(12,209,036)
Other receipts	351,219	-	351,219
Internal activity-payments from other funds	8,539	363,900	372,439
Net cash provided by operating activities	<u>27,874,193</u>	<u>33,326</u>	<u>27,907,519</u>
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES			
Transfers in	-	45,939	45,939
Transfers out	(5,644,335)	(45,939)	(5,690,274)
Principal payments on notes receivable	570,138	-	570,138
Net cash used in noncapital and related financing activities	<u>(5,074,197)</u>	<u>-</u>	<u>(5,074,197)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisitions of capital assets	(15,248,035)	(63,365)	(15,311,400)
Proceeds from sale of capital assets	94,640	30,239	124,879
Principal payments on notes payable	(1,350,880)	-	(1,350,880)
Capital grants received	1,864,960	-	1,864,960
Interest paid	(439,403)	-	(439,403)
Net cash used in capital and related financing activities	<u>(15,078,718)</u>	<u>(33,126)</u>	<u>(15,111,844)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investments	(9,276,076)	-	(9,276,076)
Proceeds from sale of investments	7,902,288	-	7,902,288
Interest received	1,572,177	-	1,572,177
Net cash provided by investing activities	<u>198,389</u>	<u>-</u>	<u>198,389</u>
Change in cash and cash equivalents	7,919,667	200	7,919,867
Cash and cash equivalents:			
Beginning of year	<u>26,896,226</u>	<u>500</u>	<u>26,896,726</u>
End of year	<u>\$ 34,815,893</u>	<u>\$ 700</u>	<u>\$ 34,816,593</u>
Classified as:			
Cash and cash equivalents	\$ 27,901,121	\$ 700	\$ 27,901,821
Restricted cash	6,914,772	-	6,914,772
	<u>\$ 34,815,893</u>	<u>\$ 700</u>	<u>\$ 34,816,593</u>

(Continued)

CITY OF ORANGEBURG, SOUTH CAROLINA

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

	Department of Public Utilities	Nonmajor Enterprise Funds	Total
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$ 12,434,517	\$ (1,118,987)	\$ 11,315,530
Adjustments to reconcile operating income (loss) to net cash provided by operating activities			
Depreciation	11,338,401	791,831	12,130,232
Other revenues	351,219	-	351,219
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	(694,176)	6,776	(687,400)
Decrease in due from other funds	-	8,805	8,805
Increase in prepaid expenses	(316,927)	-	(316,927)
(Increase) decrease in inventory	187,681	(18,689)	168,992
Decrease in deferred outflows of resources-pension	814,177	3,564	817,741
(Increase) decrease in deferred outflows of resources other postemployment benefits	75,750	(3,626)	72,124
Increase (decrease) in accounts payable	442,310	(125,563)	316,747
Increase (decrease) in accrued expenses	(42,177)	3,388	(38,789)
Increase in customer deposits	485,251	-	485,251
Increase in unearned revenue	2,405,509	1,271	2,406,780
Increase (decrease) in due to other funds	8,539	(62,495)	(53,956)
Increase in advance from other funds	-	417,590	417,590
Increase (decrease) in deferred inflows of resources-pension	309,319	(6,586)	302,733
Increase in deferred inflows of resources other postemployment benefits	311,657	16,289	327,946
Increase (decrease) in net pension liability	(23,927)	130,804	106,877
Decrease in other post employment benefit obligation	(262,338)	(13,897)	(276,235)
Increase in compensated absences	49,408	2,851	52,259
Net cash provided by operating activities	<u>\$ 27,874,193</u>	<u>\$ 33,326</u>	<u>\$ 27,907,519</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, 2019**

	Agency Fund
ASSETS	
Cash	\$ 22,199
Total assets	\$ 22,199
LIABILITIES	
Due to others	\$ 22,199
Total liabilities	\$ 22,199

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

CITY OF ORANGEBURG, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2019

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.

NOTES TO FINANCIAL STATEMENTS

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.

NOTES TO FINANCIAL STATEMENTS

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 funds:

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 **County Capital One Percent Fund** is used to account for the acquisition and construction of capital facilities.

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 Fund** accounts 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Budgets and Budgetary Accounting

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.

NOTES TO FINANCIAL STATEMENTS

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, and reimbursements. 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Prepaid Items

Payments made to vendors for services that will benefit periods beyond September 30, 2019, 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, 2019.

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 acquisition value.

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 governmental-type activities and business-type activities is not capitalized.

NOTES TO FINANCIAL STATEMENTS

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.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position reports 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 OPEB Plan and are combined in the Statement of Net Position under the heading "Pension" and "Other postemployment benefits", respectively. The first item, experience losses, results from periodic studies by the actuaries 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 liability and is amortized into pension expense over the expected remaining service lives of plan members. The fifth item, pension and OPEB contributions made subsequent to the plan measurement date, includes any contributions made by the City to the pension and OPEB plan before year-end but subsequent to the measurement date of the City's net pension and total OPEB liabilities are reported as deferred outflows of resources and will be recognized as a reduction of the net pension and total OPEB liabilities during the year ended September 30, 2020.

In addition to liabilities, the Statement of Net Position and the Governmental Funds Balance Sheet reports a separate section for *deferred inflows of resources*. This separate financial statement element represents an acquisition of net position or 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 four 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 and OPEB Plan, is recorded in the Statement of Net Position under the heading "Pension" and "Other postemployment benefits." Experience gains result from periodic studies by the actuaries of the Retirement Plans and OPEB Plan, which adjust the net pension and total OPEB liabilities 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 and OPEB expense over the expected remaining lives of the plan members.

NOTES TO FINANCIAL STATEMENTS

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 pension plan employer contributions. The fourth item, changes in the actuarial assumptions, adjust the net pension and total other postemployment benefits liability and are amortized into pension and OPEB expense over the expected remaining service lives of plan members.

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 City 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.

NOTES TO FINANCIAL STATEMENTS

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 Officers 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 2. LEGAL COMPLIANCE – BUDGETS

Excess of Expenditures over Appropriations

For the fiscal year ended September 30, 2019, expenses exceeded appropriations as follows:

	Excess
Department of Public Utilities Fund	\$ (3,000,042)

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

Deficit Fund Net Position

The Hillcrest Golf Course Fund had a deficit net position of \$751,409 as of September 30, 2019. 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, 2019, are summarized as follows:

Amounts as presented on the entity-wide Statement of Net Position:

Cash and cash equivalents	\$ 38,935,551
Investments	34,233,576
Restricted cash and cash equivalents	6,914,772

Amounts as presented on the fiduciary Statement of Net Position:

Cash and cash equivalents - Agency Fund	22,199
Total	<u>\$ 80,106,098</u>

Cash and investments deposited with financial institutions	\$ 68,818,215
South Carolina Local Government Investment Pool	11,287,883
Total	<u>\$ 80,106,098</u>

At September 30, 2019, 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.

NOTES TO FINANCIAL STATEMENTS

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, 2019, 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, 2019, 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	\$ 16,061,822	46.9%	AAA/AA+
U.S. Agencies	18,054,561	52.7%	AAA/AA+
Mutual funds	117,193	0.3%	N/A
	<u>\$ 34,233,576</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.

NOTES TO FINANCIAL STATEMENTS

NOTE 3. CASH AND INVESTMENTS (CONTINUED)

Fair Value Measurements (Continued): The City has the following recurring fair value measurements as of September 30, 2019:

Investment	Level 1	Level 2	Level 3	Fair Value
U.S. Treasury securities	\$ 16,061,822	\$ -	\$ -	\$ 16,061,822
U.S. Agency securities	17,804,244	250,317	-	18,054,561
Mutual funds	117,193	-	-	117,193
 Total investments measured at fair value	 \$ 33,983,259	 \$ 250,317	 \$ -	 \$ 34,233,576
 Total investments				 \$ 34,233,576

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's investment in U.S. Agencies classified in Level 2 of the fair value hierarchy are valued using quoted prices for similar assets in active markets. The City has no investments classified in 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 LGIP. As of September 30, 2019, 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.

NOTES TO FINANCIAL STATEMENTS

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	\$ 16,061,822	\$ 3,944,577	\$ 12,117,245	\$ -
U.S. Agency Securities	18,054,561	5,844,001	12,210,560	-
Mutual Funds	117,193	117,193	-	-
Total fair value	<u>\$ 34,233,576</u>	<u>\$ 9,905,771</u>	<u>\$ 24,327,805</u>	<u>\$ -</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.

NOTES TO FINANCIAL STATEMENTS

NOTE 4. RECEIVABLES (CONTINUED)

Receivables at September 30, 2019, for the City's individual major funds and nonmajor funds, including the applicable allowances for uncollectible accounts, are as follows:

	General	Nonmajor Governmental Funds	Department of Public Utilities	Nonmajor Enterprise Funds	Total
Receivables:					
Taxes	\$ 192,640	\$ -	\$ -	\$ -	\$ 192,640
Accounts	162,984	132,054	12,354,976	26,650	12,676,664
Notes	-	-	591,621	-	591,621
Due from other governments	192,868	27,712	-	-	220,580
Gross receivables	<u>548,492</u>	<u>159,766</u>	<u>12,946,597</u>	<u>26,650</u>	<u>13,681,505</u>
Less allowance for uncollectibles	(21,630)	-	(60,756)	-	(82,386)
Net total receivable	<u>\$ 526,862</u>	<u>\$ 159,766</u>	<u>\$ 12,885,841</u>	<u>\$ 26,650</u>	<u>\$ 13,599,119</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 of 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, 2019, the unpaid balance of the note receivable was \$591,621.

NOTES TO FINANCIAL STATEMENTS

NOTE 5. CAPITAL ASSETS

Capital asset activity for the governmental activities for the year ended September 30, 2019, is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Governmental Activities:					
Capital assets, not being depreciated:					
Land	\$ 2,312,454	\$ 12,470	\$ -	\$ -	\$ 2,324,924
Construction in progress	10,577,882	6,858,021	-	(26,837)	17,409,066
Total capital assets, not being depreciated	<u>12,890,336</u>	<u>6,870,491</u>	<u>-</u>	<u>(26,837)</u>	<u>19,733,990</u>
Capital assets, being depreciated:					
Land and site improvements	4,727,453	104,489	(58,832)	26,837	4,799,947
Buildings	14,986,220	313,500	-	-	15,299,720
Building improvements	3,072,179	30,350	(4,585)	-	3,097,944
Vehicles	7,487,631	197,384	(301,904)	-	7,383,111
Machinery and equipment	3,768,779	69,899	(40,632)	-	3,798,046
Infrastructure	9,009,275	-	-	-	9,009,275
Furniture and fixtures	1,713,109	32,676	(196,741)	-	1,549,044
Computer equipment	1,515,456	118,685	(170,535)	-	1,463,606
Tools and other	1,253,397	128,901	(268,878)	-	1,113,420
Total capital assets, being depreciated	<u>47,533,499</u>	<u>995,884</u>	<u>(1,042,107)</u>	<u>26,837</u>	<u>47,514,113</u>
Less accumulated depreciation for:					
Land and site improvements	(3,693,076)	(226,936)	58,832	-	(3,861,180)
Buildings	(6,373,182)	(344,779)	-	-	(6,717,961)
Building improvements	(1,334,950)	(96,699)	2,943	-	(1,428,706)
Vehicles	(6,701,932)	(429,274)	299,554	-	(6,831,652)
Machinery and equipment	(2,093,567)	(313,791)	39,449	-	(2,367,909)
Infrastructure	(3,708,216)	(458,365)	-	-	(4,166,581)
Furniture and fixtures	(1,605,782)	(27,442)	194,760	-	(1,438,464)
Computer equipment	(1,311,687)	(101,987)	170,476	-	(1,243,198)
Tools and other	(1,181,265)	(24,856)	267,535	-	(938,586)
Total accumulated depreciation	<u>(28,003,657)</u>	<u>(2,024,129)</u>	<u>1,033,549</u>	<u>-</u>	<u>(28,994,237)</u>
Total capital assets, being depreciated, net	<u>19,529,842</u>	<u>(1,028,245)</u>	<u>(8,558)</u>	<u>26,837</u>	<u>18,519,876</u>
Governmental activities capital assets, net	<u>\$ 32,420,178</u>	<u>\$ 5,842,246</u>	<u>\$ (8,558)</u>	<u>\$ -</u>	<u>\$ 38,253,866</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 5. CAPITAL ASSETS (CONTINUED)

Capital asset activity for the business-type activities for the year ended September 30, 2019, is as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type Activities:					
Capital assets, not being depreciated:					
Land	\$ 3,792,707	\$ -	\$ -	\$ -	\$ 3,792,707
Construction in progress	21,779,492	12,793,188	-	(20,515,457)	14,057,223
Total capital assets, not being depreciated	<u>25,572,199</u>	<u>12,793,188</u>	<u>-</u>	<u>(20,515,457)</u>	<u>17,849,930</u>
Capital assets, being depreciated:					
Buildings and improvements	10,294,163	-	(53,202)	131,070	10,372,031
Electric division	138,923,750	888,652	(2,204,478)	14,219,812	151,827,736
Gas division	34,461,653	108,610	(56,600)	924,379	35,438,042
Water division	108,617,145	230,630	(46,643)	673,531	109,474,663
Wastewater division	101,391,336	458,343	(3,477)	97,720	101,943,922
Land improvements	13,798,612	25,399	-	-	13,824,011
Tools and equipment	12,396,385	736,171	(16,875)	4,468,945	17,584,626
Furniture and fixtures	924,134	70,407	(18,104)	-	976,437
Total capital assets, being depreciated	<u>420,807,178</u>	<u>2,518,212</u>	<u>(2,399,379)</u>	<u>20,515,457</u>	<u>441,441,468</u>
Less accumulated depreciation for:					
Buildings and improvements	(5,082,118)	(374,976)	22,963	-	(5,434,131)
Electric division	(81,573,657)	(4,680,884)	1,055,488	-	(85,199,053)
Gas division	(14,126,350)	(871,800)	27,408	-	(14,970,742)
Water division	(38,027,860)	(2,383,810)	21,047	-	(40,390,623)
Wastewater division	(33,917,929)	(2,301,753)	3,477	-	(36,216,205)
Land improvements	(10,263,352)	(651,624)	-	-	(10,914,976)
Tools and equipment	(5,594,203)	(839,975)	16,875	-	(6,417,303)
Furniture and fixtures	(861,433)	(25,410)	18,104	-	(868,739)
Total accumulated depreciation	<u>(189,446,902)</u>	<u>(12,130,232)</u>	<u>1,165,362</u>	<u>-</u>	<u>(200,411,772)</u>
Total capital assets, being depreciated, net	<u>231,360,276</u>	<u>(9,612,020)</u>	<u>(1,234,017)</u>	<u>20,515,457</u>	<u>241,029,696</u>
Business-type activities capital assets, net	<u>\$ 256,932,475</u>	<u>\$ 3,181,168</u>	<u>\$ (1,234,017)</u>	<u>\$ -</u>	<u>\$ 258,879,626</u>

Depreciation was charged to the following functions for governmental activities for the City as follows:

Governmental activities:	
General government	\$ 81,390
Public safety	578,659
Public works	751,433
Culture and recreation	612,647
Total depreciation expense - governmental activities	<u>\$ 2,024,129</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 5. CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to programs for business-type activities for the City as follows:

Business-type activities:	
Public utilities	\$ 11,338,401
Municipal airport	733,628
Golf course	58,203
Total depreciation expense - business-type activities	<u>\$ 12,130,232</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 notes 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.

Bonds Payable – The City issues bonds payable to fund the acquisition and construction of tourism related recreational facilities and buildings. The primary source of revenue repayment of the bonds is the Local Hospitality and Accommodations Fund.

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 Liability – 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.

NOTES TO FINANCIAL STATEMENTS

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, 2019:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Capital leases	\$ 475,024	\$ 558,953	\$ (736,500)	\$ 297,477	\$ 297,477
Bonds payable	5,000,000	-	(269,305)	4,730,695	276,224
Compensated absences	888,079	469,679	(384,994)	972,764	486,382
Net pension liability	16,814,132	2,096,208	(2,199,169)	16,711,171	-
Total other postemployment benefit liability	<u>3,487,955</u>	<u>220,576</u>	<u>(380,028)</u>	<u>3,328,503</u>	<u>-</u>
Governmental activities long-term liabilities	<u>\$ 26,665,190</u>	<u>\$ 3,345,416</u>	<u>\$ (3,969,996)</u>	<u>\$ 26,040,610</u>	<u>\$ 1,060,083</u>
Business-type activities:					
Notes from direct borrowings	\$ 25,832,057	\$ -	\$ (1,350,880)	\$ 24,481,177	\$ 1,373,340
Compensated absences	1,071,306	878,252	(825,993)	1,123,565	903,635
Net pension liability	24,524,079	3,144,312	(3,037,435)	24,630,956	-
Total other postemployment benefit liability	<u>6,091,960</u>	<u>330,865</u>	<u>(607,100)</u>	<u>5,815,725</u>	<u>-</u>
Business-type activities long-term liabilities	<u>\$ 57,519,402</u>	<u>\$ 4,353,429</u>	<u>\$ (5,821,408)</u>	<u>\$ 56,051,423</u>	<u>\$ 2,276,975</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, 2019, are as follows:

	Interest Rate	Balance at September 30, 2019
State Revolving Fund, Series 2009A	1.84%	\$ 2,236,805
State Revolving Fund, Series 2009B	1.68%	495,557
State Revolving Fund, Series 2014	1.68%	21,748,815
		<u>\$ 24,481,177</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (CONTINUED)

Notes Payable (Continued)

The annual requirements for debt service on notes payable outstanding at September 30, 2019, are summarized as follows:

Year ending September 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 1,373,340	\$ 404,561	\$ 1,777,901
2021	1,396,264	381,636	1,777,900
2022	1,419,667	358,233	1,777,900
2023	1,443,558	334,342	1,777,900
2024	1,467,948	309,952	1,777,900
2025 - 2029	7,723,953	1,165,547	8,889,500
2030 - 2034	6,979,243	535,491	7,514,734
2035 - 2036	2,677,204	47,475	2,724,679
	<u>\$ 24,481,177</u>	<u>\$ 3,537,237</u>	<u>\$ 28,018,414</u>

Bonds Payable

The City entered into a financing agreement with South State Bank during 2018 in the amount of \$5,000,000 titled Accommodations and Hospitality Tax Revenue Bond on 2018. Principal and interest payments on the bond are due in semi-annual installments through 2033. The bond bears interest of 2.957%.

Bonds payable from governmental-type activities at September 30, 2019, are as follows:

	<u>Interest Rate</u>	<u>Balance at September 30, 2019</u>
Accommodations and Hospitality Tax Revenue Bond, 2018	2.96%	\$ 4,730,695
		<u>\$ 4,730,695</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (CONTINUED)

Bonds Payable (Continued)

The annual requirements for debt service on bonds payable outstanding at September 30, 2019, are summarized as follows:

Year ending September 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 276,224	\$ 140,199	\$ 416,423
2021	284,945	131,478	416,423
2022	293,552	122,871	416,423
2023	302,419	114,004	416,423
2024	311,272	105,151	416,423
2025 - 2029	1,704,844	377,270	2,082,114
2030 - 2033	1,557,439	108,252	1,665,691
	<u>\$ 4,730,695</u>	<u>\$ 1,099,225</u>	<u>\$ 5,829,920</u>

Capital Lease Obligations

The City entered into an equipment lease in the amount of \$1,284,023 with a regional bank during 2016 for equipment. This lease was paid in full during the fiscal year.

The City entered into an equipment lease in the amount of \$1,169,627 with a regional bank during 2017 for various equipment. This lease was paid in full during the fiscal year.

The City entered into an agreement lease in the amount of \$458,042 with a regional bank during 2018 for various equipment. Payments are made annually at 2.69% for a term of three years.

The City entered into an agreement lease in the amount of \$466,121 with a regional bank during 2019 for various equipment. Payments are made annually at 2.35% for a term of two years.

The future minimum lease obligations as of September 30, 2019, were as follows:

	<u>Governmental Activities</u>
Fiscal year ending September 30,	
2020	\$ 304,658
Total minimum lease payments	304,658
Less amount representing interest	(7,181)
Present value of future minimum lease payments	<u>\$ 297,477</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM DEBT (CONTINUED)

Capital Lease Obligations (Continued)

The carrying value of the assets acquired through capital leases as of September 30, 2019, were as follows:

	Governmental Activities
Equipment	\$ 922,779
Less: Accumulated depreciation	(223,188)
	\$ 699,591

The City reported depreciation expense for the year ended September 30, 2019, on assets acquired through capital leases in the amount of \$118,888.

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 annual payments varying between \$16,730 and \$29,260. Lease income for the fiscal year ended September 30, 2019, 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:

Fiscal year ending September 30,	Amount
2020	\$ 16,730
2021	19,239
2022	19,239
2023	19,239
2024	19,239
2025 - 2029	107,739
2030 - 2034	123,900
2035 - 2039	142,485
2040	29,260
	\$ 497,070

NOTES TO FINANCIAL STATEMENTS

NOTE 8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of September 30, 2019, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Public Utilities	\$ 104,436
General	Nonmajor Governmental Funds	1,386
County Capital One Percent Fund	Nonmajor Enterprise Funds	20,605
Nonmajor Governmental Funds	General	3,498
Nonmajor Enterprise Funds	Nonmajor Enterprise Funds	8,031
Nonmajor Governmental Funds	Nonmajor Enterprise Funds	13,400
		<u>\$ 151,356</u>

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Enterprise Funds	\$ 417,590
		<u>\$ 417,590</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, 2019, is as follows:

<u>Transfer To</u>	<u>Transfer From</u>			<u>Total</u>
	<u>Department of Public Utilities</u>	<u>Nonmajor Governmental Funds</u>	<u>Nonmajor Enterprise Funds</u>	
General	\$ 5,644,335	\$ 501,679	\$ -	\$ 6,146,014
Nonmajor Governmental Funds	-	41,000	-	41,000
Nonmajor Enterprise Funds	-	-	45,939	45,939
Total	<u>\$ 5,644,335</u>	<u>\$ 542,679</u>	<u>\$ 45,939</u>	<u>\$ 6,232,953</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.

NOTES TO FINANCIAL STATEMENTS

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 (SCIRF), which operates as a common risk management and insurance program for local governments. The City pays an annual premium to the SCIRF for its general insurance. The SCIRF 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, 2019, were as follows:

	<u>September 30, 2019</u>
Unpaid claims, beginning of fiscal year	\$ 303,591
Incurred claims and changes in estimates	3,708,154
Claim payments	<u>(3,714,668)</u>
Unpaid claims, end of fiscal year	<u>\$ 297,077</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.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. COMMITMENTS AND CONTINGENT LIABILITIES (CONTINUED)

Contingent Liabilities (Continued)

Litigation. The City is party to various legal proceedings and pending lawsuits 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 City has determined an aggregate liability, which is reasonably possible to arise from the proceedings of \$175,000. The entire amount is believed by management and legal counsel to be probable and is recorded as accounts payable on the government-wide Statement of Net Position as of September 30, 2019. The City will continue to assert its position in a defense against these claims.

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, 2019, are not significant.

Construction Commitments. At September 30, 2019, the City had construction commitments related to various capital projects for approximately \$47,705,572.

NOTE 10. EMPLOYEE BENEFITS

Retirement Plan

Overview:

The South Carolina Public Employee Benefit Authority (PEBA), created July 1, 2012, is the state agency responsible for the administration and management of the various Retirement Systems and retirement programs of the state of South Carolina, including the State Optional Retirement Program and the S.C. Deferred Compensation Program, as well as the state's employee insurance programs. As such, PEBA is responsible for administering the South Carolina Retirement Systems' five defined benefit pension plans. PEBA has an 11-member Board of Directors, appointed by the Governor and General Assembly leadership, which serves as custodian, co-trustee and co-fiduciary of the Systems and the assets of the retirement trust funds. The Retirement System Investment Commission (Commission as the governing body, RSIC as the agency), created by the General Assembly in 2005, has exclusive authority to invest and manage the retirement trust funds' assets. The Commission, an eight-member board, serves as co-trustee and co-fiduciary for the assets of the retirement trust funds. By law, the State Fiscal Accountability Authority (SFAA), which consists of five elected officials, also reviews certain PEBA Board decisions regarding the actuary of the Systems. 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 10. EMPLOYEE BENEFITS (CONTINUED)

Retirement Plan (Continued)

Overview (Continued):

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

Plan Description:

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

In addition to the SCRS pension plan, the City also contributes to the South Carolina Police Officers Retirement System (PORS), a cost-sharing multiple-employer defined benefit pension plan, was established July 1, 1962, pursuant to the provisions of Section 9-11-20 of the South Carolina Code of Laws for the purpose of providing retirement and other benefits to police officers and firefighters. PORS also covers peace officers, coroners, probate judges and magistrates.

Membership:

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

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

NOTES TO FINANCIAL STATEMENTS

NOTE 10. EMPLOYEE BENEFITS (CONTINUED)

Retirement Plan (Continued)

Membership (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 benefit terms for each system 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 and retired members of employers who participate in the death benefit program.

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

NOTES TO FINANCIAL STATEMENTS

NOTE 10. EMPLOYEE BENEFITS (CONTINUED)

Retirement Plan (Continued)

Benefits (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 one percent or five hundred dollars every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase.

Contributions:

Actuarial valuations are performed annually by an external consulting actuary to ensure applicable contribution rates satisfy the funding parameters specified in Title 9 of the South Carolina Code of Laws. Under these provisions, SCRS and PORS contribution requirements must be sufficient to maintain an amortization period for the financing of the unfunded actuarial accrued liability (UAAL) over a period that does not exceed the number of years scheduled in state statute.

Legislation in 2017 increased, but also established a ceiling for SCRS and PORS employee contribution rates. Effective July 1, 2017, employee rates were increased to a capped rate of 9.00 percent for SCRS and 9.75 percent for PORS. The legislation also increased employer contribution rates beginning July 1, 2017 for both SCRS and PORS by two percentage points and further scheduled employer contribution rates to increase by a minimum of one percentage point each year through July 1, 2022. If the scheduled contributions are not sufficient to meet the funding periods set in state statute, the board shall increase the employer contribution rates as necessary to meet the funding periods set for the applicable year. The maximum funding period of SCRS and PORS is scheduled to be reduced over a ten-year schedule from 30 years beginning fiscal year 2018 to 20 years by fiscal year 2028

NOTES TO FINANCIAL STATEMENTS

NOTE 10. EMPLOYEE BENEFITS (CONTINUED)

Retirement Plan (Continued)

Contributions (Continued):

Additionally, the Board is prohibited from decreasing the SCRS and PORS contribution rates until the funded ratio is at least 85 percent. If the most recent annual actuarial valuation of the Systems for funding purposes shows a ratio of the actuarial value of system assets to the actuarial accrued liability of the system (the funded ratio) that is equal to or greater than 85 percent, then the board, effective on the following July first, may decrease the then current contribution rates upon making a finding that the decrease will not result in a funded ratio of less than 85 percent. If contribution rates are decreased pursuant to this provision, and the most recent annual actuarial valuation of the system shows a funded ratio of less than 85 percent, then effective on the following July first, and annually thereafter as necessary, the board shall increase the then current contribution rates until a subsequent annual actuarial valuation of the system shows a funded ratio that is equal to or greater than 85 percent. For the year ended September 30, 2019, the City contributed \$2,351,593 to the SCRS plan and \$662,825 to the PORS plan.

Required employee contribution rates for the year ended September 30, 2019, are as follows:

South Carolina Retirement System

Employee Class Two	9.00% of earnable compensation
Employee Class Three	9.00% of earnable compensation

South Carolina Police Officers Retirement System

Employee Class Two	9.75% of earnable compensation
Employee Class Three	9.75% of earnable compensation

NOTES TO FINANCIAL STATEMENTS

NOTE 10. EMPLOYEE BENEFITS (CONTINUED)

Retirement Plan (Continued)

Contributions (Continued):

Required employer contribution rates for the year ended September 30, 2019, are as follows:

South Carolina Retirement System

Employee Class Two	14.41% of earnable compensation from October 1st through June 30th 15.41% of earnable compensation from July 1st through September 30th
Employee Class Three	14.41% of earnable compensation from October 1st through June 30th 15.41% of earnable compensation from July 1st through September 30th
Employer incidental death benefit	0.15% of earnable compensation

South Carolina Police Officers Retirement System

Employee Class Two	16.84% of earnable compensation from October 1st through June 30th 17.84% of earnable compensation from July 1st through September 30th
Employee Class Three	16.84% of earnable compensation from October 1st through June 30th 17.84% of earnable compensation from July 1st through September 30th
Employer incidental death benefit	0.20% of earnable compensation
Employer accidental death program	0.20% of earnable compensation

Net Pension Liability:

The June 30, 2019 (the measurement date) 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, 2018, actuarial valuations, as adopted by the PEBA Board and Budget and Control Board, which utilized membership data as of July 1, 2018. The total pension liability was rolled-forward from the valuation date to the plan's fiscal year ended June 30, 2019, using generally accepted actuarial principles. Information included in the following schedules is based on the certification provided by GRS.

NOTES TO FINANCIAL STATEMENTS

NOTE 10. EMPLOYEE BENEFITS (CONTINUED)

Retirement Plan (Continued)

Net Pension Liability: (Continued)

The net pension liability 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. As of September 30, 2019, (measurement date of June 30, 2019), the net pension liability amounts for the City's proportionate share of the collective net pension liabilities associated with the SCRS and PORS plans are as follows:

System	Total Pension Liability	Plan Fiduciary Net Position	Employer's Net Pension Liability	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	City's Proportionate Share of the Collective Net Pension Liability
SCRS	\$ 74,252,340	\$ 40,391,953	\$ 33,860,387	54.4%	0.148288%
PORS	\$ 20,053,745	\$ 12,572,005	\$ 7,481,740	62.7%	0.261057%

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 following table provides a summary of the actuarial assumptions and methods used in the July 1, 2018, valuations for SCRS and PORS.

	<u>SCRS</u>	<u>PORS</u>
Actuarial cost method	Entry Age Normal	Entry Age Normal
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)
Benefit adjustments	lesser of 1% or \$500 annually	lesser of 1% or \$500 annually

NOTES TO FINANCIAL STATEMENTS

NOTE 10. EMPLOYEE BENEFITS (CONTINUED)

Retirement Plan (Continued)

Actuarial Assumptions and Methods: (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.

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

The long-term expected rate of return on pension plan investments is based upon 20-year capital market assumptions. The long-term expected rates of return represent assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market-based inputs. Expected returns are net of investment fees. The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2019 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the table on the following page. For actuarial purposes, the 7.25 percent assumed annual investment rate of return used in the calculation of the TPL includes a 5.00 percent real rate of return and a 2.25 percent inflation component, which is summarized in the table below.

NOTES TO FINANCIAL STATEMENTS

NOTE 10. EMPLOYEE BENEFITS (CONTINUED)

Retirement Plan (Continued)

Actuarial Assumptions and Methods (Continued):

Asset Class	Target Asset Allocation	Expected Arithmetic Real Rate of Return	Long-Term Expected Portfolio Real Rate of Return
Global Equity	51.0%		
Global Public Equity	35.0%	7.29%	2.55%
Private Equity	9.0%	7.67%	0.69%
Equity Options Strategies	7.0%	5.23%	0.37%
Real Assets	12.0%		
Real Estate (Private)	8.0%	5.59%	0.45%
Real Estate (REITs)	1.0%	8.16%	0.08%
Infrastructure (Private)	2.0%	5.03%	0.10%
Infrastructure (Public)	1.0%	6.12%	0.06%
Opportunistic	8.0%		
Global Tactical Asset Allocation	7.0%	3.09%	0.22%
Other Opportunistic Strategies	1.0%	3.82%	0.04%
Credit	15.0%		
High Yield Bonds/Bank Loans	4.0%	3.14%	0.13%
Emerging Markets Debt	4.0%	3.31%	0.13%
Private Debt	7.0%	5.49%	0.38%
Rate Sensitive	14.0%		
Core Fixed Income	13.0%	1.62%	0.21%
Cash and Short Duration (Net)	1.0%	0.31%	0.00%
	100%		
		Total expected real return	5.41%
		Inflation for actuarial purposes	2.25%
		Total expected nominal return	7.66%

NOTES TO FINANCIAL STATEMENTS

NOTE 10. EMPLOYEE BENEFITS (CONTINUED)

Retirement Plan (Continued)

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, the City'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. The following table presents the sensitivity of the net pension liabilities to changes in the discount rate.

The following table presents the sensitivity of the net pension liability to changes in the discount rate.

Sensitivity of the Net Position Liability to Changes in the Discount Rate			
	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
City's portion - SCRS	\$ 42,656,887	\$ 33,860,387	\$ 26,519,031
City's portion - PORS	\$ 10,139,532	\$ 7,481,740	\$ 5,304,337

Pension Expense:

For the year ended September 30, 2019, the City recognized its proportionate share of collective pension expense of \$3,864,223 and recognition of deferred amounts from changes in proportionate share and differences between employer contributions and the proportionate share of total plan employer contributions of \$49,814 for a total of \$3,914,037 for the SCRS plan. Additionally, for the year ended September 30, 2019, the City recognized its proportionate share of collective pension expense of \$1,111,462 and recognition of deferred amounts from changes in proportionate share and differences between employer contributions and the proportionate share of total plan employer contributions of (\$42,570) for a total of \$1,068,892 for the PORS plan.

NOTES TO FINANCIAL STATEMENTS

NOTE 10. EMPLOYEE BENEFITS (CONTINUED)

Retirement Plan (Continued)

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

At September 30, 2019, 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:

SCRS	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Differences between expected and actual experience	\$ 23,276	\$ 243,247
Changes of assumptions	682,336	-
Net difference between projected and actual earnings on pension plan investments	299,777	-
Changes in proportionate share and differences between employer contributions and proportionate share of total plan employer contributions	591,440	531,504
Employer contributions subsequent to the measurement date	<u>654,935</u>	<u>-</u>
Total	<u>\$ 2,251,764</u>	<u>\$ 774,751</u>
PORS	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Differences between expected and actual experience	\$ 153,840	\$ 55,296
Changes of assumptions	296,689	-
Net difference between projected and actual earnings on pension plan investments	94,863	-
Changes in proportionate share and differences between employer contributions and proportionate share of total plan employer contributions	199,546	345,410
Employer contributions subsequent to the measurement date	<u>151,883</u>	<u>-</u>
Total	<u>\$ 896,821</u>	<u>\$ 400,706</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 10. EMPLOYEE BENEFITS (CONTINUED)

Retirement Plan (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued):

City contributions subsequent to the measurement date of \$654,935 and \$151,883 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended September 30:	SCRS	PORS
2020	\$ 930,674	\$ 315,909
2021	(204,755)	68,099
2022	(17,518)	(48,284)
2023	113,677	8,508

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, or a copy may be obtained by submitting a request to PEBA, P.O. Box 11960, Columbia, SC 29211-1960.

NOTES TO FINANCIAL STATEMENTS

NOTE 10. EMPLOYEE BENEFITS (CONTINUED)

Other Postemployment Benefits

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 City Council established and may amend the benefit provisions. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 and a separate report was not issued for the Retiree Medical and Prescription Drug Plan.

Plan Membership

Membership of the Retiree Medical and Prescription Drug Plan consisted of the following at September 30, 2017, the date of the latest actuarial valuation:

Active participants	194
Retirees and beneficiaries currently receiving benefits	98
Total	<u>292</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 10. EMPLOYEE BENEFITS (CONTINUED)

Other Postemployment Benefits (Continued)

Contributions

The City Council has elected to fund the Retiree Medical and Prescription Drug plan on a “pay as you go” basis. 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, 2019, were \$676 for retirees only and \$1,326 for retiree family coverage. For the year ended September 30, 2019, the City contributed \$314,317 for the pay as you go benefits for the Retiree Medical and Prescription Plan.

Total OPEB Liability

The City’s total OPEB liability was measured as of September 30, 2018, and was determined by an actuarial valuation as of September 30, 2017.

Actuarial Assumptions

The total OPEB liability in the September 30, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Discount rate:	4.18%
Healthcare cost trend rate:	7.50% - 5.00%, Ultimate Trend by 2023 (Pre-Medicare) 5.50% - 5.00%, Ultimate Trend by 2020 (Medicare)
Inflation rate:	2.25%
Salary increase:	3.00% to 7.00% for SCRS, including inflation 3.50% to 9.50% for PORS, including inflation
Participation rate:	100.00% 35.00% for spouse coverage

Mortality rates were based on the RP-2014 Mortality Table for Employees with a 95% multiplier to better reflect the anticipated experience and provide margin for future improvements.

NOTES TO FINANCIAL STATEMENTS

NOTE 10. EMPLOYEE BENEFITS (CONTINUED)

Other Postemployment Benefits (Continued)

Actuarial Assumptions (Continued)

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the September 30, 2017, valuation were based on the results of an actuarial experience adopted by the SCRS and PORS. The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the September 30, 2017 valuation were based on a review of recent plan experience done concurrently with the September 30, 2017 valuation.

Discount Rate

The discount rate used to measure the total OPEB liability was 4.18%, which changed from the September 30, 2017 measurement date of 3.57%. This rate was determined using an index rate of 20-year, tax-exempt general obligation municipal bonds with an average rating of AA or higher – which was 4.18% as determined by the Bond Buyer 20-Bond GO Index Rate as of September 30, 2018.

Changes in the Total OPEB Liability of the City

The changes in the total OPEB liability of the City for the year ended September 30, 2019 (measurement date of September 30, 2018), were as follows:

	Total OPEB
Balance at September 30, 2017	\$ 9,579,915
Changes for the year:	
Service cost	213,065
Interest	338,374
Difference between actual and expected experience	(195,882)
Assumption changes	(586,120)
Benefit payments and implicit subsidy	(205,124)
Net changes	(435,687)
Balance at September 30, 2018	\$ 9,144,228

The required schedule of changes in the City's total OPEB liability and related ratios immediately following the notes to the financial statements presents multiyear trend information about the total OPEB liability.

NOTES TO FINANCIAL STATEMENTS

NOTE 10. EMPLOYEE BENEFITS (CONTINUED)

Other Postemployment Benefits (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.18%) or 1-percentage-point higher (5.18%) than the current discount rate:

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate			
Fiscal Year	1% Decrease (3.18%)	Current Discount Rate (4.18%)	1% Increase (5.18%)
2019	\$ 10,131,044	\$ 9,144,228	\$ 8,280,970

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (6.5% decreasing to 4%) or 1-percentage-point higher (8.5% decreasing to 6%) than the current healthcare cost trend rates:

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate			
Fiscal Year	1% Decrease (6.50% decreasing to 4.00%)	Current Healthcare Cost Trend Rates (7.50% decreasing to 5.00%)	1% Increase (8.50% decreasing to 6.00%)
2019	\$ 8,371,185	\$ 9,144,228	\$ 10,577,166

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revisions as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of September 30, 2018 (the measurement date), and the current sharing pattern of costs between employer and inactive employees.

NOTES TO FINANCIAL STATEMENTS

NOTE 10. EMPLOYEE BENEFITS (CONTINUED)

Other Postemployment Benefits (Continued)

OPEB Expense

For the year ended September 30, 2019, the City recognized OPEB expense of \$284,995. The components of OPEB expense are detailed in the table below.

Description	2019
Service cost (annual cost of current service)	\$ 213,065
Interest on the total OPEB liability	338,374
Recognition of current year amortization - difference between expected and actual experience & assumption changes	(266,444)
Total aggregate OPEB expense	\$ 284,995

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 179,216
Changes of assumptions	-	912,387
Employer contributions subsequent to the measurement date	314,317	-
Total	\$ 314,317	\$ 1,091,603

City contributions subsequent to the measurement date of \$314,117 for the Retiree Health plan are reported as deferred outflows of resources and will be recognized as a reduction of the total OPEB liability in the year ended September 30, 2020.

NOTES TO FINANCIAL STATEMENTS

NOTE 10. EMPLOYEE BENEFITS (CONTINUED)

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

As of September 30, 2019, other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Retiree Health Insurance Plan</u>		
Year ended September 30:		
2020	\$	(266,444)
2021		(266,444)
2022		(266,444)
2023		(212,244)
2024		(80,027)

NOTE 11. TAX ABATEMENTS

As of September 30, 2019, the City's ad valorem property tax revenues were reduced by \$134,458 under tax abatement agreements entered into by Orangeburg County. Such agreements, enacted under Title 12 of the South Carolina Code of Laws as the Fee-in-Lieu of Tax Act and the Special Source Revenue Credit Acts, allow the County to enter into negotiated fee-in-lieu of tax (FILOT) arrangements with entities in exchange for making investments in facilities and jobs in the County. The FILOT's typically include millage caps and reduced assessment ratios for entities who commit to certain investment and employment targets. Some FILOT's also include Special Source Revenue Credits (SSRC's) which further reduce the negotiated fee by a percentage for a set time period. 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, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Property taxes	\$ 3,711,000	\$ 3,658,007	\$ 3,718,815	\$ 60,808
Franchise taxes	146,000	147,000	154,869	7,869
Sales taxes	-	-	4,873	4,873
Other taxes	3,528,016	2,362,016	2,467,432	105,416
Licenses and permits	1,169,762	1,165,994	1,182,645	16,651
Intergovernmental	379,500	483,505	549,771	66,266
Charges for services	2,599,500	2,135,907	2,226,060	90,153
Fines and forfeitures	460,540	485,912	491,081	5,169
Interest and penalties	200,000	160,000	158,302	(1,698)
Other revenues	172,300	237,219	95,070	(142,149)
Total revenues	<u>12,366,618</u>	<u>10,835,560</u>	<u>11,048,918</u>	<u>213,358</u>
Expenditures:				
Current:				
General government	2,353,460	2,333,718	2,386,636	(52,918)
Judicial	342,487	354,404	363,166	(8,762)
Public safety	8,442,410	8,653,821	8,383,103	270,718
Public works	2,491,199	2,467,372	2,370,531	96,841
Culture and recreation	2,562,858	2,319,614	2,244,980	74,634
Non-departmental	1,320,500	951,550	792,897	158,653
Debt Service:				
Principal	1,108,176	1,185,273	736,500	448,773
Interest	20,000	20,000	16,446	3,554
Total expenditures	<u>18,641,090</u>	<u>18,285,752</u>	<u>17,294,259</u>	<u>991,493</u>
Deficiency of revenues under expenditures	<u>(6,274,472)</u>	<u>(7,450,192)</u>	<u>(6,245,341)</u>	<u>1,204,851</u>
Other financing sources (uses):				
Proceeds from issuance of capital lease	511,000	814,832	558,953	(255,879)
Proceeds from the sale of capital assets	70,000	70,000	43,965	(26,035)
Transfers in	6,932,472	6,552,740	6,146,014	(406,726)
Transfers out	(1,237,000)	-	-	-
Total other financing sources, net	<u>6,276,472</u>	<u>7,437,572</u>	<u>6,748,932</u>	<u>(688,640)</u>
Net change in fund balances	2,000	(12,620)	503,591	516,211
Fund balance, beginning of year	<u>8,596,916</u>	<u>8,596,916</u>	<u>8,596,916</u>	<u>-</u>
Fund balance, end of year	<u>\$ 8,598,916</u>	<u>\$ 8,584,296</u>	<u>\$ 9,100,507</u>	<u>\$ 516,211</u>

CITY OF ORANGEBURG, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN THE CITY'S TOTAL OPEB LIABILITY AND RELATED RATIOS

	<u>2019</u>	<u>2018</u>
Total OPEB liability		
Service cost	\$ 213,065	\$ 241,515
Interest on total OPEB liability	338,374	290,803
Difference between actual and expected experience	(195,882)	(28,865)
Assumption changes	(586,120)	(673,229)
Benefit payments	<u>(205,124)</u>	<u>(348,149)</u>
Net change in total OPEB liability	(435,687)	(517,925)
Total OPEB liability - beginning	<u>9,579,915</u>	<u>10,097,840</u>
Total OPEB liability - ending	<u><u>\$ 9,144,228</u></u>	<u><u>\$ 9,579,915</u></u>
Covered-employee payroll	\$ 9,406,674	\$ 9,854,392
Total OPEB liability as a percentage of covered-employee payroll	97.21%	97.21%

Notes to the Schedule:

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

The discount rate changed from 2.93% at the September 30, 2016, measurement date to 3.57% at the September 30, 2017 measurement date, and to 4.18% at the September 30, 2018 measurement date.

The City is not accumulating assets in a trust fund that meets the criteria in paragraph 4 of GASB Statement No. 75 for payment of future OPEB benefits.

CITY OF ORANGEBURG, SOUTH CAROLINA

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

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

South Carolina Retirement System

Plan Year Ended June 30,	City's proportion of the net pension liability	City's proportionate share of the net pension liability	City's covered payroll	City's share of the net pension liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2019	0.148288%	\$ 33,860,387	\$ 13,617,407	248.7%	54.4%
2018	0.149280%	33,448,829	12,827,458	260.8%	54.1%
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

Plan Year Ended June 30,	City's proportion of the net pension liability	City's proportionate share of the net pension liability	City's covered payroll	City's share of the net pension liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2019	0.26106%	\$ 7,481,740	\$ 3,411,914	219.3%	62.7%
2018	0.27843%	7,889,382	3,517,419	224.3%	61.7%
2017	0.26358%	7,221,044	3,129,209	230.8%	60.9%
2016	0.26213%	6,648,861	2,989,380	222.4%	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%

Notes to the Schedule:

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

CITY OF ORANGEBURG, SOUTH CAROLINA

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

South Carolina Retirement System

Fiscal Year Ended September 30,	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	City's covered payroll	Contributions as a percentage of covered payroll
2019	\$ 2,351,593	\$ 2,351,593	\$ -	\$ 15,861,847	14.83%
2018	2,151,673	2,151,673	-	15,573,109	13.82%
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%

South Carolina Police Officers Retirement System

Fiscal Year Ended September 30,	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	City's covered payroll	Contributions as a percentage of covered payroll
2019	\$ 662,825	\$ 662,825	\$ -	\$ 3,744,189	17.70%
2018	635,478	635,478	-	3,859,030	16.47%
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%

Notes to the Schedule:

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

CITY OF ORANGEBURG, SOUTH CAROLINA

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

Notes to the Schedule (Continued):

The following represents the assumptions used for the City.

System	SCRS	PORS
Calculation date	July 1, 2017	July 1, 2017
Actuarial cost method	Entry Age Normal	Entry Age Normal
Asset valuation method	5-year Smoothed	5-year Smoothed
Amortization method	Level % of pay	Level % of pay
Amortization period	30 years maximum, closed period	30 years maximum, closed period
Investment return	7.25%	7.25%
Inflation	2.25%	2.25%
Salary increases	3.00% plus step-rate increases for members with less than 21 years of service	3.50% plus step-rate increases for members with less than 15 years of service
Mortality	2016 Public Retirees of South Carolina Mortality Tables for Males and Females, both projected at Scale AA from the year 2016. Male rates are multiplied by 100% for non-educators and 92% for educators. Female rates multiplied by 111% for non-educators and 98% for educators.	2016 Public Retirees of South Carolina Mortality Tables for Males and Females, both projected at Scale AA from the year 2016. Male rates are multiplied by 125% and females rates are multiplied by 111%.

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, 2019

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Property taxes:				
Current taxes	\$ 3,455,000	\$ 3,335,931	\$ 3,413,928	\$ 77,997
Delinquent taxes	176,000	254,076	243,224	(10,852)
Other	80,000	68,000	61,663	(6,337)
Franchise taxes	146,000	147,000	154,869	7,869
Sales taxes	1,237,000	-	4,873	4,873
Business taxes:				
Insurance	2,205,000	2,255,000	2,379,668	124,668
Other taxes	86,016	107,016	87,764	(19,252)
Licenses and permits:				
Business licenses	1,089,300	1,108,800	1,124,069	15,269
Permits	80,462	57,194	58,576	1,382
Intergovernmental:				
Local	36,500	27,800	35,028	7,228
State	343,000	352,608	485,611	133,003
Federal	-	103,097	29,132	(73,965)
Charges for services:				
Sanitation - commercial	418,000	415,542	417,078	1,536
Sanitation - residential	740,500	709,414	831,861	122,447
Fire service contracts	1,230,000	807,000	795,985	(11,015)
Recreation programs	198,000	190,951	166,909	(24,042)
Recreation department	13,000	13,000	14,227	1,227
Fines and forfeitures:				
Criminal fines	160,000	97,800	117,802	20,002
Traffic fines	260,000	339,712	319,759	(19,953)
Other	40,540	48,400	53,520	5,120
Interest and penalties	200,000	160,000	158,302	(1,698)
Other revenues:				
Rentals	35,000	36,000	43,412	7,412
Other	137,300	201,219	51,658	(149,561)
Total revenues	12,366,618	10,835,560	11,048,918	213,358

CITY OF ORANGEBURG, SOUTH CAROLINA

**SCHEDULE OF EXPENDITURES - GENERAL FUND
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Expenditures:				
General government:				
Executive department:				
Administrative division:				
Personnel	\$ 107,227	\$ 108,145	\$ 110,459	\$ (2,314)
Utilities	3,000	3,250	2,773	477
Property and tort insurance	36	27	27	-
Operating	71,600	99,500	106,360	(6,860)
Total administrative division	181,863	210,922	219,619	(8,697)
Election division:				
Operating	5,000	5,000	6,168	(1,168)
Total election division	5,000	5,000	6,168	(1,168)
Total executive department	186,863	215,922	225,787	(9,865)
Finance department:				
Finance and records division:				
Personnel	439,223	402,810	403,917	(1,107)
Utilities	4,600	4,893	4,284	609
Property and tort insurance	4,224	3,777	3,777	-
Operating	125,900	108,969	115,956	(6,987)
Total finance and records division	573,947	520,449	527,934	(7,485)
Information technology division:				
Personnel	129,201	85,085	86,264	(1,179)
Utilities	2,900	2,500	2,267	233
Property and tort insurance	2,456	1,721	1,721	-
Operating	203,750	208,566	228,750	(20,184)
Capital	-	86,983	101,985	(15,002)
Total information technology division	338,307	384,855	420,987	(36,132)
Total finance department	912,254	905,304	948,921	(43,617)
Administration department:				
Administrative division:				
Personnel	386,264	389,740	394,974	(5,234)
Utilities	3,560	4,009	4,009	-
Property and tort insurance	2,583	2,964	2,964	-
Operating	24,742	20,742	25,898	(5,156)
Total administrative division	417,149	417,455	427,845	(10,390)
Community planning and development division:				
Personnel	182,972	183,829	182,897	932
Utilities	1,980	4,054	810	3,244
Property and tort insurance	2,214	2,165	2,165	-
Operating	28,400	12,667	5,243	7,424
Total community planning and development division	215,566	202,715	191,115	11,600
Total administration department	632,715	620,170	618,960	1,210

(Continued)

CITY OF ORANGEBURG, SOUTH CAROLINA

**SCHEDULE OF EXPENDITURES - GENERAL FUND
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
General government (continued):				
Service department:				
Administrative division:				
Personnel	\$ 522,571	\$ 503,391	\$ 504,221	\$ (830)
Utilities	7,500	4,362	4,362	-
Property and tort insurance	24,734	23,443	23,443	-
Operating	66,823	61,126	60,942	184
Total administrative division	621,628	592,322	592,968	(646)
Total service department	621,628	592,322	592,968	(646)
 Total general government	 2,353,460	 2,333,718	 2,386,636	 (52,918)
Judicial:				
Municipal court division:				
Personnel	276,790	313,719	320,489	(6,770)
Property and tort insurance	647	823	823	-
Operating	65,050	39,862	41,854	(1,992)
Total municipal court division	342,487	354,404	363,166	(8,762)
 Total judicial	 342,487	 354,404	 363,166	 (8,762)
Public safety:				
Public safety department:				
Administrative division:				
Personnel	222,158	225,920	226,987	(1,067)
Utilities	115,000	112,690	119,418	(6,728)
Property and tort insurance	23,480	23,467	23,700	(233)
Operating	461,700	489,789	480,282	9,507
Total administrative division	822,338	851,866	850,387	1,479
Patrol division:				
Personnel	2,892,942	2,866,574	2,802,884	63,690
Property and tort insurance	74,136	76,100	77,029	(929)
Operating	272,000	288,645	290,066	(1,421)
Capital	152,000	160,618	164,565	(3,947)
Total patrol division	3,391,078	3,391,937	3,334,544	57,393
Special operations division:				
Personnel	1,908,792	2,035,704	2,036,505	(801)
Property and tort insurance	46,364	53,555	53,555	-
Operating	256,130	450,021	338,198	111,823
Capital	185,925	130,399	105,563	24,836
Total special operations division	2,397,211	2,669,679	2,533,821	135,858
Investigation division:				
Personnel	1,082,900	1,091,179	1,053,935	37,244
Property and tort insurance	45,733	30,116	30,116	-
Operating	61,700	60,300	56,655	3,645
Total investigation division	1,190,333	1,181,595	1,140,706	40,889

(Continued)

CITY OF ORANGEBURG, SOUTH CAROLINA

SCHEDULE OF EXPENDITURES - GENERAL FUND
 BUDGET (GAAP BASIS) AND ACTUAL
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Public safety (continued):				
Public safety department (continued):				
Highway safety DUI special enforcement division:				
Operating	\$ 10,000	\$ 10,000	\$ 4,335	\$ 5,665
Total highway safety DUI enforcement division	10,000	10,000	4,335	5,665
Forensic services division:				
Personnel	506,514	425,606	409,568	16,038
Property and tort insurance	5,236	4,447	4,447	-
Operating	119,700	118,691	105,295	13,396
Total forensic services division	631,450	548,744	519,310	29,434
Total public safety department	8,442,410	8,653,821	8,383,103	270,718
Total public safety	8,442,410	8,653,821	8,383,103	270,718
Public works:				
Public works department:				
Administrative division:				
Personnel	230,590	242,921	243,639	(718)
Utilities	5,000	2,540	2,540	-
Property and tort insurance	2,283	2,073	2,073	-
Operating	15,470	10,638	10,638	-
Capital	-	8,895	8,895	-
Total administrative division	253,343	267,067	267,785	(718)
Building inspection division:				
Personnel	177,608	191,725	192,236	(511)
Utilities	3,500	4,388	4,388	-
Property and tort insurance	2,950	3,138	3,138	-
Operating	40,725	55,995	55,995	-
Total building inspection division	224,783	255,246	255,757	(511)
Garage division:				
Personnel	326,593	334,690	335,648	(958)
Utilities	20,000	14,610	14,610	-
Property and tort insurance	5,313	5,111	5,111	-
Operating	39,900	35,745	35,745	-
Capital	65,000	46,604	53,922	(7,318)
Total garage division	456,806	436,760	445,036	(8,276)
Municipal buildings division:				
Personnel	61,724	64,042	64,204	(162)
Utilities	37,000	20,995	30,539	(9,544)
Property and tort insurance	5,572	5,543	5,543	-
Operating	61,215	56,325	72,841	(16,516)
Total municipal buildings division	165,511	146,905	173,127	(26,222)

(Continued)

CITY OF ORANGEBURG, SOUTH CAROLINA

SCHEDULE OF EXPENDITURES - GENERAL FUND
 BUDGET (GAAP BASIS) AND ACTUAL
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Public works (continued):				
Public works department (continued):				
Parking facilities division:				
Property and tort insurance	\$ 78	\$ 115	\$ 115	\$ -
Operating	4,500	3,200	3,600	(400)
Total parking facilities division	4,578	3,315	3,715	(400)
Sanitation division:				
Personnel	941,352	954,463	959,715	(5,252)
Utilities	6,000	4,665	4,665	-
Property and tort insurance	29,221	30,194	30,194	-
Operating	205,000	200,797	206,436	(5,639)
Capital	170,000	144,113	-	144,113
Total sanitation division	1,351,573	1,334,232	1,201,010	133,222
Street and maintenance division:				
Property and tort insurance	2,605	2,551	2,551	-
Operating	32,000	21,296	21,550	(254)
Total street and maintenance division	34,605	23,847	24,101	(254)
Total public works department	2,491,199	2,467,372	2,370,531	96,841
Total public works	2,491,199	2,467,372	2,370,531	96,841
Culture and recreation:				
Parks and recreation department:				
Administrative division:				
Personnel	233,161	249,715	250,444	(729)
Utilities	12,000	3,216	9,070	(5,854)
Property and tort insurance	10,517	10,594	10,594	-
Operating	9,150	7,868	7,185	683
Capital	-	30,685	4,685	26,000
Total administrative division	264,828	302,078	281,978	20,100
Recreation division:				
Personnel	336,142	320,376	321,308	(932)
Utilities	50,000	70,709	70,709	-
Property and tort insurance	6,364	5,362	5,362	-
Operating	237,250	158,914	166,839	(7,925)
Total recreation division	629,756	555,361	564,218	(8,857)
Gardens division:				
Personnel	570,610	567,520	569,175	(1,655)
Utilities	46,000	54,375	54,375	-
Property and tort insurance	24,339	22,697	22,697	-
Operating	90,500	95,289	94,301	988
Total gardens division	731,449	739,881	740,548	(667)

(Continued)

CITY OF ORANGEBURG, SOUTH CAROLINA

SCHEDULE OF EXPENDITURES - GENERAL FUND
 BUDGET (GAAP BASIS) AND ACTUAL
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Culture and recreation (continued):				
Parks and recreation department (continued):				
Parks and cemetery division:				
Personnel	\$ 524,621	\$ 549,197	\$ 541,513	\$ 7,684
Utilities	18,000	20,663	20,663	-
Property and tort insurance	18,619	17,911	17,911	-
Operating	81,700	85,883	85,485	398
Capital	32,000	963	963	-
Total parks and cemetery division	<u>674,940</u>	<u>674,617</u>	<u>666,535</u>	<u>8,082</u>
Recreation complex division:				
Personnel	142,485	22,589	-	22,589
Utilities	25,500	2,500	-	2,500
Property and tort insurance	-	122	122	-
Operating	93,900	22,466	(8,421)	30,887
Total recreation complex division	<u>261,885</u>	<u>47,677</u>	<u>(8,299)</u>	<u>55,976</u>
Total parks and recreation department	<u>2,562,858</u>	<u>2,319,614</u>	<u>2,244,980</u>	<u>74,634</u>
Total culture and recreation	<u>2,562,858</u>	<u>2,319,614</u>	<u>2,244,980</u>	<u>74,634</u>
Non-departmental:				
Flood recovery	-	1,000	500	500
Employee Christmas	24,000	20,375	20,375	-
Building code enforcement	50,000	40,000	35,285	4,715
Annexation covenants	15,000	12,000	12,238	(238)
Operating/insurance coverage	125,000	32,378	(125,548)	157,926
Municipal Association	50,000	58,133	58,133	-
Commercial sanitation fees	250,000	267,308	267,308	-
Unemployment insurance	1,000	1,068	1,068	-
Special projects	50,000	25,470	24,674	796
Downtown revitalization	25,000	25,000	25,000	-
Retirees group insurance	37,000	33,746	33,746	-
Setoff debt	1,700	895	14,657	(13,762)
CDL drug and alcohol testing	500	900	598	302
Employee shots	2,000	500	35	465
Street lights	305,000	335,000	328,851	6,149
Christmas lights	7,000	4,632	4,632	-
Chamber dues	1,700	1,545	1,545	-
Fiber rental expense	21,600	21,600	19,800	1,800
Samaritan house	-	70,000	70,000	-
Merit increases	354,000	-	-	-
Total non-departmental	<u>1,320,500</u>	<u>951,550</u>	<u>792,897</u>	<u>158,653</u>
Debt Service:				
Principal	1,108,176	1,185,273	736,500	448,773
Interest	20,000	20,000	16,446	3,554
Total debt service	<u>1,128,176</u>	<u>1,205,273</u>	<u>752,946</u>	<u>452,327</u>
Total expenditures	<u>\$ 18,641,090</u>	<u>\$ 18,285,752</u>	<u>\$ 17,294,259</u>	<u>\$ 991,493</u>

CITY OF ORANGEBURG, SOUTH CAROLINA
DEPARTMENT OF PUBLIC UTILITIES

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION -
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Operating Revenues:				
Charges for services and fees	\$ 99,562,000	\$ 99,562,000	\$ 102,475,176	\$ 2,913,176
Total operating revenues	<u>99,562,000</u>	<u>99,562,000</u>	<u>102,475,176</u>	<u>2,913,176</u>
Operating Expenses:				
Electricity purchased	47,950,000	47,950,000	49,407,722	(1,457,722)
Natural gas purchased	3,798,000	3,798,000	4,659,506	(861,506)
Operating and maintenance	11,650,000	11,650,000	11,798,482	(148,482)
Administrative	11,724,000	12,180,000	12,836,548	(656,548)
Depreciation and amortization	11,475,000	11,475,000	11,338,401	136,599
Total operating expenses	<u>86,597,000</u>	<u>87,053,000</u>	<u>90,040,659</u>	<u>(2,987,659)</u>
Operating income	<u>12,965,000</u>	<u>12,509,000</u>	<u>12,434,517</u>	<u>(74,483)</u>
Nonoperating Revenues (Expenses)				
Water and wastewater taps	255,000	255,000	242,787	(12,213)
Water and wastewater impact fees	185,000	185,000	108,432	(76,568)
Loss on disposal of capital assets	-	(875,000)	(1,109,138)	(234,138)
Interest income	472,000	472,000	1,572,177	1,100,177
Interest expense	(427,020)	(427,020)	(439,403)	(12,383)
Total nonoperating income (expense), net	<u>484,980</u>	<u>(390,020)</u>	<u>374,855</u>	<u>764,875</u>
Net income before capital contributions and transfers	<u>13,449,980</u>	<u>12,118,980</u>	<u>12,809,372</u>	<u>690,392</u>
Capital contributions	4,465,000	1,835,000	1,864,960	29,960
Transfers to other funds	(5,600,000)	(5,600,000)	(5,644,335)	(44,335)
Total capital contributions and transfers, net	<u>(1,135,000)</u>	<u>(3,765,000)</u>	<u>(3,779,375)</u>	<u>(14,375)</u>
Change in net position	12,314,980	8,353,980	9,029,997	676,017
NET POSITION, beginning of year	<u>256,054,356</u>	<u>256,054,356</u>	<u>256,054,356</u>	<u>-</u>
NET POSITION, end of year	<u>\$ 268,369,336</u>	<u>\$ 264,408,336</u>	<u>\$ 265,084,353</u>	<u>\$ 676,017</u>

CITY OF ORANGEBURG, SOUTH CAROLINA

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019**

	Special Revenue Funds					
ASSETS	Sunnyside Cemetery Fund	Orangeburg Cemetery Fund	SC Festival of Roses Fund	State Accommodations Tax Fund	Local Hospitality and Accommodations Fund	Victims Advocate Fund
Cash and cash equivalents	\$ 73,788	\$ 15,954	\$ 35,311	\$ 42,084	\$ 2,333,513	\$ 2,461
Accounts receivables	-	-	-	-	132,054	-
Due from other governments	-	-	-	27,712	-	-
Due from other funds	3,000	-	-	-	13,024	-
Total assets	<u>\$ 76,788</u>	<u>\$ 15,954</u>	<u>\$ 35,311</u>	<u>\$ 69,796</u>	<u>\$ 2,478,591</u>	<u>\$ 2,461</u>
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ 9,989	\$ 56,549	\$ -
Accrued liabilities	-	-	-	-	20,674	-
Due to other funds	-	-	-	1,386	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,375</u>	<u>77,223</u>	<u>-</u>
FUND BALANCES						
Restricted for:						
Housing and development	-	-	-	-	-	-
Public safety	-	-	-	-	-	2,461
Public works	76,788	15,954	-	-	-	-
Culture and recreation	-	-	35,311	-	1,762,342	-
Tourism	-	-	-	58,421	-	-
Capital outlay	-	-	-	-	639,026	-
Total fund balances	<u>76,788</u>	<u>15,954</u>	<u>35,311</u>	<u>58,421</u>	<u>2,401,368</u>	<u>2,461</u>
Total liabilities and fund balances	<u>\$ 76,788</u>	<u>\$ 15,954</u>	<u>\$ 35,311</u>	<u>\$ 69,796</u>	<u>\$ 2,478,591</u>	<u>\$ 2,461</u>

							Capital Projects Fund		
Drug Fund	Stevenson Auditorium Fund	Orangeburg Senior Games Fund	Community Development Corporation Fund	Firemen's Fund	Police Seizure Fund	Hillcrest Capital Projects Fund	Total Nonmajor Governmental Funds		
\$ 127,212	\$ 24,818	\$ 4,236	\$ 14,904	\$ 117,923	\$ 34,118	\$ 19,020	\$	2,845,342	
-	-	-	-	-	-	-		132,054	
-	-	-	-	-	-	-		27,712	
-	767	-	-	107	-	-		16,898	
<u>\$ 127,212</u>	<u>\$ 25,585</u>	<u>\$ 4,236</u>	<u>\$ 14,904</u>	<u>\$ 118,030</u>	<u>\$ 34,118</u>	<u>\$ 19,020</u>	<u>\$</u>	<u>3,022,006</u>	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$	66,538	
-	30	-	-	-	-	-		20,704	
-	-	-	-	-	-	-		1,386	
<u>-</u>	<u>30</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$</u>	<u>88,628</u>	
-	-	-	14,904	-	-	-		14,904	
127,212	-	-	-	118,030	34,118	-		281,821	
-	-	-	-	-	-	-		92,742	
-	25,555	4,236	-	-	-	-		1,827,444	
-	-	-	-	-	-	-		58,421	
-	-	-	-	-	-	19,020		658,046	
<u>127,212</u>	<u>25,555</u>	<u>4,236</u>	<u>14,904</u>	<u>118,030</u>	<u>34,118</u>	<u>19,020</u>	<u>\$</u>	<u>2,933,378</u>	
<u>\$ 127,212</u>	<u>\$ 25,585</u>	<u>\$ 4,236</u>	<u>\$ 14,904</u>	<u>\$ 118,030</u>	<u>\$ 34,118</u>	<u>\$ 19,020</u>	<u>\$</u>	<u>3,022,006</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, 2019**

	Special Revenue Funds					
	Sunnyside Cemetery Fund	Orangeburg Cemetery Fund	SC Festival of Roses Fund	State Accommodations Tax Fund	Local Hospitality and Accommodations Fund	Victims Advocate Fund
Revenues:						
Other taxes	\$ -	\$ -	\$ -	\$ -	\$ 1,287,543	\$ -
Intergovernmental	-	-	-	114,574	-	-
Charges for services	5,625	-	13,011	-	-	-
Fines and forfeitures	-	-	-	-	-	32,004
Interest revenue	-	-	-	-	42,937	-
Other revenues	-	-	-	-	301,700	-
Total revenues	<u>5,625</u>	<u>-</u>	<u>13,011</u>	<u>114,574</u>	<u>1,632,180</u>	<u>32,004</u>
Expenditures:						
Current						
Public safety	-	-	-	-	-	-
Public works	9,051	-	-	-	-	-
Culture and recreation	-	-	3,059	-	889,406	-
Tourism	-	-	-	84,872	-	-
Debt service						
Principal	-	-	-	-	269,305	-
Interest	-	-	-	-	145,819	-
Total expenditures	<u>9,051</u>	<u>-</u>	<u>3,059</u>	<u>84,872</u>	<u>1,304,530</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,426)</u>	<u>-</u>	<u>9,952</u>	<u>29,702</u>	<u>327,650</u>	<u>32,004</u>
Other financing sources (uses):						
Transfers in	-	-	1,000	-	-	-
Transfers out	-	-	-	(30,479)	(471,700)	(32,000)
Total other financing sources (uses), net	<u>-</u>	<u>-</u>	<u>1,000</u>	<u>(30,479)</u>	<u>(471,700)</u>	<u>(32,000)</u>
Net change in fund balances	<u>(3,426)</u>	<u>-</u>	<u>10,952</u>	<u>(777)</u>	<u>(144,050)</u>	<u>4</u>
Fund balances, beginning of year	<u>80,214</u>	<u>15,954</u>	<u>24,359</u>	<u>59,198</u>	<u>2,545,418</u>	<u>2,457</u>
Fund balances, end of year	<u>\$ 76,788</u>	<u>\$ 15,954</u>	<u>\$ 35,311</u>	<u>\$ 58,421</u>	<u>\$ 2,401,368</u>	<u>\$ 2,461</u>

						Capital Projects Fund	
Drug Fund	Stevenson Auditorium Fund	Orangeburg Senior Games Fund	Community Development Corporation Fund	Firemen's Fund	Police Seizure Fund	Hillcrest Capital Projects Fund	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,287,543
20,816	-	-	-	84,099	-	-	219,489
-	1,325	910	-	-	-	-	20,871
4,542	-	-	-	-	34,111	-	70,657
-	100	-	14	-	7	-	43,058
-	-	-	-	-	-	-	301,700
<u>25,358</u>	<u>1,425</u>	<u>910</u>	<u>14</u>	<u>84,099</u>	<u>34,118</u>	<u>-</u>	<u>1,943,318</u>
56,568	-	-	-	78,454	-	-	135,022
-	-	-	-	-	-	-	9,051
-	22,890	995	-	-	-	-	916,350
-	-	-	-	-	-	-	84,872
-	-	-	-	-	-	-	269,305
-	-	-	-	-	-	-	145,819
<u>56,568</u>	<u>22,890</u>	<u>995</u>	<u>-</u>	<u>78,454</u>	<u>-</u>	<u>-</u>	<u>1,560,419</u>
(31,210)	(21,465)	(85)	14	5,645	34,118	-	382,899
-	40,000	-	-	-	-	-	41,000
-	(8,500)	-	-	-	-	-	(542,679)
-	31,500	-	-	-	-	-	(501,679)
(31,210)	10,035	(85)	14	5,645	34,118	-	(118,780)
158,422	15,520	4,321	14,890	112,385	-	19,020	3,052,158
<u>\$ 127,212</u>	<u>\$ 25,555</u>	<u>\$ 4,236</u>	<u>\$ 14,904</u>	<u>\$ 118,030</u>	<u>\$ 34,118</u>	<u>\$ 19,020</u>	<u>\$ 2,933,378</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, 2019**

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues:				
Other taxes	\$ 1,237,000	\$ 1,321,000	\$ 1,287,543	\$ (33,457)
Intergovernmental	202,500	402,000	-	(402,000)
Interest income	30,000	60,000	42,937	(17,063)
Other revenues	16,000	303,000	301,700	(1,300)
Total revenues	<u>1,485,500</u>	<u>2,086,000</u>	<u>1,632,180</u>	<u>(453,820)</u>
Expenditures:				
Current				
Culture and recreation	714,500	1,211,573	889,406	322,167
Debt service				
Principal	270,604	269,305	269,305	-
Interest	145,819	145,819	145,819	-
Total expenditures	<u>1,130,923</u>	<u>1,626,697</u>	<u>1,304,530</u>	<u>322,167</u>
Excess of revenues over expenditures	<u>354,577</u>	<u>459,303</u>	<u>327,650</u>	<u>(131,653)</u>
Other financing sources (uses)				
Transfers out	<u>(451,700)</u>	<u>(471,700)</u>	<u>(471,700)</u>	<u>-</u>
Total other financing uses	<u>(451,700)</u>	<u>(471,700)</u>	<u>(471,700)</u>	<u>-</u>
Net change in fund balance	(97,123)	(12,397)	(144,050)	(131,653)
Fund balance, beginning of year	<u>2,545,418</u>	<u>2,545,418</u>	<u>2,545,418</u>	<u>-</u>
Fund balance, end of year	<u>\$ 2,448,295</u>	<u>\$ 2,533,021</u>	<u>\$ 2,401,368</u>	<u>\$ (131,653)</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, 2019**

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues:				
Fines and forfeitures	\$ 31,000	\$ 31,000	\$ 32,004	\$ 1,004
Total revenues	<u>31,000</u>	<u>31,000</u>	<u>32,004</u>	<u>1,004</u>
Other financing uses				
Transfers out	(32,000)	(32,000)	(32,000)	-
Total other financing uses	<u>(32,000)</u>	<u>(32,000)</u>	<u>(32,000)</u>	<u>-</u>
Net change in fund balance	(1,000)	(1,000)	4	1,004
Fund balance, beginning of year	<u>2,457</u>	<u>2,457</u>	<u>2,457</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,457</u>	<u>\$ 1,457</u>	<u>\$ 2,461</u>	<u>\$ 1,004</u>

CITY OF ORANGEBURG, SOUTH CAROLINA

**COMBINING STATEMENT OF NET POSITION
NONMAJOR PROPRIETARY FUNDS
SEPTEMBER 30, 2019**

	<u>Municipal Airport</u>	<u>Pro Shop</u>	<u>Hillcrest Golf Course</u>	<u>Total Nonmajor Enterprise Funds</u>
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 200	\$ -	\$ 500	\$ 700
Accounts receivable	15,474	-	11,176	26,650
Due from other funds	-	8,031	-	8,031
Inventory	59,355	44,383	-	103,738
Total current assets	<u>75,029</u>	<u>52,414</u>	<u>11,676</u>	<u>139,119</u>
NONCURRENT ASSETS				
Capital assets:				
Nondepreciable	1,325,953	-	-	1,325,953
Depreciable, net of accumulated depreciation	4,088,542	-	289,578	4,378,120
Total noncurrent assets	<u>5,414,495</u>	<u>-</u>	<u>289,578</u>	<u>5,704,073</u>
Total assets	<u>5,489,524</u>	<u>52,414</u>	<u>301,254</u>	<u>5,843,192</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension	13,164	-	39,493	52,657
Other postemployment benefits	8,585	-	6,970	15,555
Total deferred outflows of resources	<u>21,749</u>	<u>-</u>	<u>46,463</u>	<u>68,212</u>
LIABILITIES				
CURRENT LIABILITIES				
Payable from current assets:				
Accounts payable	14,419	2,820	33,511	50,750
Unearned revenue	-	-	14,314	14,314
Accrued expenses	5,729	-	15,072	20,801
Due to other funds	-	-	42,036	42,036
Compensated absences - current portion	5,875	-	36,214	42,089
Total current liabilities	<u>26,023</u>	<u>2,820</u>	<u>141,147</u>	<u>169,990</u>
NONCURRENT LIABILITIES				
Advance from other funds	222,360	-	195,230	417,590
Net pension liability	200,640	-	601,919	802,559
Total other postemployment benefit liability	159,534	-	129,507	289,041
Total noncurrent liabilities	<u>582,534</u>	<u>-</u>	<u>926,656</u>	<u>1,509,190</u>
Total liabilities	<u>608,557</u>	<u>2,820</u>	<u>1,067,803</u>	<u>1,679,180</u>
DEFERRED INFLOWS OF RESOURCES				
Pension	5,288	-	15,863	21,151
Other postemployment benefits	19,045	-	15,460	34,505
Total deferred inflows of resources	<u>24,333</u>	<u>-</u>	<u>31,323</u>	<u>55,656</u>
NET POSITION				
Net investment in capital assets	5,414,495	-	289,578	5,704,073
Unrestricted	(536,112)	49,594	(1,040,987)	(1,527,505)
Total net position (deficit)	<u>\$ 4,878,383</u>	<u>\$ 49,594</u>	<u>\$ (751,409)</u>	<u>\$ 4,176,568</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, 2019

	<u>Municipal Airport</u>	<u>Pro Shop</u>	<u>Hillcrest Golf Course</u>	<u>Total Nonmajor Enterprise Funds</u>
OPERATING REVENUES				
Charges for services	\$ 468,659	\$ 103,530	\$ 273,654	\$ 845,843
Miscellaneous	6,412	-	9,779	16,191
Total operating revenues	<u>475,071</u>	<u>103,530</u>	<u>283,433</u>	<u>862,034</u>
OPERATING EXPENSES				
Personnel costs	111,076	-	590,217	701,293
Cost of sales and service	269,616	51,839	32,332	353,787
Supplies	7,374	-	14,359	21,733
Administration	33,361	5,752	73,264	112,377
Depreciation expense	733,628	-	58,203	791,831
Total operating expenses	<u>1,155,055</u>	<u>57,591</u>	<u>768,375</u>	<u>1,981,021</u>
Operating income (loss)	<u>(679,984)</u>	<u>45,939</u>	<u>(484,942)</u>	<u>(1,118,987)</u>
TRANSFERS				
Transfers in	-	-	45,939	45,939
Transfers out	-	(45,939)	-	(45,939)
Total transfers	<u>-</u>	<u>(45,939)</u>	<u>45,939</u>	<u>-</u>
Change in net position	(679,984)	-	(439,003)	(1,118,987)
NET POSITION, beginning of year	<u>5,558,367</u>	<u>49,594</u>	<u>(312,406)</u>	<u>5,295,555</u>
NET POSITION, end of year	<u>\$ 4,878,383</u>	<u>\$ 49,594</u>	<u>\$ (751,409)</u>	<u>\$ 4,176,568</u>

CITY OF ORANGEBURG, SOUTH CAROLINA

**COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	Municipal Airport	Pro Shop	Hillcrest Golf Course	Total Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 480,052	\$ 103,530	\$ 286,499	\$ 870,081
Payments to suppliers	(410,688)	(66,396)	(119,214)	(596,298)
Payments to employees	(173,356)	-	(431,001)	(604,357)
Internal activity-payments from other funds	167,357	8,805	187,738	363,900
Net cash provided by (used in) operating activities	<u>63,365</u>	<u>45,939</u>	<u>(75,978)</u>	<u>33,326</u>
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES				
Transfers in	-	-	45,939	45,939
Transfers out	-	(45,939)	-	(45,939)
Net cash provided by (used in) noncapital and related financing activities	<u>-</u>	<u>(45,939)</u>	<u>45,939</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisitions of capital assets	(63,365)	-	-	(63,365)
Proceeds from sales of capital assets	-	-	30,239	30,239
Net cash provided by (used in) capital and related financing activities	<u>(63,365)</u>	<u>-</u>	<u>30,239</u>	<u>(33,126)</u>
Change in cash and cash equivalents	-	-	200	200
Cash and cash equivalents:				
Beginning of year	<u>200</u>	<u>-</u>	<u>300</u>	<u>500</u>
End of year	<u>\$ 200</u>	<u>\$ -</u>	<u>\$ 500</u>	<u>\$ 700</u>
Classified as:				
Cash and cash equivalents	<u>\$ 200</u>	<u>\$ -</u>	<u>\$ 500</u>	<u>\$ 700</u>

(Continued)

CITY OF ORANGEBURG, SOUTH CAROLINA

**COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	<u>Municipal Airport</u>	<u>Pro Shop</u>	<u>Hillcrest Golf Course</u>	<u>Total Nonmajor Enterprise Funds</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ (679,984)	\$ 45,939	\$ (484,942)	\$ (1,118,987)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation	733,628	-	58,203	791,831
Change in assets and liabilities:				
Decrease in accounts receivable	4,981	-	1,795	6,776
Increase in inventory	(12,702)	(5,987)	-	(18,689)
Decrease in due from other funds	-	8,805	-	8,805
Decrease in deferred outflows of resources-pension	2,899	-	665	3,564
Increase in deferred outflows of resources - other postemployment benefit	(504)	-	(3,122)	(3,626)
Decrease in accounts payable	(120,996)	(2,818)	(1,749)	(125,563)
Increase in accrued expenses	898	-	2,490	3,388
Increase in unearned revenue	-	-	1,271	1,271
Decrease in due to other funds	(55,003)	-	(7,492)	(62,495)
Increase in advance to other funds	222,360	-	195,230	417,590
Decrease in deferred inflows of resources-pension	(2,637)	-	(3,949)	(6,586)
Increase in deferred inflows of resources - other postemployment benefit	6,704	-	9,585	16,289
Increase (decrease) in total other postemployment benefits liability	(45,699)	-	31,802	(13,897)
Increase in net pension liability	8,710	-	122,094	130,804
Increase in compensated absences	710	-	2,141	2,851
Net cash provided by (used in) operating activities	<u>\$ 63,365</u>	<u>\$ 45,939</u>	<u>\$ (75,978)</u>	<u>\$ 33,326</u>

CITY OF ORANGEBURG, SOUTH CAROLINA
UNIFORM SCHEDULE OF COURT FINES, ASSESSMENTS AND SURCHARGES (per ACT 96)
For The Year Ended September 30, 2019

FOR THE STATE TREASURER'S OFFICE:

COUNTY / MUNICIPAL FUNDS COLLECTED BY CLERK OF COURT	<u>General Sessions</u>	<u>Magistrate Court</u>	<u>Municipal Court</u>	<u>Total</u>
Court Fines and Assessments:				
Court fines and assessments collected	N/A	N/A	\$ 393,999	\$ 393,999
Court fines and assessments remitted to State Treasurer	N/A	N/A	276,198	276,198
Total Court Fines and Assessments retained	N/A	N/A	\$ 117,801	\$ 117,801
Surcharges and Assessments retained for victim services:				
Surcharges collected and retained	N/A	N/A	\$ 20,883	\$ 20,883
Assessments retained	N/A	N/A	11,121	11,121
Total Surcharges and Assessments retained for victim services	N/A	N/A	\$ 32,004	\$ 32,004

FOR THE DEPARTMENT OF CRIME VICTIM COMPENSATION (DCVC)

<u>VICTIM SERVICE FUNDS COLLECTED</u>	<u>Municipal</u>	<u>County</u>	<u>Total</u>
Carryforward from Previous Year – Beginning Balance	\$ 2,457	N/A	\$ 2,457
<u>Victim Service Revenue:</u>			
Victim Service Fines Retained by City/County Treasurer	-	N/A	-
Victim Service Assessments Retained by City/County Treasurer	11,121	N/A	11,121
Victim Service Surcharges Retained by City/County Treasurer	20,883	N/A	20,883
Interest Earned	-	N/A	-
Grant Funds Received			
Grant from:	-	N/A	-
General Funds Transferred to Victim Service Fund	-	N/A	-
Contribution Received from Victim Service Contracts:			
(1) Town of	-	N/A	-
(2) Town of	-	N/A	-
(3) City of	-	N/A	-
Total Funds Allocated to Victim Service Fund + Beginning Balance (A)	\$ 34,461	N/A	\$ 34,461

CITY OF ORANGEBURG, SOUTH CAROLINA
UNIFORM SCHEDULE OF COURT FINES, ASSESSMENTS AND SURCHARGES (per ACT 96)
For The Year Ended September 30, 2019

<u>Expenditures for Victim Service Program:</u>	<u>Municipal</u>	<u>County</u>	<u>Total</u>
Salaries and Benefits	-	N/A	-
Operating Expenditures	-	N/A	-
Victim Service Contract(s):			
(1) Entity's Name	-	N/A	-
(2) Entity's Name	-	N/A	-
Victim Service Donation(s):			
(1) Domestic Violence Shelter:	-	N/A	-
(2) Rape Crisis Center:	-	N/A	-
(3) Other local direct crime victims service agency:	-	N/A	-
Transferred to General Fund	32,000	N/A	32,000
Total Expenditures from Victim Service Fund/Program (B)	32,000	N/A	32,000
Total Victim Service Funds Retained by Municipal/County Treasurer (A-B)	2,461	N/A	2,461
Less: Prior Year Fund Deficit Repayment	-	N/A	-
Carryforward Funds – End of Year	\$ 2,461	N/A	2,461

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**

**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, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 30, 2020.

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.

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
March 30, 2020



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

**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, 2019. 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 (CFR) 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, 2019.

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
March 30, 2020

CITY OF ORANGEBURG, SOUTH CAROLINA

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Grant Identification Number	Total Expenditures	Passed Through to Subrecipients
<u>U.S. Department of Homeland Security</u>				
(Passed through South Carolina Emergency Management Division)				
Federal Disaster Grant Program	97.036	N/A	\$ 1,297,432	\$ -
Total U.S. Department of Homeland Security			<u>1,297,432</u>	<u>-</u>
<u>U.S. Department of Transportation</u>				
(Passed through South Carolina Department of Transportation)				
State and Community Highway Safety Program Highway Safety Cluster	20.600	N/A	3,001	-
Total U.S. Department of Transportation			<u>3,001</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 1,300,433</u>	<u>\$ -</u>

CITY OF ORANGEBURG, SOUTH CAROLINA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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* (CFR) 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 prepared using the accrual basis of accounting.

NOTE 2. DE MINIMIS INDIRECT COST RATE

During the year ended September 30, 2019, the City did not use the de Minimis indirect cost rate.

NOTE 3. SUBRECIPIENTS

During the year ended September 30, 2019, the City did not pass through funds to any subrecipients.

NOTE 4. FEDERAL EXPENDITURES INCURRED IN PRIOR YEARS

On its Schedule of Expenditures of Federal Awards for the year ended September 30, 2019, the City reported federal expenditures relative to the U.S. Department of Homeland Security program titled Federal Disaster Grants, incurred during the City's prior year ended September 30, 2017 in the amount of \$1,297,432. These expenditures were incurred as a result of Hurricane Matthew which occurred in 2017, but they were not approved by the federal awarding agency for reimbursement until 2019. In accordance with the OMB Compliance Supplement, these expenditures were therefore reported in 2019.

CITY OF ORANGEBURG, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

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>
97.036	U.S. Department of Homeland Security – Federal Disaster Grant Program

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

Auditee qualified as low-risk auditee? ___ Yes X No

SECTION II
FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

None reported.

SECTION III
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

SECTION IV
PRIOR YEAR FINDINGS AND RESPONSES

None reported.